

SUMMARY BUDGET INFORMATION

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2012 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>
Arkansas Building Authority	\$254	\$0	\$1,313
Career Education, Department of	\$276	\$39	\$161
Department of Career Education - AR Rehabilitation Services	\$1,584	\$7,569	\$2,239
Crowley's Ridge Technical Institute	\$169	\$0	\$746
Northwest Technical Institute	\$198	\$0	\$0
Riverside Vocational Technical School	\$120	\$0	\$30
Economic Development Commission	\$322	\$18	\$4
Health, Arkansas Department of	\$8,999	\$1,215	\$103,990
Higher Education, Department of	\$153	\$0	\$0
Labor, Department of	\$289	\$0	\$366
Nursing, Arkansas State Board of	\$85	\$0	\$0
Public Employees Retirement System	\$234	\$3,897	\$0
Teacher Retirement System	\$276	\$2,649	\$16
Workforce Services, Department of	\$2,888	\$0	\$733

AGENCY POSITION USAGE REPORT

Agency	FY2012 - FY2013						3 YEAR AVERAGE(FY11,FY12,FY13)					
	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused
		Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total	
Arkansas Building Authority	93	78	15	93	0	16.13 %	93	78	12	90	3	16.13 %
Career Education, Department of	93	80	13	93	0	13.98 %	93	82	10	92	1	11.83 %
Department of Career Education - AR Rehabilitation Services	530	473	57	530	0	10.75 %	530	482	47	529	1	9.06 %
Crowley's Ridge Technical Institute	57	50	7	57	0	12.28 %	58	51	7	58	0	12.07 %
Northwest Technical Institute	65	60	5	65	0	7.69 %	65	59	5	64	1	9.23 %
Riverside Vocational Technical School	36	34	2	36	0	5.56 %	36	34	2	36	0	5.56 %
Economic Development Commission	103	90	12	102	1	12.62 %	105	97	8	105	0	7.62 %
Health, Arkansas Department of	3,154	2,653	236	2,889	265	15.88 %	3,170	2,698	234	2,932	238	14.89 %
Higher Education, Department of	52	47	7	54	-2	9.62 %	52	45	8	53	-1	13.46 %
Labor, Department of	99	90	5	95	4	9.09 %	100	90	5	95	5	10.00 %
Nursing, Arkansas State Board of	27	27	0	27	0	0.00 %	26	27	0	27	-1	-3.85 %
Public Employees Retirement System	82	70	12	82	0	14.63 %	79	71	8	79	0	10.13 %
Teacher Retirement System	92	78	14	92	0	15.22 %	91	80	11	91	0	12.09 %
Workforce Services, Department of	979	851	125	976	3	13.07 %	962	851	133	984	-22	11.54 %

Economic Development Commission (0790) - Budgeted positions exceed Authorized due to positions authorized through the Miscellaneous Federal Grant process.

Higher Education (0700) - Budgeted Number of Positions in FY13 exceeds the Authorized Number due to positions added from the Central Growth Pool.

Nursing Board (0277) - Budgeted Positions exceeds Authorized in due to the addition of one supplemental position.

Workforce Services (0810) - Total Budgeted Positions exceed the Authorized amount due to the addition of Miscellaneous Federal Grant positions.

ARKANSAS BUILDING AUTHORITY

Enabling Laws

Act 102 of 2012
A.C.A. §22-2-101 et seq.

History and Organization

MISSION STATEMENT

Arkansas Building Authority's (ABA) mission is to act as the State's agent in all state agency lease negotiations, provide direction and assistance to agencies in all aspects of capital improvement projects and property transfers needs, and actively maintain and operate ABA owned or managed buildings in an efficient and economical manner pursuant to laws and regulations.

HISTORY and MAJOR OBJECTIVES

ABA (formerly known as State Building Services) was created July 1, 1975, by Arkansas Code Annotated §22-2-101 through 121. ABA is governed by an eleven (11) member council which sets policies, guidelines, standards and procedures to be implemented by ABA. ABA has a primary client base comprised of other state agencies in regards to the leasing, sale and purchase of properties; management and operations of ABA owned or leased facilities; review and approval of building plans from the initial design review; bidding, awarding and processing of final payment for capital improvement projects. Public School Districts are an additional client base for which ABA provides Americans with Disabilities Act (ADA) accessibility reviews of construction projects. ABA and its Council, through bonds issued by Arkansas Development Finance Authority, are authorized to acquire, construct, repair, remodel, renovate lands, buildings, improvements and facilities for the benefit of state agencies. ABA is comprised of the following four (4) sections:

(1) Real Estate Services Section develops and enforces minimum leasing, sale and purchase of property standards and criteria for consideration and adoption by the Council; designs standard lease forms to be approved by the Council for use by state agencies; assists state agencies in determining and evaluating rental space needs and the allocation of space for state agencies; conducts surveys to determine available rental space; assists state agencies to ensure that rental space acquired and utilized by state agencies is essential to the efficient performance of its duties and responsibilities; administers duties and responsibilities involving the purchase or sale of property by state agencies which are under the jurisdiction of ABA to ensure that the property is sold or purchased in a manner consistent with Arkansas laws and regulations.

(2) Construction Section supervises the bidding and awarding of construction contracts for capital improvements for or by state agencies; establishes and maintains complete construction files on all jobs, including observation reports, plans and specifications for all capital improvements; approves all proposed contracts, change orders, and final payments requests; ensures that on-site observation of all construction projects, alterations, and repairs is accomplished on a regular basis and maintain records of those observations; meets with the design professional to determine the responsibility and performance required by the contract documents; approves final payment; ensures contractors are licensed; ensures that the construction of all projects complies with the contract documents; and manages the bidders list.

(3) Design Review Section establishes and enforces minimum design standards and criteria for all capital improvement (public works) contracts undertaken by any state agency including but not limited to flood plain management, accessibility (ADA), and building codes. This Section reviews agency capital budget requests prior to submittal to the Legislature; reviews and approves agency requests to advertise for architectural and engineering related consultants; assist agency in drafting advertisements; reviews architectural and engineering consultant qualifications; reviews and approves construction plans and specifications for bidding; reviews, approves and issues Floodplain Development Permit Applications; reviews new property purchase requests for Floodplain Management Issues; provides technical services to agencies upon request for new capital projects or renovations, space planning, ADA accessibility surveys, roof maintenance inspections and reports, mechanical and electrical system investigations, and facility condition assessment reviews. The Section also reviews and approves public school district capital improvements for compliance with the accessibility guidelines (ADA).

(4) Building Operations Section provides for the management, maintenance, and operation of Arkansas Building Authority property as well as other public buildings. The Building Operations Section is responsible for maintenance and operation of buildings and grounds which are owned, leased, or managed by Arkansas Building Authority. Additionally, this Section is responsible for enforcement of regulations designed to standardize the level of maintenance on all Arkansas Building Authority facilities. The primary function of the Operations staff is to ensure the safety and comfort of state tenants through maintenance of life-safety devices, environmental comfort systems and other building related maintenance, and provide tenantable working conditions through internal maintenance staff and outside contractors.

In addition, the core of ABA is supported by internal services that fulfill additional programmatic functions: The Director's staff, which includes Legal, Information Technology, Human Resources and other administrative supportive services; and the Financial Management office which is responsible for the administration of the Agency's purchasing and accounting functions. In 2010, the agency added the administration of the Sustainable Building Revolving Loan Fund which manages approximately \$12 million in energy projects under contract by the State.



Agency Commentary

This commentary relates to six (6) primary appropriations (fund centers) for Arkansas Building Authority:

(1) Miscellaneous Agencies Fund (HUA2600/253) - for the administration of ABA's functions and activities pertaining to real estate services, capital improvement oversight, design review services, administrative support services, personnel and financial management. The revenues to support this fund are dispersed from State General Revenues.

(2) ABA Maintenance Fund (MWJ0100/254) - for the property management and operation function of ABA-owned and operated buildings. The revenues for this fund are generated through rent revenues collected from ABA tenant leases (self-funded).

(3) ABA Critical Maintenance Fund (MWJ0300/IVF) - for the purpose of funding urgent and critical maintenance projects for the ABA-owned and operated buildings. The revenues for this fund are transferred from the ABA Maintenance Fund (noted directly above) creating a "reserve account" from operations savings (self-funded).

(4) Justice Building Operations Fund (MWJ0200/809) - for the maintenance and operation of the Justice Building. The revenue to support this fund is dispersed from the State Central Services Fund.

(5) Justice Building Maintenance Fund (MJB0100/915) - for critical and major maintenance projects for the Justice Building. The revenue to support this fund is generated through fees collected by the Administrative Office of the Courts.

(6) ARRA Revolving Loan Fund (MBD0000/59R) - the Sustainable Building Revolving Loan Fund being administered by ABA for energy related capital improvement projects that exceed \$250,000 for state-owned properties. The funds for this program are a combination of repaid ARRA and general improvement funds.

Operating Expenses:

Arkansas Building Authority operates and performs its duties through these six (6) distinct appropriations. The Agency is a dual-faceted agency providing two distinct client bases for which it serves: (1) building operation services, and (2) statewide client services. ABA does not collect fees for the client services it provides; the majority of the funds used to operate the Agency are generated through rent revenues billed and collected through tenant leases for ABA's building portfolio of more than 1.2 million square feet. These funds not only support the maintenance and operation of the buildings, it also funds more than half of the agency's administrative and client-based services that do not contribute to the operational fund.

ABA has been very successful in the management of its building portfolio which has achieved a 99.9% occupancy rate. Unfortunately, this success also creates a detriment to the Agency with its dependency on the rent revenues to support its operations. With a nearly 100% occupancy rate, rent revenues have peaked, limiting ABA's opportunity to generate more rents without a rental rate increase. However, in ABA's efforts to support other state agencies in base level budgeting, ABA has elected not to propose rental increases for its properties. Rather, ABA has turned its focus towards seeking opportunities to reduce operating costs and more efficiently use the revenues collected to integrate energy-efficient upgrades and replacements within the building portfolio to reduce our bottom-line for operations. ABA has been able to reduce operating expenses, in spite of rising utility rates, through reduced consumption in electric and gas utilities. We are finding notable success with the upgrades and replacements already accomplished, having achieved an overall 21.6% reduction in utility consumption to date compared to the 2008 baseline established with Act 1494. Because of the numerous projects ongoing within the portfolio to achieve the operational savings, the agency's operating expense appropriation request reflects an increase.

For the reason stated above, it is imperative that ABA continue to fund its Critical Maintenance Fund (MWJ0300 / IVF) at the highest possible level so that the efficiency upgrades can continue. In order for ABA to improve its facilities to comply with the "greening" initiatives imposed, it is of utmost importance that ABA maintain its strict discipline to reduce operational expenses in order to generate savings to fund its Critical

Maintenance Fund. These funds will continue to be used to replace or upgrade critical buildings systems which are largely responsible for carbon emissions being targeted in federal legislation for carbon footprint reductions. The Critical Maintenance Fund referenced above is 100% dependent on operational savings.

ABA continues to explore opportunities to expand its building management portfolio in its efforts to generate additional rent revenues and management fees. In 2010, ABA added the 900 West Capitol Building (LEED Gold certified) to its portfolio consisting of 124,000 square feet. In December, 2012, ABA will add its second sustainable building, the Five Main Building located at Capitol Avenue & Main Street in downtown Little Rock. While ABA will not manage the building in its entirety, ABA will be responsible for some of the costs associated with its operation. In both cases, the costs associated with these buildings are reflected in the ABA Maintenance Fund (MWJ0100 / 254) resulting in an increase in the Operating Expense appropriation and the need to re-appropriate the fully authorized Debt Service appropriation.

ABA is merging Fund Center 59S into Funds Center 254. 59S has one position the Revolving Loan Fund Manager and expenses associated with this position are \$11,639. This change will make for better tracking in AASIS.

ABA is also requesting to restore two positions that were unbudgeted in the prior fiscal year for Fund Center 254: 1) Fiscal Support Specialist, Grade C112, and 2) Maintenance Technician, Grade C113.

ABA is requesting to restore two positions that were unbudgeted in the prior fiscal year for Funds Center 253: 1) a Real Estate Manager, Grade C120, and 2) a Buyer, Grade C117.

Capital Outlay:

ABA is not requesting a change in its appropriation for Capital Outlay, but is asking that the appropriation be re-authorized so that such replacements can be accomplished when required for equipment necessary for its operational services.

During the prior biennium, the Sustainable Building Revolving Loan Fund (MBD0000/59R) began operating with funding provided by two sources: \$3 million from the Governor's GIF and \$11.37 million from ARRA funding through the Arkansas Energy Office. The appropriation request for this fund reflects the success of the program, by which ABA loaned 100% of the ARRA funding within the grant period, and therefore secured these funds for the long term success of the program. As a result, and in accordance with the RLF rules, the loan funds will be repaid by the recipient agencies over a period up to 10 years, reducing the volume of funds available at one time, particularly at this early stage in the program.

Debt Service:

The debt service appropriation is reflective of the two current bond issues being repaid by ABA for two of its properties: 1) MainStreet Mall whose bonds will mature in 2014, and 2) 900 West Capitol Building which was newly issued in 2010. Debt service payments for the two facilities are made monthly from rent revenues collected from the building tenants. ABA has requested additional appropriation to ensure adequate appropriation is available for the standard bonding and servicing fees associated with ADFA issued bonds.

Contingency:

ABA has requested that the contingency appropriation for new property management agreements that may be secured during the period be restored so that ABA has a mechanism by which to receive management fees associated with new management contracts. This is also requested at base level.

ABA is retaining the operating fund (84T) established for its management services for the Arkansas Services Center (ASC) in Jonesboro even though the property was officially closed in February, 2012 and management services ceased. The property is for sale and therefore ABA continues to maintain an operating account to cover miscellaneous expenses that occur for the vacant property while the owners work to dispose of the property through the appropriate procedures. The fund balance is representative of the owner's total funds remaining in the account which will be disbursed proportionately based on percentage of ownership at the time of property closing transaction.

Lastly, a contingent rent appropriation (Rent of Space) has been included in past years in the amount of \$121,000 for ABA in the event that a situation arose that would necessitate ABA to pay rent for its offices to house the ABA staff. ABA occupies office space in an ABA building and does not charge itself rent, but in the event that the need arises that requires ABA to seek substitute facilities, a rent appropriation may be required.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
ARKANSAS BUILDING AUTHORITY
FOR THE YEAR ENDED JUNE 30, 2011

Findings

Recommendations

None

None

Employment Summary

	Male	Female	Total	%
White Employees	54	14	68	88 %
Black Employees	2	2	4	5 %
Other Racial Minorities	3	2	5	7 %
Total Minorities			9	12 %
Total Employees			77	100 %

Cash Fund Balance Description as of June 30, 2012

Fund Account	Balance	Type	Location
1320200	\$1,329,565	Checking	Regions

Statutory/Other Restrictions on use:

Financing of additions, extensions, improvements, and renovations of, and equipping of such additions extensions, and improvements of the State Justice Building. Also the repayment of obligations issued by the Arkansas Development Finance Authority pursuant to the State Agencies Facilities Acquisition Act of 1991, as amended.

Statutory Provisions for Fees, Fines, Penalties:

N/A

Revenue Receipts Cycle:

Monthly

Fund Balance Utilization:

Pay the Semi-Annual Interest, Principal, and Fees for the Justice Bond Payments

Publications

A.C.A. 25-1-204

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
N/A	N/A	N	N	0	N/A

ARKANSAS PLANNING BUDGETING & ADMINISTRATIVE SYSTEM
STATE CONTRACTS OVER \$25,000 AWARDED TO MINORITY OWNED BUSINESSES
 Fiscal Year 2012
 Required by A.C.A. 25-36-104

AGENCY: 0350 ARKANSAS BUILDING AUTHORITY

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
Clean Team Commercial	\$87,432	X					

TOTAL NUMBER OF MINORITY CONTRACTS AWARDED	<u>1</u>
TOTAL EXPENDITURES FOR CONTRACTS AWARDED	<u>\$2,738,372</u>
% OF MINORITY CONTRACTS AWARDED	<u>2.98 %</u>

Department Appropriation Summary

Historical Data

Agency Request and Executive Recommendation

Appropriation	2011-2012		2012-2013		2012-2013		2013-2014					2014-2015						
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
1VF Critical Maintenance	2,075,938	0	3,260,000	0	3,260,000	0	3,260,000	0	3,260,000	0	3,260,000	0	3,260,000	0	3,260,000	0	3,260,000	0
253 ABA - State Operations	2,380,273	33	2,530,095	37	2,606,558	39	2,551,730	37	2,644,646	39	2,644,646	39	2,553,819	37	2,646,735	39	2,646,735	39
254 Building Maintenance	9,329,329	46	11,651,184	48	13,076,495	50	11,585,075	48	13,313,454	51	13,313,454	51	11,585,441	48	13,437,957	51	13,437,957	51
488 Acquisition and Maintenance	0	0	0	0	1,500,000	0	0	0	1,500,000	0	1,500,000	0	0	0	1,500,000	0	1,500,000	0
59R BLDG DSGN-Loans	0	0	12,714,208	0	15,000,000	0	3,000,000	0	7,808,829	0	7,808,829	0	3,000,000	0	6,333,996	0	6,333,996	0
59S BLDG DSGN-Operations	61,526	1	65,330	1	67,288	1	60,582	1	0	0	0	0	60,582	1	0	0	0	0
809 Justice Building Operations	712,501	3	730,088	3	732,924	3	731,573	3	731,573	3	731,573	3	731,573	3	731,573	3	731,573	3
84T ASC Maint & Operations	342,688	0	1,010,000	0	2,250,000	0	1,010,000	0	995,000	0	995,000	0	1,010,000	0	980,000	0	980,000	0
915 Justice Building Maintenance	135,664	0	504,659	0	504,659	0	504,659	0	504,659	0	504,659	0	504,659	0	504,659	0	504,659	0
D17 Justice Bldg Const-Cash	924,268	0	1,290,000	0	1,290,000	0	1,290,000	0	1,290,000	0	1,290,000	0	1,290,000	0	1,290,000	0	1,290,000	0
Total	15,962,187	83	33,755,564	89	40,287,924	93	23,993,619	89	32,048,161	93	32,048,161	93	23,996,074	89	30,684,920	93	30,684,920	93

Funding Sources		%		%		%		%		%		%		%		%		%	
Fund Balance	4000005	17,880,786	52.7	17,984,496	47.1			4,434,784	19.2	4,434,784	16.1	4,434,784	16.1	510,005	3.0	525,005	2.5	525,005	2.5
General Revenue	4000010	2,380,273	7.0	2,478,164	6.5			2,551,730	11.0	2,644,646	9.6	2,551,730	9.3	2,553,819	14.9	2,646,735	12.8	2,553,819	12.4
Merit Adjustment Fund	4000055	0	0.0	51,931	0.1			0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
DFA Motor Vehicle Acquisition	4000184	12,900	0.0	0	0.0			0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
General Improvement Fund	4000265	0	0.0	3,000,000	7.9			605,379	2.6	3,000,000	10.9	3,000,000	10.9	0	0.0	0	0.0	0	0.0
Interest	4000300	680	0.0	0	0.0			0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Loan Repayment	4000330	0	0.0	1,158,538	3.0			1,379,370	6.0	1,379,370	5.0	1,379,370	5.0	0	0.0	1,379,370	6.7	1,379,370	6.7
M & R Sales	4000340	500	0.0	0	0.0			0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Miscellaneous Transfers	4000355	342,688	1.0	6,804	0.0			0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Other	4000370	556,204	1.6	382,000	1.0			382,000	1.7	382,000	1.4	382,000	1.4	382,000	2.2	382,000	1.8	382,000	1.9
Real Estate Fund	4000400	0	0.0	0	0.0			0	0.0	1,500,000	5.4	1,500,000	5.5	0	0.0	1,500,000	7.3	1,500,000	7.3
Rental Income	4000430	11,079,356	32.6	11,339,702	29.7			12,083,913	52.3	12,643,295	45.8	12,643,295	46.0	11,980,359	70.1	12,643,295	61.1	12,643,295	61.4
Rental Income / Fund Transfers	4000435	1,630,000	4.8	1,304,000	3.4			700,000	3.0	700,000	2.5	700,000	2.5	500,000	2.9	500,000	2.4	500,000	2.4
State Administration of Justice	4000470	969,192	2.9	1,316,459	3.4			880,293	3.8	880,293	3.2	880,293	3.2	880,293	5.1	880,293	4.3	880,293	4.3
Transfer from St Central Svcs	4000575	724,104	2.1	732,924	1.9			731,573	3.2	731,573	2.7	731,573	2.7	731,573	4.3	731,573	3.5	731,573	3.6
Transfers / Adjustments	4000683	(1,630,000)	(4.8)	(1,564,670)	(4.1)			(639,418)	(2.8)	(700,000)	(2.5)	(700,000)	(2.5)	(439,418)	(2.6)	(500,000)	(2.4)	(500,000)	(2.4)
Total Funds		33,946,683	100.0	38,190,348	100.0			23,109,624	100.0	27,595,961	100.0	27,503,045	100.0	17,098,631	100.0	20,688,271	100.0	20,595,355	100.0
Excess Appropriation/(Funding)		(17,984,496)		(4,434,784)				883,995		4,452,200		4,545,116		6,897,443		9,996,649		10,089,565	
Grand Total		15,962,187		33,755,564				23,993,619		32,048,161		32,048,161		23,996,074		30,684,920		30,684,920	

Variance in fund balances is due to unfunded appropriation balances in the following appropriations: 1VF- Critical Maintenance, 253-State Operations, 254- Building Maintenance, 59R- Building Design Loans, 915- Justice Building Maintenance, and D17- Justice Building Construction Cash.

Agency Position Usage Report

FY2010 - 2011						FY2011 - 2012						FY2012 - 2013					
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	
93	78	11	89	4	16.13 %	93	79	10	89	4	15.05 %	93	78	15	93	0	16.13 %

Analysis of Budget Request

Appropriation: 1VF - Critical Maintenance

Funding Sources: MWJ - Critical Maintenance

This appropriation is used for Critical Maintenance of ABA owned or operated buildings. Funding is derived from rental income paid by state agencies housed in ABA operated buildings.

The Agency's Base Level and total request is \$3,260,000 each year of the biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 1VF - Critical Maintenance

Funding Sources: MWJ - Critical Maintenance

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2013-2014			2014-2015		
		2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Special Maintenance	5120032	2,075,938	3,260,000	3,260,000	3,260,000	3,260,000	3,260,000	3,260,000	3,260,000	3,260,000
Total		2,075,938	3,260,000	3,260,000	3,260,000	3,260,000	3,260,000	3,260,000	3,260,000	3,260,000
Funding Sources										
Fund Balance	4000005	4,770,934	4,370,964		2,414,964	2,414,964	2,414,964	0	0	0
Other	4000370	45,968	0		0	0	0	0	0	0
Rental Income / Fund Transfers	4000435	1,630,000	1,304,000		700,000	700,000	700,000	500,000	500,000	500,000
Total Funding		6,446,902	5,674,964		3,114,964	3,114,964	3,114,964	500,000	500,000	500,000
Excess Appropriation/(Funding)		(4,370,964)	(2,414,964)		145,036	145,036	145,036	2,760,000	2,760,000	2,760,000
Grand Total		2,075,938	3,260,000		3,260,000	3,260,000	3,260,000	3,260,000	3,260,000	3,260,000

Fund transfers includes a transfer from the Building Maintenance appropriation (254).

Analysis of Budget Request

Appropriation: 253 - ABA - State Operations

Funding Sources: HUA - Miscellaneous Agencies Fund

This appropriation provides for the operations of Arkansas Building Authority (ABA). Functions include administration, leasing, architectural, construction, finance, engineering, and building maintenance. This appropriation is funded entirely from general revenue.

Base Level Regular Salaries and Personal Services Matching includes Career Service payments for eligible employees. Personal Services Matching also includes a \$20 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$410 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases.

The Agency's Base Level request is \$2,551,730 in FY14 and \$2,553,819 in FY15 with thirty-seven (37) budgeted base level positions.

The Agency's Change Level request consists of restoration of two (2) positions that were not budgeted in FY13; one (1) Grade C120 Real Estate Manager and one (1) Grade C117 Buyer. Additional general revenue funding of \$92,916 associated with the positions is being requested each year of the biennium. The Agency also requests a slight adjustment in the Operating Expenses line item, an increase in association & membership dues by \$50 and a decrease in data processing supplies by \$50.

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

Appropriation Summary

Appropriation: 253 - ABA - 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		
		2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	2013-2014			2014-2015		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	1,790,218	1,888,013	1,978,632	1,896,838	1,964,883	1,964,883	1,898,338	1,966,383	1,966,383
#Positions		33	37	39	37	39	39	37	39	39
Personal Services Matching	5010003	538,007	587,288	573,132	600,098	624,969	624,969	600,687	625,558	625,558
Operating Expenses	5020002	48,533	48,594	48,594	48,594	48,594	48,594	48,594	48,594	48,594
Conference & Travel Expenses	5050009	3,515	6,200	6,200	6,200	6,200	6,200	6,200	6,200	6,200
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		2,380,273	2,530,095	2,606,558	2,551,730	2,644,646	2,644,646	2,553,819	2,646,735	2,646,735
Funding Sources										
General Revenue	4000010	2,380,273	2,478,164		2,551,730	2,644,646	2,551,730	2,553,819	2,646,735	2,553,819
Merit Adjustment Fund	4000055	0	51,931		0	0	0	0	0	0
Total Funding		2,380,273	2,530,095		2,551,730	2,644,646	2,551,730	2,553,819	2,646,735	2,553,819
Excess Appropriation/(Funding)		0	0		0	0	92,916	0	0	92,916
Grand Total		2,380,273	2,530,095		2,551,730	2,644,646	2,644,646	2,553,819	2,646,735	2,646,735

FY13 Budget amount in Personal Services Matching exceeds the authorized amount due to matching rate adjustments during the 2011-2013 Biennium.

Change Level by Appropriation

Appropriation: 253 - ABA - State Operations
Funding Sources: HUA - Miscellaneous Agencies Fund

Agency Request

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	2,551,730	37	2,551,730	100.0	2,553,819	37	2,553,819	100.0
C01	Existing Program	92,966	2	2,644,696	103.6	92,966	2	2,646,785	103.6
C03	Discontinue Program	(50)	0	2,644,646	103.6	(50)	0	2,646,735	103.6

Executive Recommendation

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	2,551,730	37	2,551,730	100.0	2,553,819	37	2,553,819	100.0
C01	Existing Program	92,966	2	2,644,696	103.6	92,966	2	2,646,785	103.6
C03	Discontinue Program	(50)	0	2,644,646	103.6	(50)	0	2,646,735	103.6

Justification

C01	There was a slight adjustment for association & membership dues. ABA is requesting to restore two positions that were unbudgeted in the prior fiscal year: 1) a Real Estate Manager, Grade C120, and 2) a Buyer, Grade C117.
C03	There was a slight adjustment in planned expenditures for data processing supplies.

Analysis of Budget Request

Appropriation: 254 - Building Maintenance

Funding Sources: MWJ - ABA Maintenance

The Building Maintenance appropriation is funded from rental income and reimbursements from ABA operated buildings. It supports the property management function of state-owned and ABA-operated office buildings.

Base Level Regular Salaries and Personal Services Matching includes Career Service payments for eligible employees. Personal Services Matching also includes a \$20 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$410 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases.

The Agency's Base Level request is \$11,585,075 in FY14 and \$11,585,441 in FY15 with forty-eight (48) budgeted base level positions each year of the biennium.

The Agency's Change Level request is \$1,728,379 in FY14 and \$1,852,516 in FY15 and consists of the following:

- Regular Salaries and Personal Services Matching totaling \$127,025 each year of the biennium for restoration of two (2) positions, one (1) C112 Fiscal Support Specialist and one (1) C113 Maintenance Technician position, and one (1) Revolving Loan Fund Manager position with salary and matching appropriation is being transferred from Appropriation 59S- Building Design Operations.
- \$688,566 increase in FY14 and \$812,703 in FY15 in Operating Expenses which consists of:
 1. \$341,618 in FY14 and \$445,172 in FY15 funded appropriation for maintenance of the facilities, special purpose supplies, and other repair expenses,
 2. \$6,639 each year of the biennium is being transferred from Appropriation 59S- Building Design Operations,
 3. \$340,309 in FY14 and \$360,892 in FY15 unfunded appropriation is requested.
- \$84,100 increase each year of the biennium in Capital Outlay to support maintenance needs and necessary repairs.
- \$582,688 increase each year of the biennium in Debt Services for any possible debt service increases is requested as unfunded appropriation.
- \$125,000 increase each year of the biennium in the Contingency line item as unfunded appropriation to restore previously authorized levels.
- \$121,000 increase each year of the biennium in the Rent of Space line item as unfunded appropriation to restore previously authorized levels.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 254 - Building Maintenance

Funding Sources: MWJ - ABA Maintenance

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	2013-2014			2014-2015		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	1,634,602	1,725,070	1,952,129	1,725,521	1,817,473	1,817,473	1,725,821	1,817,773	1,817,773
#Positions		46	48	50	48	51	51	48	51	51
Extra Help	5010001	9,010	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
#Extra Help		2	9	9	9	9	9	9	9	9
Personal Services Matching	5010003	562,485	615,192	638,265	627,732	662,805	662,805	627,798	662,871	662,871
Overtime	5010006	6,229	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
Operating Expenses	5020002	5,328,083	7,397,324	7,743,818	7,397,324	8,085,890	8,085,890	7,397,324	8,210,027	8,210,027
Conference & Travel Expenses	5050009	0	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Professional Fees	5060010	31,553	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	15,900	79,100	79,100	0	84,100	84,100	0	84,100	84,100
Debt Service	5120019	1,741,467	1,724,498	2,307,183	1,724,498	2,307,186	2,307,186	1,724,498	2,307,186	2,307,186
Facilities Management Contingen	5130018	0	0	125,000	0	125,000	125,000	0	125,000	125,000
Rent of Space	5900022	0	0	121,000	0	121,000	121,000	0	121,000	121,000
Total		9,329,329	11,651,184	13,076,495	11,585,075	13,313,454	13,313,454	11,585,441	13,437,957	13,437,957

Funding Sources										
Fund Balance	4000005	1,513,956	2,096,093		536,611	536,611	536,611	0	0	0
DFA Motor Vehicle Acquisition	4000184	12,900	0		0	0	0	0	0	0
M & R Sales	4000340	500	0		0	0	0	0	0	0
Other	4000370	510,236	382,000		382,000	382,000	382,000	382,000	382,000	382,000
Rental Income	4000430	11,079,356	11,339,702		11,073,913	11,633,295	11,633,295	10,970,359	11,633,295	11,633,295
Transfers / Adjustments	4000683	(1,691,526)	(1,630,000)		(700,000)	(700,000)	(700,000)	(500,000)	(500,000)	(500,000)
Total Funding		11,425,422	12,187,795		11,292,524	11,851,906	11,851,906	10,852,359	11,515,295	11,515,295
Excess Appropriation/(Funding)		(2,096,093)	(536,611)		292,551	1,461,548	1,461,548	733,082	1,922,662	1,922,662
Grand Total		9,329,329	11,651,184		11,585,075	13,313,454	13,313,454	11,585,441	13,437,957	13,437,957

Transfers/Adjustments actual funding include a transfer to Critical Maintenance (1VF) \$1,630,000 and Sustainable Building Design Program (59S) \$61,526. The Agency is requesting to combine appropriation for (59S) Building Design Operations into (254) Building Maintenance.

Change Level by Appropriation

Appropriation: 254 - Building Maintenance
Funding Sources: MWJ - ABA Maintenance

Agency Request

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	11,585,075	48	11,585,075	100.0	11,585,441	48	11,585,441	100.0
C01	Existing Program	562,484	2	12,147,559	104.9	665,633	2	12,251,074	105.7
C03	Discontinue Program	(68,684)	0	12,078,875	104.3	(68,279)	0	12,182,795	105.2
C05	Unfunded Appropriation	1,168,997	0	13,247,872	114.4	1,189,580	0	13,372,375	115.4
C07	Agency Transfer	65,582	1	13,313,454	114.9	65,582	1	13,437,957	116.0

Executive Recommendation

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	11,585,075	48	11,585,075	100.0	11,585,441	48	11,585,441	100.0
C01	Existing Program	562,484	2	12,147,559	104.9	665,633	2	12,251,074	105.7
C03	Discontinue Program	(68,684)	0	12,078,875	104.3	(68,279)	0	12,182,795	105.2
C05	Unfunded Appropriation	1,168,997	0	13,247,872	114.4	1,189,580	0	13,372,375	115.4
C07	Agency Transfer	65,582	1	13,313,454	114.9	65,582	1	13,437,957	116.0

Justification

C01	This change level is reflective of the scheduled rental income for the ABA portfolio and the planned expenditures in the ABA buildings to maintain the facilities in tenantable condition through contract services, maintenance and necessary repairs. Adjustments were made in contracts and scheduled spending within the portfolio, seeking opportunities to generate savings wherever possible. Our budget projections reflected the scheduled 5% increase in electric and sewer/water rates as confirmed with the utility providers. ABA continues to strive to implement efficiencies where possible when funding is available which generate additional reductions in overall spending. ABA is also requesting to restore two positions that were unbudgeted in the prior fiscal year: 1) Fiscal Support Specialist, Grade C112, and 2) Maintenance Technical, Grade C113.
C03	Adjustments were made in contracted services and scheduled spending within the portfolio, seeking opportunities to generate savings wherever possible.
C05	ABA acquired the 900 West Capitol Building in 2010 through "Build America Bonds" issued by ADFA. ABA maintains extra "unfunded" appropriation for the flexibility should ADFA fees, arbitrage or trustees exceed the scheduled payments. ABA also maintains a contingency appropriation of \$125,000 on the Contingency Commitment Item and \$121,000 on the Rent of Space Commitment item pending the opportunity to add new building management service accounts during the period. ABA has also added additional appropriation with the scheduled addition of the Five Main Building (Capitol & Main Streets, Little Rock) to the ABA portfolio scheduled for occupancy in mid-FY13.
C07	ABA is merging Fund Center 59S into Fund Center 254. 59S has one position, a Revolving Loan Fund Manager and expenses associated with this position are \$11,639. This change will make for better tracking in AASIS.

Analysis of Budget Request

Appropriation: 488 - Acquisition and Maintenance

Funding Sources: MRE - ABA Real Estate Fund

The purpose of this appropriation is the acquisition and operation of additional buildings for state occupancy. Funding payable from the Real Estate Fund allows the Arkansas Building Authority to acquire buildings for general government use as opportunities arise as well as provide construction and renovations as needed. Expenditures would be offset by income from the operation of properties acquired.

The Agency's Change Level request is for \$300,000 each year of the biennium in the Operating Expenses line item and \$1,200,000 each year of the biennium in the Construction/Renovations line item. This request restores the appropriation back to the previously authorized level of \$1,500,000 in the event that additional buildings are needed.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 488 - Acquisition and Maintenance

Funding Sources: MRE - ABA Real Estate Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item	Historical Data			2013-2014			2014-2015		
	2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses 5020002	0	0	300,000	0	300,000	300,000	0	300,000	300,000
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
Miscellaneous Technical Services 5090005	0	0	1,200,000	0	1,200,000	1,200,000	0	1,200,000	1,200,000
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	1,500,000	0	1,500,000	1,500,000	0	1,500,000	1,500,000
Funding Sources									
Real Estate Fund 4000400	0	0		0	1,500,000	1,500,000	0	1,500,000	1,500,000
Total Funding	0	0		0	1,500,000	1,500,000	0	1,500,000	1,500,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	0	0		0	1,500,000	1,500,000	0	1,500,000	1,500,000

Change Level by Appropriation

Appropriation: 488 - Acquisition and Maintenance
Funding Sources: MRE - ABA Real Estate Fund

Agency Request

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
C05	Unfunded Appropriation	1,500,000	0	1,500,000	100.0	1,500,000	0	1,500,000	100.0

Executive Recommendation

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
C05	Unfunded Appropriation	1,500,000	0	1,500,000	100.0	1,500,000	0	1,500,000	100.0

Justification

C05	ABA will continue to consider opportunities to acquire properties that are in the best interests of the State for use by the ABA or that of other state agencies, boards and commissions. ABA is requesting the reappropriation of the Acquisition and Maintenance appropriation at its current authorized level of \$1.5 million so that such property transactions may be completed if funding is made available.								
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Analysis of Budget Request

Appropriation: 59R - BLDG DSGN-Loans

Funding Sources: MBD - Sustainable Building Design Revolving

The purpose of this appropriation is to provide loans to State Agencies for the Sustainable Building Design Program A.C.A. 22-3-1901 et. seq. A loan made from this program must be for a renovation of a state-owned property for an amount that exceeds two hundred fifty thousand dollars (\$250,000) with the term for repayment not to exceed ten (10) years.

Funding for this appropriation consists of funds transferred from the General Improvement Fund and federal grants.

The Agency's Base Level request is \$3,000,000 each year of the biennium.

The Agency's Change Level request totaling \$4,808,829 in FY14 and \$3,333,996 in FY15 consists of the following:

- Loans line item increase of \$2,394,621 in FY14 and \$1,919,788 in FY15 for the agency to continue issuing loans to agencies based on available funds.
- Loans Repayment Grants line item increase of \$2,414,208 in FY14 and \$1,414,208 in FY15 for ARRA appropriation that will be needed due to some agency projects not being completed until some time during the 2013-15 Biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 59R - BLDG DSGN-Loans

Funding Sources: MBD - Sustainable Building Design Revolving

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2013-2014			2014-2015		
		2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Loans	5120029	0	3,000,000	3,000,000	3,000,000	5,394,621	5,394,621	3,000,000	4,919,788	4,919,788
Loan Repayments Grants	5900052	0	9,714,208	12,000,000	0	2,414,208	2,414,208	0	1,414,208	1,414,208
Total		0	12,714,208	15,000,000	3,000,000	7,808,829	7,808,829	3,000,000	6,333,996	6,333,996
Funding Sources										
Fund Balance	4000005	8,614,508	8,614,508		58,838	58,838	58,838	0	0	0
General Improvement Fund	4000265	0	3,000,000		605,379	3,000,000	3,000,000	0	0	0
Loan Repayment	4000330	0	1,158,538		1,379,370	1,379,370	1,379,370	0	1,379,370	1,379,370
Total Funding		8,614,508	12,773,046		2,043,587	4,438,208	4,438,208	0	1,379,370	1,379,370
Excess Appropriation/(Funding)		(8,614,508)	(58,838)		956,413	3,370,621	3,370,621	3,000,000	4,954,626	4,954,626
Grand Total		0	12,714,208		3,000,000	7,808,829	7,808,829	3,000,000	6,333,996	6,333,996

Agency Change Level request includes ARRA appropriation in the Loan Repayment Grants line item due to some agency projects not being completed until some time during the 2013-15 Biennium.

Change Level by Appropriation

Appropriation: 59R - BLDG DSGN-Loans
Funding Sources: MBD - Sustainable Building Design Revolving

Agency Request

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	3,000,000	0	3,000,000	100.0	3,000,000	0	3,000,000	100.0
C01	Existing Program	2,394,621	0	5,394,621	179.8	1,919,788	0	4,919,788	164.0
C03	Discontinue Program	(7,300,000)	0	(1,905,379)	-63.5	(8,300,000)	0	(3,380,212)	-112.7
C16	ARRA	9,714,208	0	7,808,829	260.3	9,714,208	0	6,333,996	211.1

Executive Recommendation

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	3,000,000	0	3,000,000	100.0	3,000,000	0	3,000,000	100.0
C01	Existing Program	2,394,621	0	5,394,621	179.8	1,919,788	0	4,919,788	164.0
C03	Discontinue Program	(7,300,000)	0	(1,905,379)	-63.5	(8,300,000)	0	(3,380,212)	-112.7
C16	ARRA	9,714,208	0	7,808,829	260.3	9,714,208	0	6,333,996	211.1

Justification

C01	This request is needed in the Loans line item for the agency to continue issuing loans based on available funds.
C03	The Sustainable Building Revolving Loan Fund (RLF) program is not being discontinued but the level of funding that will be available for loans will be reduced during the biennium period due to the repayment structure of the initial loans made through the program. Because of the timeline restriction on the use of the ARRA funds provided through the Energy Office Grant (by April 30, 2012), ABA worked diligently to loan the original funds so the State could secure the ARRA funds for the long term. In doing so, the availability of funds for several years will be reduced while repayments of the loans by the receiving agencies are collected. ABA will continue to issue loans based on funds that are available to support agencies working to meet the ACT 1494 2014 mandate, but the agency anticipates funding smaller projects until the loan repayments replenish the fund.
C16	This request is for ARRA appropriation in the Loan Repayment Grants line item due to some agency projects not being completed until some time during the 2013-15 Biennium.

Analysis of Budget Request

Appropriation: 59S - BLDG DSGN-Operations

Funding Sources: MWJ - ABA Maintenance

The purpose of this appropriation is to provide operating expenses to the Sustainable Building Design Program A.C.A. 22-3-1901 et. seq.

The appropriation is funded from rental income and reimbursements from ABA operated buildings.

Base Level Regular Salaries and Personal Services Matching includes Career Service payments for eligible employees. Personal Services Matching also includes a \$20 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$410 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 to move this appropriation and funding into Appropriation 254 - Building Maintenance.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 59S - BLDG DSGN-Operations

Funding Sources: MWJ - ABA Maintenance

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	2013-2014			2014-2015		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	46,926	40,153	42,535	40,153	0	0	40,153	0	0
#Positions		1	1	1	1	0	0	1	0	0
Personal Services Matching	5010003	13,859	13,538	13,114	13,790	0	0	13,790	0	0
Operating Expenses	5020002	741	6,639	6,639	6,639	0	0	6,639	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	5,000	5,000	0	0	0	0	0	0
Total		61,526	65,330	67,288	60,582	0	0	60,582	0	0
Funding Sources										
Transfers / Adjustments	4000683	61,526	65,330		60,582	0	0	60,582	0	0
Total Funding		61,526	65,330		60,582	0	0	60,582	0	0
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		61,526	65,330		60,582	0	0	60,582	0	0

FY13 Budget amount in Personal Services Matching exceeds the authorized amount due to matching rate adjustments during the 2011-2013 Biennium. This appropriation is being merged into appropriation (254) Building Maintenance.

Change Level by Appropriation

Appropriation: 59S - BLDG DSGN-Operations
Funding Sources: MWJ - ABA Maintenance

Agency Request

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	60,582	1	60,582	100.0	60,582	1	60,582	100.0
C07	Agency Transfer	(60,582)	(1)	0	0.0	(60,582)	(1)	0	0.0

Executive Recommendation

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	60,582	1	60,582	100.0	60,582	1	60,582	100.0
C07	Agency Transfer	(60,582)	(1)	0	0.0	(60,582)	(1)	0	0.0

Justification

C07	ABA is merging Fund Center 59S with Fund Center 254. 59S has one position, a Revolving Loan Fund Manger. The expenses associated with this position are \$11,639. This change will allow for better tracking in AASIS.
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Analysis of Budget Request

Appropriation: 809 - Justice Building Operations

Funding Sources: MWJ - ABA Maintenance

This appropriation provides for the operations of the Justice Building. Funding is provided under special language provisions for a transfer from the State Central Services Fund to the Arkansas Building Authority Maintenance Fund for actual expenditures up to the authorized appropriation level.

Base Level Regular Salaries and Personal Services Matching includes Career Service payments for eligible employees. Personal Services Matching also includes a \$20 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$410 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases.

The Agency's Base Level and total request is \$731,573 each year of the biennium and includes three (3) budgeted base level positions.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 809 - Justice Building Operations

Funding Sources: MWJ - ABA Maintenance

Historical Data

Agency Request and Executive Recommendation

Commitment Item	Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
	2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	2013-2014			2014-2015		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	106,504	107,811	111,968	108,411	108,411	108,411	108,411	108,411	108,411
#Positions	3	3	3	3	3	3	3	3	3
Personal Services Matching 5010003	36,352	37,824	36,503	38,709	38,709	38,709	38,709	38,709	38,709
Operating Expenses 5020002	569,645	584,453	584,453	584,453	584,453	584,453	584,453	584,453	584,453
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	712,501	730,088	732,924	731,573	731,573	731,573	731,573	731,573	731,573
Funding Sources									
Fund Balance 4000005	7,939	19,542		22,378	22,378	22,378	22,378	22,378	22,378
Transfer from St Central Srvs 4000575	724,104	732,924		731,573	731,573	731,573	731,573	731,573	731,573
Total Funding	732,043	752,466		753,951	753,951	753,951	753,951	753,951	753,951
Excess Appropriation/(Funding)	(19,542)	(22,378)		(22,378)	(22,378)	(22,378)	(22,378)	(22,378)	(22,378)
Grand Total	712,501	730,088		731,573	731,573	731,573	731,573	731,573	731,573

FY13 Budget amount in Personal Services Matching exceeds the authorized amount due to matching rate adjustments during the 2011-2013 Biennium.

Change Level by Appropriation

Appropriation: 809 - Justice Building Operations
Funding Sources: MWJ - ABA Maintenance

Agency Request

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	731,573	3	731,573	100.0	731,573	3	731,573	100.0
C01	Existing Program	5,314	0	736,887	100.7	8,999	0	740,572	101.2
C03	Discontinue Program	(5,314)	0	731,573	100.0	(8,999)	0	731,573	100.0

Executive Recommendation

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	731,573	3	731,573	100.0	731,573	3	731,573	100.0
C01	Existing Program	5,314	0	736,887	100.7	8,999	0	740,572	101.2
C03	Discontinue Program	(5,314)	0	731,573	100.0	(8,999)	0	731,573	100.0

Justification

C01	The base level change is reflective of adjustments in service contracts and planned expenditures for the period.
C03	As noted above, change is the result of adjustments in service contracts and planned expenditures for the period.

Analysis of Budget Request

Appropriation: 84T - ASC Maint & Operations

Funding Sources: MWJ - ABA Maintenance

The Arkansas Services Center Maintenance and Operations appropriation is requested by the Arkansas Building Authority due to the addition of the Arkansas Services Center in Jonesboro to the management portfolio in FY2010. The appropriation covers all scheduled maintenance, operations and capital repairs for the facility.

Funding for the center is through owner assessments billed quarterly and rent revenues collected for leases space.

The Agency's Base Level request is \$1,010,000 each year of the biennium.

The Agency's Change Level request is a decrease of (\$15,000) in FY14 and (\$30,000) in FY15 for the AR Services Center line item. This appropriation covers minimal expenses for the facility as directed by the owners.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 84T - ASC Maint & Operations

Funding Sources: MWJ - ABA Maintenance

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2013-2014			2014-2015		
		2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
AR Services Center	5900046	342,688	1,010,000	2,250,000	1,010,000	995,000	995,000	1,010,000	980,000	980,000
Total		342,688	1,010,000	2,250,000	1,010,000	995,000	995,000	1,010,000	980,000	980,000
Funding Sources										
Fund Balance	4000005	1,003,196	1,003,196		0	0	0	0	15,000	15,000
Miscellaneous Transfers	4000355	342,688	6,804		0	0	0	0	0	0
Rental Income	4000430	0	0		1,010,000	1,010,000	1,010,000	1,010,000	1,010,000	1,010,000
Total Funding		1,345,884	1,010,000		1,010,000	1,010,000	1,010,000	1,010,000	1,025,000	1,025,000
Excess Appropriation/(Funding)		(1,003,196)	0		0	(15,000)	(15,000)	0	(45,000)	(45,000)
Grand Total		342,688	1,010,000		1,010,000	995,000	995,000	1,010,000	980,000	980,000

Change Level by Appropriation

Appropriation: 84T - ASC Maint & Operations
Funding Sources: MWJ - ABA Maintenance

Agency Request

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	1,010,000	0	1,010,000	100.0	1,010,000	0	1,010,000	100.0
C03	Discontinue Program	(15,000)	0	995,000	98.5	(30,000)	0	980,000	97.0

Executive Recommendation

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	1,010,000	0	1,010,000	100.0	1,010,000	0	1,010,000	100.0
C03	Discontinue Program	(15,000)	0	995,000	98.5	(30,000)	0	980,000	97.0

Justification

C03	This appropriation is for the AR Services Center which is in ABA's Management portfolio. This facility is currently listed for sale. This appropriation covers minimal expenses for the facility as directed by the owners.
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Analysis of Budget Request

Appropriation: 915 - Justice Building Maintenance

Funding Sources: MJB - Justice Building Fund

The Justice Building Maintenance appropriation provides for maintenance of the Justice Building. Funding is provided by court cost receipts transferred from the State Administration of Justice Fund to be used exclusively for maintenance of the Justice Building (A.C.A. §19-5-1052).

The Agency's Base Level and total request is \$504,659 each year of the biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 915 - Justice Building Maintenance

Funding Sources: MJB - Justice Building Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2013-2014			2014-2015		
		2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Special Maintenance	5120032	135,664	504,659	504,659	504,659	504,659	504,659	504,659	504,659	504,659
Total		135,664	504,659	504,659	504,659	504,659	504,659	504,659	504,659	504,659
Funding Sources										
Fund Balance	4000005	610,887	550,628		550,628	550,628	550,628	114,462	114,462	114,462
State Administration of Justice	4000470	75,405	504,659		68,493	68,493	68,493	68,493	68,493	68,493
Total Funding		686,292	1,055,287		619,121	619,121	619,121	182,955	182,955	182,955
Excess Appropriation/(Funding)		(550,628)	(550,628)		(114,462)	(114,462)	(114,462)	321,704	321,704	321,704
Grand Total		135,664	504,659		504,659	504,659	504,659	504,659	504,659	504,659

FY13 Budgeted Appropriations that receive Administration of Justice Funds have been reduced proportionately based on available funding in accordance with A.C.A. 16-10-312. Base Level appropriations reflect the maximum allocations authorized by Act 281 (60) of 2012.

Analysis of Budget Request

Appropriation: D17 - Justice Bldg Const-Cash

Funding Sources: 132 - Justice Building Construction Fund

The Justice Building Construction cash appropriation provides for debt service obligations associated with construction and renovation of the Justice Building. Funding is provided by court cost receipts transferred from the State Administration of Justice Fund to the Justice Building Construction Fund. This funding is to be used exclusively for the financing of additions, extensions, and improvements to the Justice Building. This includes the repayment of debt service obligations which were incurred in order to make improvements to the Justice Building (A.C.A. §19-5-1087).

The Agency's Base Level and total request is \$1,290,000 each year of the biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: D17 - Justice Bldg Const-Cash
Funding Sources: 132 - Justice Building Construction Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2013-2014			2014-2015		
		2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	0	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000
Conference & Travel Expenses	5050009	0	0	0	0	0	0	0	0	0
Professional Fees	5060010	20,513	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Debt Service	5120019	903,755	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000
Total		924,268	1,290,000	1,290,000	1,290,000	1,290,000	1,290,000	1,290,000	1,290,000	1,290,000
Funding Sources										
Fund Balance	4000005	1,359,366	1,329,565		851,365	851,365	851,365	373,165	373,165	373,165
Interest	4000300	680	0		0	0	0	0	0	0
State Administration of Justice	4000470	893,787	811,800		811,800	811,800	811,800	811,800	811,800	811,800
Total Funding		2,253,833	2,141,365		1,663,165	1,663,165	1,663,165	1,184,965	1,184,965	1,184,965
Excess Appropriation/(Funding)		(1,329,565)	(851,365)		(373,165)	(373,165)	(373,165)	105,035	105,035	105,035
Grand Total		924,268	1,290,000		1,290,000	1,290,000	1,290,000	1,290,000	1,290,000	1,290,000

DEPARTMENT OF CAREER EDUCATION

Enabling Laws

Act 201 of 2012
A.C.A. § 25-30-103 et seq.
A.C.A. § 25-30-201 et seq.
A.C.A. § 6-11-205 and 206

History and Organization

Mission Statement: The Arkansas Department of Career Education (ACE) has the mission of providing leadership and contributing resources to serve the diverse and changing career and educational needs of the youth and adults of Arkansas. Arkansans with disabilities are provided opportunities to work and to lead productive and independent lives through Arkansas Rehabilitation Services.

Agency History: Act 64 of 1981 created the Vocational and Technical Education Division (now the Department of Career Education) as a cabinet-level state agency equal to the Arkansas Department of Education (ADE). Prior to 1981, the Arkansas Department of Education had administered postsecondary and secondary vocational education, as well as adult education. The operation of the state board was changed in 1981 as well. Act 250 of 1981 required that the State Board of Vocational Education (composed of the same members as the State Board of Education) meet on different dates than its meeting dates as the State Board of Education. In 1991, the composition of the State Board of Vocational Education changed again with the passage of Act 773, which added three new board members to represent business and industry, including the service-oriented industries.

Act 803 of 1997 created the Arkansas Department of Workforce Education. The act abolished the Arkansas Vocational Technical Education Division, as well as the Governor's Commission on Adult Literacy and the Advisory Council for Vocational-Technical Education, transferring them to the newly created Arkansas Department of Workforce Education (DWE). Act 803 also abolished the State Board of Vocational Education, transferring it to the State Board of Workforce Education and Career Opportunities, which was created by the act.

Act 787 of 2009 renamed the Arkansas Department of Workforce Education as the Arkansas Department of Career Education and the State Board of Workforce Education and Career Opportunities as the State Board of Career Education.

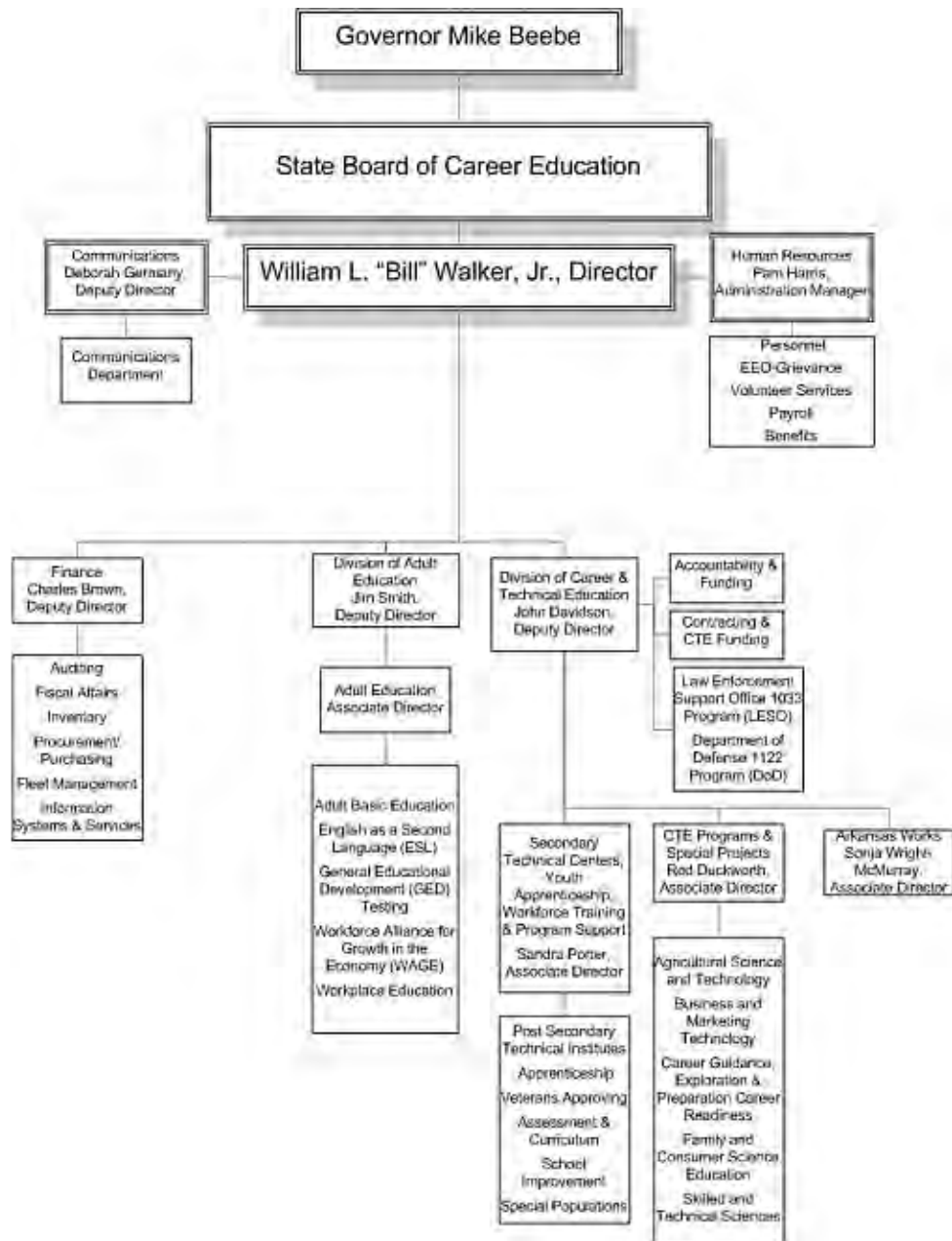
From 1971 until 1993, Arkansas Rehabilitation Services (ARS), known then as the Division of Rehabilitation Services, was administered by the Department of Social and Rehabilitative Services (now the Department of Human Services). Act 574 of 1993 changed the name of the division to Arkansas Rehabilitation Services and transferred ARS back to the Department of Education, where it was placed under the

oversight of the State Board of Vocational Education as a division of the Vocational and Technical Education Division. With the passage of Act 803, ARS became a division of the Department of Workforce Education, now the Department of Career Education.

ACE is comprised of three divisions as well as administrative support services. The three divisions are Adult Education, Career and Technical Education, and Arkansas Rehabilitation Services. ACE oversees career and technical education programs in the secondary schools, secondary area technical centers, adult and youth apprenticeship programs, Arkansas Rehabilitation Services, and adult education programs. ACE also works with the Veterans Administration to approve state educational programs for veterans' benefits and has oversight authority for the Law Enforcement Support Office 1033 and the Department of Defense 122 Program.

Statutory Responsibility and Primary Activities: The enabling legislation and the powers and duties of the Arkansas Department of Career Education are codified in Arkansas Code Annotated 25-3-103, 25-30-104, 25-30-106, 25-30-107, 25-30-201, 6-11-205, and 6-11-206. These responsibilities include, but are not limited to, the following:

1. Establishment of policies and procedures, criteria, and priorities for use in approving local programs of career and technical education, adult education, and vocational rehabilitation in all areas of the state.
2. Monitoring of local programs of career and technical education, adult education, vocational rehabilitation and provision of technical assistance to assist these programs in meeting federal and state mandates and accountability measures.
3. Performance of all administrative functions in relation to the management, control, and supervision of all programs of career and technical education, adult education, and vocational rehabilitation in Arkansas's public educational institutions, with the exception of technical colleges, community colleges, and colleges and universities.
4. Development of state plans required by state or federal laws and regulations as prerequisites to receiving federal funds for career and technical education, adult education, or vocational rehabilitation.
5. Receipt and distribution of all state and federal funds designated for adult education, federal funds provided by the Carl D. Perkins Career and Technical Education Act of 2006, and Title I formula grant funds provided by the U.S. Department of Education/Rehabilitation Services Administration.
6. Development of programs and services that prepare high school students for postsecondary education and careers through an integrated course of study blending specialized training and real-world work experience with strong academic instruction.
7. Development of programs and services designed to provide persons age 18 and older with less than a high school diploma opportunities to increase their basic academic skills and earn the General Educational Development (GED®) credential (In certain cases, 16- and 17-year-olds who have dropped out of the public schools can be served in adult education programs.)
8. Development of programs and services designed to provide increased employment of individuals with disabilities through the provision of individualized training, independent living services, educational and support services, and meaningful opportunities for employment in integrated work settings.



Agency Commentary

Career and Technical Education

The workplace of the future demands workers who are well educated and highly skilled. As we move into the 21st century, Arkansas's standard of living will depend in large measure upon our ability to provide workers for high-skill, high-demand, high-wage occupations. Career and technical education (CTE) offers a powerful answer to the problems of both high school completion and career preparation. Now, because of the ongoing work of the Arkansas Department of Career Education (ACE), more than 157,000 Arkansas students enroll in CTE classes annually, representing approximately 76 percent of the student population in grades 7-12. Approximately 61 percent of the state's CTE completers enter college, and the persistence rate (continuation from the freshman to sophomore year in college) for CTE completers averages 72 percent. Another 30 percent go directly to work with skills that afford them greater earning power than those without those skills. However, despite this record of success, CTE remains overlooked and underfunded. It is imperative that Arkansas fund these critically important programs at the level necessary to ensure their excellence and success.

Additional Staffing - ACE is requesting 3 new positions for the Career and Technical Education (CTE) Division. These new positions are an Education and Instruction Manager, an Education and Instruction Coordinator, Science, Technology, Education, Mathematics (STEM), and an Education and Instruction Coordinator, Construction Trades. The primary responsible of these 3 new positions will be to increase student involvement in the secondary CTE programs related to STEM and construction trades. STEM is part of the Governor's initiative (StemWorks), which is designed to promote STEM related programs of study. Construction trades remains a career field experiencing chronic shortages of more skilled workers despite an anticipated 19 percent growth in employment in the decade of 2008-2018, according to the *Occupational Outlook Handbook* (OOH), 2010-11 Edition, published by the U.S. Department of Labor, Bureau of Labor Statistics.

Expansion of the College-Based Career Centers - Currently, there are 24 secondary centers serving 173 high schools, meaning that students in 67 high schools do not have access to a secondary area technical center. Since these students do not have the same opportunities for CTE as other Arkansas students, the state does not meet the equity standard for public education established in the 2001 ruling in the Lake View case. To address the most critical areas of need, funding is requested for the establishment of three new secondary centers and a projected annual five-percent growth in center enrollment.

Current Funding Status: The fiscal year 2013 appropriation for the centers is \$20,136,383, which includes just over \$9.6 million that flows to participating high schools as a reimbursement for center students for the prior year.

Additional Funding Request: Secondary Technical Career Centers were included in Act 59, 84th General Assembly, Secondary Extraordinary Session, 2003 - The Public School Funding Act of 2003 as part of Section 6-20-2005 - School Funding as an additional

education category. (2)(A) For the 2004-2005 school year, alternative learning environmental funding and secondary vocational area center funding shall be three thousand two hundred fifty dollars (\$3,250) multiplied times:

(ii) The number of students enrolled in a secondary vocational area center during the 2003-2004 school year;

The additional education categories in Act 59 included alternative learning environmental funding, secondary vocational area center funding, English language learners (ELL), National School Lunch Students (NSLA), and professional development. Since 2003, ALE, ELL, NSLA have received increases; however, secondary vocational area center funding has not increased. ALE has increased to four thousand two hundred twenty eight dollars (\$4,228) and secondary vocational area center funding has remained at \$3,250, which is designated funding to reimburse school districts for those secondary students attending the secondary area vocational center from the previous year. This amount is included in the funding and appropriation for secondary area vocational centers of \$20, 136, 383.

We are requesting an additional \$2,848,023 for the biennium 2013-2014.

If the secondary area vocational centers had received the same increase as ALE the difference in funding for the 2011-2012 school year would have been an **increase in funding of \$2,848,023**, which in a time of increasing costs and increased center enrollment would have allowed Department of Career Education to approve additional programs of study in the centers as well as an expansion of centers in areas where there is no access to a secondary vocational area center.

Arkansas STEM Occupations Student Loan Forgiveness Program

The purpose of the Arkansas STEM Occupations Student Loan Forgiveness Program is to increase the number of postsecondary graduates in STEM fields who become employed in STEM occupations in Arkansas. The program shall provide student loan repayments to individuals who earn a certificate or degree in a STEM field and work in a STEM occupation in Arkansas.

Increasing the number of Arkansas students who complete postsecondary education in STEM fields is a compelling state interest. Arkansas's ability to secure its standing in the global economy and to attract 21st-century employers depends in large part upon our ability to educate a technically competent and adaptable workforce. The U.S. Department of Labor predicts that jobs requiring STEM training will increase 34 percent between 2008 and 2018. However, in Arkansas, the number of graduates in science, technology, engineering and mathematics decreased nearly 21 percent between 2000-01 and 2008-09, according to a report by the National Center for Education Statistics.

The STEM Occupations Student Loan Forgiveness Program would align with two recent STEM-related state initiatives, STEM Works and the Microsoft IT Academy, and would provide students wishing to pursue postsecondary education or training in a STEM field a financial incentive to do so in terms of student loan repayment. Since graduates would be required to work in Arkansas in a STEM occupation to be eligible for repayment, the state would benefit from its investment in these individuals who would help fill the state's high-skill, high-wage, high-demand jobs.

It is our recommendation that the repayment amounts for the Arkansas STEM Occupations Student Loan Forgiveness Program be somewhat comparable to the Arkansas Academic Challenge Scholarship amounts, currently \$4,500 per year for students at four-year institutions and \$2,250 per year for students at two-year institutions. We would expect to make approximately 500 repayments (400 four-year degree recipients and 100 two-year degree recipients) the first year of the biennium and 800 repayments the second year (600 four-year degree recipients and 200 two-year degree recipients). If these repayments are funded at an amount equivalent to the Arkansas Academic Challenge Scholarship, the cost would be \$2,025,000 for the first year of the biennium and \$3,150,000 for the second year of the biennium, for a total of \$5,175,000.

CTE Startup Funds - When high schools and secondary area technical centers want to offer a new program of career and technical study to address economic development needs in their communities, they apply to ACE for approval and funding for the instructional equipment, non-consumable supplies, and program software required for that program.

Each year the demand for new program funding increases as public schools and centers seek to upgrade and modernize their programs through startup equipment cost. In each of the past three years, ACE has received nearly 200 new program applications. However, because of an appropriation capped for over a decade at \$2.37 million for new program startups, ACE has been able to fund fewer than 60 percent of the applications each year. Thus, many public schools and college and career centers have been unable to provide the equipment to start new and innovative programs. Moreover, the fact that ACE funds fewer than 60 percent of the programs creates a potential equity issue for the state.

With increased funding, we would be able to start new high-skill, high-wage, high-demand programs in Arkansas public schools and career centers.

Current Funding Status: The present level of funding for new program startup is \$2,370,000. As previously mentioned, this amount normally funds approximately 60 percent of all requests, with many programs waiting two to three years to modernize and upgrade to new programs.

Additional Funding Request: An increase of \$355,500 (15 percent) would allow the majority of programs to receive funding and continue to upgrade at a reasonable rate. The additional request would bring the CTE startup total to \$2,725,500.

Equipment Upgrade and Replacement - CTE programs in Arkansas high schools, junior high and middle schools, and secondary area technical centers represent an investment by the public schools of more than \$116 million in equipment based on a 2005 study. As with school facilities, instructional equipment falls into a state of critical disrepair if there is no funding for repairs or upgrades.

Most local district and center programs were originally funded with state startup funds provided by ACE. Although many of those programs have operated for decades, they have not received agency funds to replace and upgrade equipment since the 1999-2000 school year, and

federal funds cannot be used for equipment replacement purposes. Because of state budget concerns, the line item for equipment replacement was cut in 2000 and has never been reinstated. Thus, schools are now required to upgrade equipment with local sources of funds (an equity issue), or, in many instances, teachers are required to raise those funds themselves. Replacing aging equipment used in CTE programs in the state's public schools so that the programs have equipment that is both safe and adequate to train students for the 21st century workplace is critical.

Current Funding Status: There has been no funding for equipment replacement since the 1999-2000 school year, a situation that has created a huge problem since most career and technical education programs require a range of machines and tools for effective instruction. In the 2007 legislative session, the equipment replacement request was approved at \$10,000,000. However, these funds were never released.

Additional Funding Request: \$4,000,000 is being requested for each year. This amount would allow approximately \$8,000 per program on a five-year rotational basis, an amount that would allow for repairs and updated safety features critical to the welfare and training needs of Arkansas students.

Adult Education

Adult Education Grants -The Department is requesting an increase of \$7,411,384 each year to increase the number of Arkansans served in adult education programs and to implement the newly developed performance-based funding formula that will distribute adult education funds on the basis of student contact hours and achievement.

Adult education provides adult Arkansans with educational opportunities to improve their academic and employability skills so that they can participate effectively as productive workers, family members, and citizens. By providing individuals this "second chance," adult education also contributes to the state's economic health and quality of life. Adult education serves the needs of a diverse population through a variety of classes in areas such as workplace readiness, basic academics, preparation for General Educational Development (GED®) Tests, English language and citizenship, and family literacy.

In the fall of 2007, a task force comprised of legislators and representatives from the Governor's Office, the Legislative Council, the Department of Career Education (formerly the Department of Workforce Education), and local adult education administrators began work on a new funding formula for the distribution of state adult education funds. The task force developed a performance-based funding formula modeled after the research reported in "Performance-based Funding in Adult Education," published by the U. S. Department of Education, Office of Vocational and Adult Education. The new formula is designed to promote equity, efficiency, accountability, and program improvement. After the formula was developed, task force members decided that the existing and historical funding level was insufficient to allow programs to continue functioning with minimal disruptions and advised that additional funding would be needed in the new biennium in order to implement the formula.

If this additional funding is not received, adult education programs will continue to lose ground as they struggle to meet rising costs and increasing demand with funding that is barely above its 1992 level. The impact on Arkansans has already been significant. In many parts of the state, local programs have had to merge therefore reducing the number of local education agencies and reduce the number of teachers, classes, sites, and instructional materials and equipment, thereby cutting services. Some satellite locations have been forced to close, meaning that students with transportation barriers have had to drop out of classes or travel farther. If adequate funding is not provided, further cuts in services will be inevitable.

Adult Education: Smarter Sentencing Program

Arkansas Adult Education Component of the Smarter Sentencing Program:

This proposal applies to the fiscal years 2013-2014 and 2014-2015 to provide access to the Smarter Sentencing Program (SSP) in all 28 Judicial Districts. The Smarter Sentencing Program (SSP) is designed to bring evidence-based, more effective sentencing practices by requiring first-time and non-violent offenders to complete educational goals, community service hours, and employment goals.

The SSP program offers innovative pretrial and presentencing sanctions and services for offenders who are accepted into the program through the use of risk assessment instruments that capture empirically validated risk factors for reoffending, and the use of research supported intervention targeting those specific risk factors. Specifically, the goals of the SSP program are to enhance public safety through reductions in recidivism, to hold offenders accountable to victims and communities (pre-trial, pre-sentence) through various sanctions, restitution and work service hours; and to increase competencies in offenders through educational and vocational training, mental health management, drug treatment and other basic life-skills training so that they are better equipped to live crime-free lives.

The judicial system for the SSP program is as follows: Low risk offenders submit themselves to the authority of the program pre-trial, or plead guilty based on the risk needs assessment, and based on the circumstances of the case. Medium and high risk offenders must enter a plea of guilty. This plea will be taken under advisement while offenders complete the smarter sentencing program. All individuals will be held accountable to their victims and the community through payment of restitution, completion of community service hours, and compliance with all supervision requirements set by their community resource officer. In addition, the SSP program mandates that individuals that are classified as a Tier 1A (low risk/low need) or Tier 1B (low/risk special needs) offender participate in a Community Based Program (CBP) (Educational Services, Job Training Skills, Substance Abuse Treatment, Family Counseling, Anger Management, etc.) identified by an assessment and through the court system and SSP assessment process operated by the courts. By participating in this program and reducing his/her risk to reoffend, a participant will have the opportunity to be placed on probation or have their charges against them dismissed.

However, because of the mandatory educational requirements, Arkansas's adult education programs as a pilot project through the Department of Justice and the Adult Education Division, particularly in Dallas, Calhoun, Cleveland, Columbia, Ouachita, and Union Counties are undergoing impediments in achieving the educational mandates. Five factors are exacerbating this problem: the lack of funding; additional teachers; facility space; equipment; and supplies. Arkansas Career Education, Adult Education Division Standards of Quality Adult Education of dollars without a budget increase since 1992. Consequently, counties are not equipped to meet the increased student load created by the Smarter Sentencing Program. Thus, it is proposed that additional funding be allocated to all adult basic academic education programs in support of the 28 judicial districts Smarter Sentencing Program.

Smarter Sentencing Program Calculations

Benefits:

Twenty-eight Judicial Districts multiplied by 52 Weeks in a year will save one offender from incarceration per district for a total of 1,456 people who do not enter prison. Currently, it costs \$24,500 for 3 meals and a cot per inmate per year. 1,456 multiplied by \$24,500 equals \$35,672,000 in savings cost per year. Three offenders saved per district per week per a year equal \$107,061,000 in savings to Arkansas in incarnation costs.

In addition, Head of Household and/ or spouse is home with children earning a living, seeking additional education-vocational or associate/college degrees, buying a home and car, buying real goods and services, paying both state and federal taxes, eligible to vote, reduction in associated health costs, strengthen family literacy support for schools.

Net Savings with 10 Year Investment in Adult Education Instruction Cost of \$13,720,000 will yield the following:

1 Year Savings (Less Instruction Cost)	105,689,000
2 Years Savings (Less Instruction Cost)	211,378,000
3 Years Savings (Less Instruction Cost)	317,067,000
4 Years Savings (Less Instruction Cost)	412,756,000
5 Years Savings (Less Instruction Cost)	528,445,000
6 years Savings (Less Instruction Cost)	634,134,000
7 Years Savings (Less Instruction Cost)	739,823,000

8 Years Savings (Less Instruction Cost)	845,512,000
9 Years Savings (Less Instruction Cost)	951,201,000
10 Year Savings (Less Instruction Cost)	\$1,056,890,000

If 4,368 Offenders a year do not serve a year sentence in prison over 10 years will save Arkansas \$1,056,890,000 by investing \$1,372,000 in Adult Education Instructional Cost plus a 6% guaranteed annual capacity increase couched in terms of the instructional cost.

Adult Education: Funding for those students ages 16, 17 & 18 prior to July 1 of each year who earn the GED

Pursuant to House Bill 2109 to make an appropriation to provide funding to the Department of Career Education for students who are sixteen, seventeen, or eighteen years of age and successfully pass a General Educational Development (GED®) test under the direction of the department for the fiscal year 2013-2014. In order to continue to effectively serve the 16, 17, and 18-year-old adult education student populations along with our target population, there is a desperate need for additional funding. Although the cost of living continues to rise, the Department of Career Education, Adult Education Division has not received additional funding in approximately 20 years. Adult education programs have always provided instructional services to 16, 17, and 18-year-old students and believe the financial resources from K-12 should follow the student. In the 2010-11 fiscal year, 90% or 2896 of the 3,221 enrolled 16-, 17-, and 18-year-old adult education students passed the GED® exam. The following is a breakdown in the number of students who took the GED exam and passed:

<u>16 year-olds</u>	<u>17 year-olds</u>	<u>18 year-olds</u>
668	1,210	1,018

We propose that the Department of Career Education, Adult Education Division receive from the Department of Education, \$3,062 or 50% of the average daily membership, whichever is greater, per 16, 17, and 18-year-old student who pass the GED® exam to offset the costs of teacher salaries, materials used and Instructional Cost plus a 6% guaranteed annual capacity increase in appropriation and funding couched in terms of the instructional cost to serve this population. Using the number of students who passed the GED® exam in 2010-11 fiscal year, the Adult Education Division should receive \$9,859,481.00 from the Department of Education for serving this student population Adult Education Instructional Cost plus a 6% guaranteed annual capacity increase couched in terms of the instructional cost.

Adult education programs cannot serve 16-, 17-, and 18-year-old-students unless a waiver is signed by the principal or administrator releasing the student from high school. We recommend that the Department of Education distribute the funds used to award secondary schools for high school diplomas to the Department of Career Education, Adult Education Division, for serving 16-, 17-, 18-year-old student and helping them to earn their GED® or high school equivalency diploma.

Adult Education: General Education Development (GED) Assessment

The Department of Career Education is requesting appropriation and funding in the amount of \$1,870,000 (annually) to cover the costs for individuals taking the GED® and other assessment tests. As of January 1, 2014, the GED® test will be computer-based and focus on creating a comprehensive program to ensure that more adults are career- and college-ready, and have the ability to earn a sustainable living wage. The new assessment system will align to the Common Core State Standards and will insure the GED® test is no longer an end point, but rather a springboard for further education, training, and/or better jobs.

Arkansas will be required to transition from pencil/paper testing to computer-based testing by 2014 as the pencil/paper version will no longer be available. Expenses for pencil/paper testing have been funded through state adult education funds allowing Arkansas to provide GED Testing services to its citizens for free. The computer-based testing will necessitate that substantial charges be passed on to the test-taker unless funding can be provided.

If funding is not provided for this service, educational opportunities will be out of reach for many of Arkansas's most destitute citizens. Since 2002, the state of Arkansas has provided GED testing for between 6,000 and 11,000 individuals annually; consequently, providing second chances for jobs, improved employment, higher education, military enlistment, and self-fulfillment.

9,000 first-time testers @ \$120 = \$1,080,000
2,000 retesters @ \$120 = \$240,000
9,000 first-time testers of official practice test @ \$50 = \$450,000
2,000 retesters of official practice test @ \$50 = \$100,000
Total = \$1,870,000

Department Operations

The Department is requesting \$196,000 the first year of the biennium to secure a different facility to house all three divisions - Career and Technical Education, Adult Education, and Arkansas Rehabilitation Services. Such a move would enable the Department to provide better services to clients and decrease the duplication of services. Neither current facility (#3 Capitol Mall or 525 W. Capitol Avenue) is large enough to house all three divisions. The \$196,000 request for the first year includes moving expenses. \$151,000 is requested the second year for the increase in rent.

Arkansas Works

The Arkansas Works Initiative is aimed at providing the opportunity and support needed to increase the knowledge, skills, and educational attainment of Arkansas citizens. Arkansas Career Education in conjunction with the Department of Workforce Services have targeted TANF

(Temporary Assistance for Needy Families) funds to expand the College and Career Planning System to prepare students for the next level of education and/or training for a successful career. In addition, the Winthrop Rockefeller Foundation has provided funding to support this effort. The initiatives programs and services are accomplished through the three components of the Arkansas Works Initiative - the internet-based College and Career Planning Tool, the college and career coaches program, and ACT Academies working in conjunction with current school districts and community college initiatives to target Arkansas's poorest counties.

For expenditure of the Winthrop Rockefeller funds, this request for a cash fund appropriation of \$160,000 for FY14 would provide for continuation of the six-year plan to provide college and career coaches in Pulaski County. In addition, \$60,000 of Winthrop Rockefeller funds in FY15 would provide for support of college and career coaches in Pulaski County for the 6th year. The Arkansas Department of Career Education and its major divisions - Career and Technical Education, Adult Education, and Arkansas Rehabilitation Services - are wholly committed to fulfilling what the Department has termed "The Arkansas Promise" - a concept to provide our state with the best trained, best educated, and most efficient workforce possible. This "Promise" will require a significant investment of Arkansas's resources.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
ARKANSAS DEPARTMENT OF CAREER EDUCATION
FOR THE YEAR ENDED JUNE 30, 2011

Findings

Arkansas Procurement Law and Rules Regulation 19-11-230c states that "public notice of the request for proposals shall be given in the same manner as provided in 19-11-229(d)." Arkansas Procurement Law and Rules Regulation 19-11-229(d) states, "Notice inviting bids shall be given not fewer than five (5) calendar days nor more than thirty (30) calendar days preceding the date for the opening of bids by publishing the notice at least one (1) time in at least one (1) newspaper having general circulation in the state or posting by electronic media, but in all instances, adequate notice shall be given."

R1:19-11-229 goes on to provide guidance regarding the electronic forms that can be used: "Invitations for bids for which OSP is responsible shall be posted on the OSP website www.arkansas.gov/dfa/procurement in adequate time to allow response."

Recommendations

Follow established policies as set forth by state procurement law.

DIVISION OF LEGISLATIVE AUDIT
 AUDIT OF :
 ARKANSAS DEPARTMENT OF CAREER EDUCATION
 FOR THE YEAR ENDED JUNE 30, 2011

Findings

Recommendations

A review of grant awards disclosed the following:

- The Agency did not follow the public notice requirements in advertising of competitive grant awards.
- The Agency did not fulfill the requirements for the length of time the bidding process is to be open.
- The auditor was unable to determine if the proposals were received within the required time, as the Agency provided documentation with conflicting time stamped dates.

State Contracts Over \$25,000 Awarded To Minority Owned Businesses Fiscal Year 2012

None

Employment Summary

	Male	Female	Total	%
White Employees	19	29	48	63 %
Black Employees	6	18	24	32 %
Other Racial Minorities	1	3	4	5 %
Total Minorities			28	37 %
Total Employees			76	100 %

Cash Fund Balance Description as of June 30, 2012

Fund Account	Balance	Type	Location
1500200	\$7,927	Checking Accounting	Metropolitan National Bank

Statutory/Other Restrictions on use:

A.C.A. 24-7-904 establishes that the Agency has the authority to administer retirement plans and authorizes such functions as may be reasonably appropriate.

Statutory Provisions for Fees, Fines, Penalties:

A.C.A. 24-7-908 authorizes collection of contributions to plans established under the authority of the Agency.

Revenue Receipts Cycle:

Collected at two-week intervals throughout the year.

Fund Balance Utilization:

All funds collected are in an escrow account for employees and are eventually forwarded to the employee's selected retirement system or returned to the employee.

Fund Account	Balance	Type	Location
1500300	\$330,434	Savings and Checking Accounts	Metropolitan National Bank

Statutory/Other Restrictions on use:

A.C.A. 24-7-904 establishes that the Agency has the authority to administer retirement plans and authorizes such functions as maybe reasonably appropriate.

Statutory Provisions for Fees, Fines, Penalties:

A.C.A. 24-7-908 authorizes collection of contributions to plans established under the authority of the Agency.

Revenue Receipts Cycle:

Received at irregular intervals throughout the year.

Fund Balance Utilization:

All funds collected are in an escrow account for employees and are eventually forwarded to the employees selected retirement system or refunded to the employee.

Publications

A.C.A. 25-1-204

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
None	N/A	N	N	0	N/A

Department Appropriation Summary

Historical Data

Agency Request and Executive Recommendation

Appropriation	2011-2012		2012-2013		2012-2013		2013-2014					2014-2015						
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
179 High-Tech Scholarship Program	10,000	0	10,000	0	10,000	0	10,000	0	10,000	0	10,000	0	10,000	0	10,000	0	10,000	0
35S Housing Construction Program	0	0	164,807	0	164,807	0	164,807	0	329,613	0	329,613	0	164,807	0	329,613	0	329,613	0
640 Vo Tech Admin-Operations	6,405,636	62	6,527,164	60	6,591,125	61	6,527,878	60	6,817,639	62	6,647,391	59	6,527,371	60	6,772,008	62	6,601,760	59
641 Fed Voc Educ-Operations	16,726,424	16	20,287,548	17	20,457,904	16	20,283,195	16	21,421,660	17	21,421,660	17	20,284,309	16	21,421,600	17	21,421,600	17
644 Adult Basic Education	444,067	6	520,162	7	523,527	7	541,273	7	541,273	7	541,273	7	541,273	7	541,273	7	541,273	7
645 Fed-Adult Basic Education	6,367,616	3	7,436,404	3	7,488,034	3	7,439,818	3	8,367,037	3	8,367,037	3	7,439,818	3	8,367,037	3	8,367,037	3
647 Fed Equipment & Training-Operations	0	0	6,000	0	6,000	0	6,000	0	16,700	0	16,700	0	6,000	0	14,800	0	14,800	0
649 Fed-Veteran's Approving Agency	197,118	4	295,332	4	295,825	4	280,604	4	530,426	4	280,604	4	280,604	4	490,872	4	280,604	4
755 Construction Craft	521,419	1	883,309	1	883,185	1	884,534	1	961,021	2	961,021	2	884,534	1	961,145	2	961,145	2
82V LESO Program	5,790	0	15,000	0	15,000	0	15,000	0	130,000	0	15,000	0	15,000	0	115,000	0	15,000	0
96V Career Coaches Grant	28,686	0	120,000	0	0	0	0	0	160,000	0	160,000	0	0	0	60,000	0	60,000	0
A88 Alternate Retirement Plan	68,786	0	122,522	0	122,522	0	122,522	0	122,522	0	122,522	0	122,522	0	122,522	0	122,522	0
Total	30,775,542	92	36,388,248	92	36,557,929	92	36,275,631	91	39,407,891	95	38,872,821	92	36,276,238	91	39,205,870	95	38,725,354	92

Funding Sources		%		%		%		%		%		%		%		%		%
Fund Balance	4000005	2,621,469	7.8	2,713,551	7.1	2,066,881	5.5	2,066,881	5.1	2,066,881	5.2	1,724,140	4.6	1,493,864	3.8	1,608,864	4.1	
General Revenue	4000010	3,400,566	10.2	3,341,028	8.7	3,408,145	9.0	3,697,906	9.1	3,604,145	9.0	3,407,638	9.1	3,652,275	9.2	3,558,638	9.0	
Federal Revenue	4000020	23,313,629	69.6	27,973,952	72.7	27,973,013	73.9	30,288,519	74.8	30,038,697	75.1	27,974,127	74.8	30,248,905	76.0	30,038,637	76.2	
Special Revenue	4000030	421,433	1.3	500,000	1.3	502,219	1.3	578,706	1.4	578,706	1.4	512,119	1.4	588,730	1.5	588,730	1.5	
Cash Fund	4000045	82,875	0.2	60,000	0.2	60,000	0.2	60,000	0.1	60,000	0.1	60,000	0.2	60,000	0.2	60,000	0.2	
Merit Adjustment Fund	4000055	0	0.0	45,292	0.1	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	
Educational Excellence Fund	4000220	3,449,635	10.3	3,521,006	9.2	3,521,006	9.3	3,521,006	8.7	3,521,006	8.8	3,521,006	9.4	3,521,006	8.9	3,521,006	8.9	
Interest	4000300	589	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	
Interest & Forfeitures	4000305	74,299	0.2	65,000	0.2	65,000	0.2	65,000	0.2	65,000	0.2	65,000	0.2	65,000	0.2	65,000	0.2	
Loan Repayment	4000330	30,000	0.1	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	
M & R Sales	4000340	596	0.0	800	0.0	800	0.0	800	0.0	800	0.0	800	0.0	800	0.0	800	0.0	
Miscellaneous Transfers	4000355	84,500	0.3	84,500	0.2	87,900	0.2	87,900	0.2	87,900	0.2	0	0.0	0	0.0	0	0.0	
Transfers / Adjustments	4000683	9,502	0.0	150,000	0.4	150,000	0.4	150,000	0.4	0	0.0	150,000	0.4	150,000	0.4	0	0.0	
Total Funds		33,489,093	100.0	38,455,129	100.0	37,834,964	100.0	40,516,718	100.0	40,023,135	100.0	37,414,830	100.0	39,780,580	100.0	39,441,675	100.0	
Excess Appropriation/(Funding)		(2,713,551)		(2,066,881)		(1,559,333)		(1,108,827)		(1,150,314)		(1,138,592)		(574,710)		(716,321)		
Grand Total		30,775,542		36,388,248		36,275,631		39,407,891		38,872,821		36,276,238		39,205,870		38,725,354		

Variances in fund balance due to unfunded appropriation in (35S) Housing Construction Program, (640) Vo Tech Admin-Operations, (647) Fed Equipment & Training-Operations, and (96V) Career Coaches Grant).

Budget exceeds Authorized Appropriation in Fund Center (96V) Career Coaches Grant due to a transfer from the Cash Fund Holding Account.

Agency Position Usage Report

FY2010 - 2011						FY2011 - 2012						FY2012 - 2013					
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	
95	85	8	93	2	10.53 %	93	82	11	93	0	11.83 %	93	80	13	93	0	13.98 %

Analysis of Budget Request

Appropriation: 179 - High-Tech Scholarship Program

Funding Sources: EGB - Workforce Education Fund Account

This appropriation is used to award scholarships to Arkansas students attending Arkansas' educational institutions. Twenty (20) high tech scholarships of \$500 each as required in A.C.A. 6-82-401 et seq. can be given per student per semester. For FY2010, seventeen (17) full scholarships and one (1) half scholarship were issued. This appropriation is funded with general revenue.

The Agency Request is for Base Level of \$10,000 each fiscal year.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 179 - High-Tech Scholarship Program
Funding Sources: EGB - Workforce Education Fund Account

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	2013-2014			2014-2015		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Scholarships 5100030	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Total	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Funding Sources									
General Revenue 4000010	10,000	10,000		10,000	10,000	10,000	10,000	10,000	10,000
Total Funding	10,000	10,000		10,000	10,000	10,000	10,000	10,000	10,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	10,000	10,000		10,000	10,000	10,000	10,000	10,000	10,000

Analysis of Budget Request

Appropriation: 35S - Housing Construction Program

Funding Sources: MTR - Building Trades Rev

This Appropriation was established during the 2007-2009 biennium. This is a revolving loan program that allows the Department of Career Education to make loans available to Secondary Area Technical Center and other eligible entities for the purchase of building materials, supplies and fixtures to be used in construction of a single family dwelling unit or other non residential building projects approved in the Housing Construction Program.

The Agency Change Level request for appropriation in the Loans line item totaling \$164,806 in each year of the biennium is to increase appropriation to the amount of available funds to carry out the program.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 35S - Housing Construction Program

Funding Sources: MTR - Building Trades Rev

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	2013-2014			2014-2015		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Loans 5120029	0	164,807	164,807	164,807	329,613	329,613	164,807	329,613	329,613
Total	0	164,807	164,807	164,807	329,613	329,613	164,807	329,613	329,613
Funding Sources									
Fund Balance 4000005	299,614	329,614		164,807	164,807	164,807	164,807	164,807	164,807
Loan Repayment 4000330	30,000	0		0	0	0	0	0	0
Total Funding	329,614	329,614		164,807	164,807	164,807	164,807	164,807	164,807
Excess Appropriation/(Funding)	(329,614)	(164,807)		0	164,806	164,806	0	164,806	164,806
Grand Total	0	164,807		164,807	329,613	329,613	164,807	329,613	329,613

Change Level by Appropriation

Appropriation: 35S - Housing Construction Program
Funding Sources: MTR - Building Trades Rev

Agency Request

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	164,807	0	164,807	100.0	164,807	0	164,807	100.0
C01	Existing Program	164,806	0	329,613	200.0	164,806	0	329,613	200.0

Executive Recommendation

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	164,807	0	164,807	100.0	164,807	0	164,807	100.0
C01	Existing Program	164,806	0	329,613	200.0	164,806	0	329,613	200.0

Justification

C01	Requesting to increase appropriation to the amount of available funds to carry out the program.
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Analysis of Budget Request

Appropriation: 640 - Vo Tech Admin-Operations

Funding Sources: EGB - Workforce Education Fund

This appropriation provides the majority of general revenue support for the administrative functions of the Department of Career Education. Programs such as the Plumbing Apprenticeship program, Industrial Coordinators, and Tech Prep program are included in the activities carried out through this appropriation. In addition to general revenue, Educational Excellence funds are used to provide support for the Apprenticeship program. Additionally, during the 2007-2009 Biennium, the Motor Vehicle Education Program was added to this appropriation. This education program is funded by a transfer from the Motor Vehicle Commission.

Base Level Regular Salaries and Personal Services Matching includes Career Service payments for eligible employees. Personal Services Matching also includes a \$20 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$410 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases. The Base Level salary of unclassified positions reflects the FY13 line item maximum. The Base Level request for Regular Salaries includes board member stipend payments.

The Agency Change Level requests for appropriation and general revenue funding totaling \$289,761 in FY14 and \$244,637 in FY15 include the following:

- An increase in Regular Salaries and Personal Services Matching of \$170,248 in each year for three new positions for the STEMWorks program.
- Transfer of a position and appropriation of \$76,487 in FY14 and \$76,611 in FY15 to the Construction Craft appropriation.
- Operating Expenses of \$196,000 in FY14 and \$151,000 in FY15 for moving expenses and an increase in rent.

The Executive Recommendation provides for Agency Request with the exception of the following:

- Increase in Regular Salaries and Personal Services Matching for the three new positions for the STEMWorks program.
- Elimination of the \$150,000 of fund transfer due to a change in Motor Vehicle Commission's fund transfer special language.

The Executive Recommendation also provides for the funding increase in Operating Expenses line item to come from a general revenue reallocation from Career Education Rehabilitation Services to Career Education.

Appropriation Summary

Appropriation: 640 - Vo Tech Admin-Operations

Funding Sources: EGB - Workforce Education Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item	Historical Data			2013-2014			2014-2015		
	2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	3,036,068	3,091,007	3,104,788	3,044,770	3,112,524	2,986,989	3,044,170	3,111,824	2,986,289
#Positions	62	60	61	60	62	59	60	62	59
Extra Help 5010001	3,473	3,923	3,923	3,923	3,923	3,923	3,923	3,923	3,923
#Extra Help	1	69	69	69	69	69	69	69	69
Personal Services Matching 5010003	941,870	953,154	955,410	1,000,105	1,026,112	981,399	1,000,198	1,026,181	981,468
Operating Expenses 5020002	790,151	836,373	884,297	836,373	1,032,373	1,032,373	836,373	987,373	987,373
Conference & Travel Expenses 5050009	22,618	28,751	28,751	28,751	28,751	28,751	28,751	28,751	28,751
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
Apprenticeship Program 5900047	1,611,456	1,611,456	1,611,456	1,611,456	1,611,456	1,611,456	1,611,456	1,611,456	1,611,456
Motor Vehicle Education Prgm 5900048	0	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
Total	6,405,636	6,527,164	6,591,125	6,527,878	6,817,639	6,647,391	6,527,371	6,772,008	6,601,760
Funding Sources									
General Revenue 4000010	2,946,499	2,814,306		2,856,872	3,146,633	3,052,872	2,856,365	3,101,002	3,007,365
Merit Adjustment Fund 4000055	0	41,852		0	0	0	0	0	0
Educational Excellence Fund 4000220	3,449,635	3,521,006		3,521,006	3,521,006	3,521,006	3,521,006	3,521,006	3,521,006
Transfers / Adjustments 4000683	9,502	150,000		150,000	150,000	0	150,000	150,000	0
Total Funding	6,405,636	6,527,164		6,527,878	6,817,639	6,573,878	6,527,371	6,772,008	6,528,371
Excess Appropriation/(Funding)	0	0		0	0	73,513	0	0	73,389
Grand Total	6,405,636	6,527,164		6,527,878	6,817,639	6,647,391	6,527,371	6,772,008	6,601,760

Change Level by Appropriation

Appropriation: 640 - Vo Tech Admin-Operations
Funding Sources: EGB - Workforce Education Fund

Agency Request

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	6,527,878	60	6,527,878	100.0	6,527,371	60	6,527,371	100.0
C01	Existing Program	366,248	3	6,894,126	105.6	321,248	3	6,848,619	104.9
C07	Agency Transfer	(76,487)	(1)	6,817,639	104.4	(76,611)	(1)	6,772,008	103.7
C10	Reclass	0	0	6,817,639	104.4	0	0	6,772,008	103.7

Executive Recommendation

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	6,527,878	60	6,527,878	100.0	6,527,371	60	6,527,371	100.0
C01	Existing Program	196,000	0	6,723,878	103.0	151,000	0	6,678,371	102.3
C07	Agency Transfer	(76,487)	(1)	6,647,391	101.8	(76,611)	(1)	6,601,760	101.1
C10	Reclass	0	0	6,647,391	101.8	0	0	6,601,760	101.1

Justification

C01	ACE is requesting 3 new positions for the Career and Technical Education (CTE) Division. These new positions are an Education and Instruction Manager, an Education and Instruction Coordinator, Science, Technology, Education, Mathematics (STEM), and an Education and Instruction Coordinator, Construction Trades. The primary responsible of these 3 new positions will be to increase student involvement in the secondary CTE programs related to STEM and construction trades. STEM is part of the Governor's initiative (StemWorks), which is designed to promote STEM related programs of study. Construction trades remains a career field experiencing chronic shortages of more skilled workers despite an anticipated 19 percent growth in employment in the decade of 2008-2018, according to the Occupational Outlook Handbook (OOH), 2010-11 Edition, published by the U.S. Department of Labor, Bureau of Labor Statistics. The Department is requesting \$196,000 the first year of the biennium to secure a different facility to house all three divisions - Career and Technical Education, Adult Education, and Arkansas Rehabilitation Services. Such a move would enable the Department to provide better services to clients and decrease the duplication of services. Neither current facility (#3 Capitol Mall or 525 W. Capitol Avenue) is large enough to house all three divisions. The \$196,000 request for the first year includes moving expenses. \$151,000 is requested the second year for the increase in rent.
C07	This position was transferred to different fund to reflect the actual expenditures of the program.
C10	The Agency Controller II (position#22080310) is the Chief Financial Officer for the Arkansas Department of Career Education. The job duties and responsibilities of the Chief Financial Officer require financial expertise, analysis, and other cognitive skill sets. The financial management competencies are especially critical because of the volatility of the economy and the consequent effect of decreasing revenues and increasing client service needs. As evidenced by the Transparency Act, this leadership position must be a visionary who is analytically astute to achieve desired outcomes with well-targeted forecasts and budget projections. The accretion of job duties are expected and are necessary, as well as a progressively professional staff.

Analysis of Budget Request

Appropriation: 641 - Fed Voc Educ-Operations

Funding Sources: FEV - Federal Vocational Education

This appropriation is the federal counterpart to the general revenue appropriation (640) and together they serve as the basis for the administrative support of the Agency. Funds are received from the U.S. Department of Education through the following program sources:

- Carl D. Perkins Vocational & Applied Technology Education Act- Basic Grant
- Jobs Training Partnership Act- School-to-Work Opportunities program
- Carl D. Perkins Applied Technology Education Act- Tech Prep Education

Only the 5% administrative funds in the Carl Perkins Basic Grant must be matched and this is provided in the state funded appropriation (640).

Base Level Regular Salaries and Personal Services Matching includes Career Service payments for eligible employees. Personal Services Matching also includes a \$20 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$410 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases.

The Agency Change Level requests for appropriation totaling \$1,138,465 in FY14 and \$1,137,291 in FY15 includes the following:

- An increase in Regular Salaries and Personal Services Matching line items of \$41,151 in each year for continuation of a collaboration award with The Department of Workforce Services for the services of one (1) employee.
- Grants and Aid line item appropriation increase of \$1,097,314 in FY14 and \$1,096,140 in FY15 to distribute one time grants to school districts for special projects.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 641 - Fed Voc Educ-Operations
Funding Sources: FEV - Federal Vocational Education

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	2013-2014			2014-2015		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	589,975	665,894	801,631	652,143	681,394	681,394	653,043	682,294	682,294
#Positions		16	17	16	16	17	17	16	17	17
Extra Help	5010001	2,879	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
#Extra Help		1	4	4	4	4	4	4	4	4
Personal Services Matching	5010003	218,699	225,317	259,936	234,715	246,615	246,615	234,929	246,829	246,829
Operating Expenses	5020002	1,694,900	1,673,936	1,673,936	1,673,936	1,673,936	1,673,936	1,673,936	1,673,936	1,673,936
Conference & Travel Expenses	5050009	42,464	46,175	46,175	46,175	46,175	46,175	46,175	46,175	46,175
Professional Fees	5060010	4,479	748,350	748,350	748,350	748,350	748,350	748,350	748,350	748,350
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Grants and Aid	5100004	14,173,028	16,922,876	16,922,876	16,922,876	18,020,190	18,020,190	16,922,876	18,019,016	18,019,016
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Total		16,726,424	20,287,548	20,457,904	20,283,195	21,421,660	21,421,660	20,284,309	21,421,600	21,421,600
Funding Sources										
Federal Revenue	4000020	16,726,424	20,287,548		20,283,195	21,421,660	21,421,660	20,284,309	21,421,600	21,421,600
Total Funding		16,726,424	20,287,548		20,283,195	21,421,660	21,421,660	20,284,309	21,421,600	21,421,600
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		16,726,424	20,287,548		20,283,195	21,421,660	21,421,660	20,284,309	21,421,600	21,421,600

Change Level by Appropriation

Appropriation: 641 - Fed Voc Educ-Operations
Funding Sources: FEV - Federal Vocational Education

Agency Request

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	20,283,195	16	20,283,195	100.0	20,284,309	16	20,284,309	100.0
C01	Existing Program	1,097,314	0	21,380,509	105.4	1,096,140	0	21,380,449	105.4
C06	Restore Position/Approp	41,151	1	21,421,660	105.6	41,151	1	21,421,600	105.6

Executive Recommendation

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	20,283,195	16	20,283,195	100.0	20,284,309	16	20,284,309	100.0
C01	Existing Program	1,097,314	0	21,380,509	105.4	1,096,140	0	21,380,449	105.4
C06	Restore Position/Approp	41,151	1	21,421,660	105.6	41,151	1	21,421,600	105.6

Justification

C01	Requesting an increase in appropriation to the amount of available funds to carry out the program.
C06	This is a continuation of a collaboration award with The Department of Workforce Services for the services of a workforce employee.

Analysis of Budget Request

Appropriation: 644 - Adult Basic Education

Funding Sources: EGB - Workforce Education Fund Account

This general revenue appropriation is utilized by the Agency to administer the State's adult education programs. These programs are generally found in adult education centers, community colleges, post-secondary vocational institutions, and area high schools.

Base Level Regular Salaries and Personal Services Matching includes Career Service payments for eligible employees. Personal Services Matching also includes a \$20 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$410 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases. The Base Level salary of unclassified positions reflects the FY13 line item maximum.

The Base Level Request is \$541,273 for each fiscal year of the 2013-2015 Biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 644 - Adult Basic Education
Funding Sources: EGB - Workforce Education Fund Account

Historical Data

Agency Request and Executive Recommendation

Commitment Item	Historical Data			2013-2014			2014-2015		
	2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	314,261	378,103	384,908	387,490	387,490	387,490	387,490	387,490	387,490
#Positions	6	7	7	7	7	7	7	7	7
Personal Services Matching 5010003	104,822	117,059	113,619	128,783	128,783	128,783	128,783	128,783	128,783
Operating Expenses 5020002	24,984	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
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	444,067	520,162	523,527	541,273	541,273	541,273	541,273	541,273	541,273
Funding Sources									
General Revenue 4000010	444,067	516,722		541,273	541,273	541,273	541,273	541,273	541,273
Merit Adjustment Fund 4000055	0	3,440		0	0	0	0	0	0
Total Funding	444,067	520,162		541,273	541,273	541,273	541,273	541,273	541,273
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	444,067	520,162		541,273	541,273	541,273	541,273	541,273	541,273

Analysis of Budget Request

Appropriation: 645 - Fed-Adult Basic Education

Funding Sources: FEA - Federal Adult Basic Education

This federal appropriation is utilized by the Agency to administer adult education programs. Funding is received from the U.S. Department of Education- Basic State Grant and requires a 25% match by the State. Funds from the State funded counterpart for adult education programs (appropriation 644), as well as Public School Funds received by the Agency are used to meet the matching requirement.

Base Level Regular Salaries and Personal Services Matching includes Career Service payments for eligible employees. Personal Services Matching also includes a \$20 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$410 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases.

The Agency Change Level request for appropriation in Grants and Aid line item of \$927,219 each year of the biennium is to provide for programs that serve students who function below a ninth grade level, programs in correctional institutions and programs that serve individuals that speak foreign languages to learn English and understand our government.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 645 - Fed-Adult Basic Education

Funding Sources: FEA - Federal Adult Basic Education

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2013-2014			2014-2015		
		2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	172,582	132,674	175,289	132,674	132,674	132,674	132,674	132,674	132,674
#Positions		3	3	3	3	3	3	3	3	3
Personal Services Matching	5010003	51,799	43,003	52,018	46,417	46,417	46,417	46,417	46,417	46,417
Operating Expenses	5020002	0	77,467	77,467	77,467	77,467	77,467	77,467	77,467	77,467
Conference & Travel Expenses	5050009	15,050	25,200	25,200	25,200	25,200	25,200	25,200	25,200	25,200
Professional Fees	5060010	0	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Grants and Aid	5100004	6,128,185	7,149,060	7,149,060	7,149,060	8,076,279	8,076,279	7,149,060	8,076,279	8,076,279
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Total		6,367,616	7,436,404	7,488,034	7,439,818	8,367,037	8,367,037	7,439,818	8,367,037	8,367,037
Funding Sources										
Federal Revenue	4000020	6,367,616	7,436,404		7,439,818	8,367,037	8,367,037	7,439,818	8,367,037	8,367,037
Total Funding		6,367,616	7,436,404		7,439,818	8,367,037	8,367,037	7,439,818	8,367,037	8,367,037
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		6,367,616	7,436,404		7,439,818	8,367,037	8,367,037	7,439,818	8,367,037	8,367,037

Change Level by Appropriation

Appropriation: 645 - Fed-Adult Basic Education
Funding Sources: FEA - Federal Adult Basic Education

Agency Request

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	7,439,818	3	7,439,818	100.0	7,439,818	3	7,439,818	100.0
C01	Existing Program	927,219	0	8,367,037	112.5	927,219	0	8,367,037	112.5

Executive Recommendation

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	7,439,818	3	7,439,818	100.0	7,439,818	3	7,439,818	100.0
C01	Existing Program	927,219	0	8,367,037	112.5	927,219	0	8,367,037	112.5

Justification

C01	Requesting to increase appropriation to the amount of available funds to carry out the program.
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Analysis of Budget Request

Appropriation: 647 - Fed Equipment & Training-Operations

Funding Sources: FEM - Federal Equipment & Training Operations

This federal appropriation is used for inventory control and is funded from M&R proceeds derived from the sale of equipment purchased with federal funds.

The Agency Change Level request for appropriation in Operating Expenses line item of \$10,700 in FY14 and \$8,800 FY15 is to purchase materials and supplies.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 647 - Fed Equipment & Training-Operations
Funding Sources: FEM - Federal Equipment & Training Operations

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2013-2014			2014-2015		
		2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	0	6,000	6,000	6,000	16,700	16,700	6,000	14,800	14,800
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	6,000	6,000	6,000	16,700	16,700	6,000	14,800	14,800
Funding Sources										
Fund Balance	4000005	16,277	16,873		11,673	11,673	11,673	6,473	0	0
M & R Sales	4000340	596	800		800	800	800	800	800	800
Total Funding		16,873	17,673		12,473	12,473	12,473	7,273	800	800
Excess Appropriation/(Funding)		(16,873)	(11,673)		(6,473)	4,227	4,227	(1,273)	14,000	14,000
Grand Total		0	6,000		6,000	16,700	16,700	6,000	14,800	14,800

Change Level by Appropriation

Appropriation: 647 - Fed Equipment & Training-Operations
Funding Sources: FEM - Federal Equipment & Training Operations

Agency Request

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	6,000	0	6,000	100.0	6,000	0	6,000	100.0
C01	Existing Program	10,700	0	16,700	278.3	8,800	0	14,800	246.7

Executive Recommendation

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	6,000	0	6,000	100.0	6,000	0	6,000	100.0
C01	Existing Program	10,700	0	16,700	278.3	8,800	0	14,800	246.7

Justification

C01	Requesting appropriation to the amount of available funds to carry out the program.
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Analysis of Budget Request

Appropriation: 649 - Fed-Veteran's Approving Agency

Funding Sources: FEW - Federal Veteran's Approving Agency

Any educational program or course at a school or training facility other than an installation of the federal government must be approved by the Arkansas Approving Agency before an eligible veteran, service person, or eligible dependent can receive educational benefits. This Agency evaluates public and private schools, as well as specialized training programs, such as, apprenticeship and on-the-job training programs. Federal funds are received from the Veterans Administration.

Base Level Regular Salaries and Personal Services Matching includes Career Service payments for eligible employees. Personal Services Matching also includes a \$20 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$410 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases.

The Agency Change Level requests for an increase in appropriation totaling \$249,822 in FY14 and \$210,268 FY15 include the following:

- Operating Expenses line items of appropriation increase of \$199,822 in FY14 and \$160,268 FY15 is for an increase in rent, office supplies and Educational Supplies and Materials due to a move in location.
- Conference & Travel Expenses line item appropriation increase of \$50,000 each year is for an increase of employees that must attend an out of state conference.

The Executive Recommendation provides for Base Level.

Appropriation Summary

Appropriation: 649 - Fed-Veteran's Approving Agency

Funding Sources: FEW - Federal Veteran's Approving Agency

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	2013-2014			2014-2015		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	132,945	174,705	175,237	159,175	159,175	159,175	159,175	159,175	159,175
#Positions		4	4	4	4	4	4	4	4	4
Personal Services Matching	5010003	48,180	56,858	56,819	57,660	57,660	57,660	57,660	57,660	57,660
Operating Expenses	5020002	9,611	53,546	53,546	53,546	253,368	53,546	53,546	213,814	53,546
Conference & Travel Expenses	5050009	6,382	9,623	9,623	9,623	59,623	9,623	9,623	59,623	9,623
Professional Fees	5060010	0	600	600	600	600	600	600	600	600
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		197,118	295,332	295,825	280,604	530,426	280,604	280,604	490,872	280,604
Funding Sources										
Fund Balance	4000005	396,827	419,298		373,966	373,966	373,966	343,362	343,362	343,362
Federal Revenue	4000020	219,589	250,000		250,000	499,822	250,000	250,000	460,268	250,000
Total Funding		616,416	669,298		623,966	873,788	623,966	593,362	803,630	593,362
Excess Appropriation/(Funding)		(419,298)	(373,966)		(343,362)	(343,362)	(343,362)	(312,758)	(312,758)	(312,758)
Grand Total		197,118	295,332		280,604	530,426	280,604	280,604	490,872	280,604

Change Level by Appropriation

Appropriation: 649 - Fed-Veteran's Approving Agency
Funding Sources: FEW - Federal Veteran's Approving Agency

Agency Request

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	280,604	4	280,604	100.0	280,604	4	280,604	100.0
C01	Existing Program	249,822	0	530,426	189.0	210,268	0	490,872	174.9

Executive Recommendation

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	280,604	4	280,604	100.0	280,604	4	280,604	100.0
C01	Existing Program	0	0	280,604	100.0	0	0	280,604	100.0

Justification

C01	Requesting to increase appropriation to the amount of available funds to carry out the program.
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Analysis of Budget Request

Appropriation: 755 - Construction Craft

Funding Sources: TCI - Construction Craft Training Trust Fund

This appropriation is funded with special revenues gained from a \$.50 per \$1,000 surcharge on building permits. Act 474 of 1999 established the Construction Industry Craft Training Program. Grants are made for training programs located in the two and four year colleges and in the Technical Institutes.

Base Level Regular Salaries and Personal Services Matching includes Career Service payments for eligible employees. Personal Services Matching also includes a \$20 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$410 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases.

The Agency Change Level request for appropriation in Regular Salaries and Personal Services Matching totaling \$76,487 in FY14 and \$76,611 in FY15 is for a transfer of one position from the Vo Tech Admin-Operations appropriation to reflect the actual expenditures of this program.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 755 - Construction Craft

Funding Sources: TCI - Construction Craft Training Trust Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2013-2014			2014-2015		
		2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	51,795	48,534	48,534	48,534	106,315	106,315	48,534	106,415	106,415
#Positions		1	1	1	1	2	2	1	2	2
Personal Services Matching	5010003	16,155	15,275	15,151	16,500	35,206	35,206	16,500	35,230	35,230
Operating Expenses	5020002	3,419	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000
Conference & Travel Expenses	5050009	78	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500
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	449,972	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Total		521,419	883,309	883,185	884,534	961,021	961,021	884,534	961,145	961,145
Funding Sources										
Fund Balance	4000005	1,543,220	1,443,234		1,059,925	1,059,925	1,059,925	677,610	677,610	677,610
Special Revenue	4000030	421,433	500,000		502,219	578,706	578,706	512,119	588,730	588,730
Total Funding		1,964,653	1,943,234		1,562,144	1,638,631	1,638,631	1,189,729	1,266,340	1,266,340
Excess Appropriation/(Funding)		(1,443,234)	(1,059,925)		(677,610)	(677,610)	(677,610)	(305,195)	(305,195)	(305,195)
Grand Total		521,419	883,309		884,534	961,021	961,021	884,534	961,145	961,145

Change Level by Appropriation

Appropriation: 755 - Construction Craft
Funding Sources: TCI - Construction Craft Training Trust Fund

Agency Request

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	884,534	1	884,534	100.0	884,534	1	884,534	100.0
C07	Agency Transfer	76,487	1	961,021	108.6	76,611	1	961,145	108.7

Executive Recommendation

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	884,534	1	884,534	100.0	884,534	1	884,534	100.0
C07	Agency Transfer	76,487	1	961,021	108.6	76,611	1	961,145	108.7

Justification

C07	This position is transferred to this fund to reflect the actual expenditures of this program.
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Analysis of Budget Request

Appropriation: 82V - LESO Program

Funding Sources: NCE - Cash in Treasury

In FY2010, the Department of Career Education was designated as the state coordinator for the Law Enforcement Safety Office (LESO) program. This program assists local law enforcement agencies in acquiring federal property to assist them in performing their mission. For this assistance and the oversight responsibilities, the Agency collects a fee on each property transaction.

The Agency Change Level request for appropriation in Law Enforcement Safety Program line item totaling \$115,000 in FY14 and \$100,000 in FY15 is to monitor the programs to comply with federal recommended statewide visits of every two years instead of every five years.

The Executive Recommendation provides for Base Level.

Appropriation Summary

Appropriation: 82V - LESO Program

Funding Sources: NCE - Cash in Treasury

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2011-2012	2012-2013	2012-2013	2013-2014			2014-2015		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Law Enforcement Safety Program 5900046	5,790	15,000	15,000	15,000	130,000	15,000	15,000	115,000	15,000
Total	5,790	15,000	15,000	15,000	130,000	15,000	15,000	115,000	15,000
Funding Sources									
Fund Balance 4000005	32,683	109,768		154,768	154,768	154,768	199,768	84,768	199,768
Cash Fund 4000045	82,875	60,000		60,000	60,000	60,000	60,000	60,000	60,000
Total Funding	115,558	169,768		214,768	214,768	214,768	259,768	144,768	259,768
Excess Appropriation/(Funding)	(109,768)	(154,768)		(199,768)	(84,768)	(199,768)	(244,768)	(29,768)	(244,768)
Grand Total	5,790	15,000		15,000	130,000	15,000	15,000	115,000	15,000

Change Level by Appropriation

Appropriation: 82V - LESO Program
Funding Sources: NCE - Cash in Treasury

Agency Request

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	15,000	0	15,000	100.0	15,000	0	15,000	100.0
C01	Existing Program	115,000	0	130,000	866.7	100,000	0	115,000	766.7

Executive Recommendation

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	15,000	0	15,000	100.0	15,000	0	15,000	100.0
C01	Existing Program	0	0	15,000	100.0	0	0	15,000	100.0

Justification

C01	Requesting to increase appropriation to the amount of available funds to carry out the program.
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Analysis of Budget Request

Appropriation: 96V - Career Coaches Grant

Funding Sources: NCE - Cash in Treasury

Career Coaches Grants-The Department of Career Education receives funds from the Department of Higher Education to support Career Coaches in schools identified with high dropout rates. The source of the funds for this program at the Department of Higher Education is a grant from the Winthrop Rockefeller Foundation.

The Agency Change Level request for appropriation in Grants and Aid line item totaling \$160,000 in FY14 and \$60,000 in FY15 would provide for continuation of the six-year plan to provide college and career coaches in Pulaski County.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 96V - Career Coaches Grant

Funding Sources: NCE - Cash in Treasury

Historical Data

Agency Request and Executive Recommendation

Commitment Item	Historical Data			2013-2014			2014-2015		
	2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid 5100004	28,686	120,000	0	0	160,000	160,000	0	60,000	60,000
Total	28,686	120,000	0	0	160,000	160,000	0	60,000	60,000
Funding Sources									
Fund Balance 4000005	0	56,403		20,903	20,903	20,903	108,803	0	0
Interest 4000300	589	0		0	0	0	0	0	0
Miscellaneous Transfers 4000355	84,500	84,500		87,900	87,900	87,900	0	0	0
Total Funding	85,089	140,903		108,803	108,803	108,803	108,803	0	0
Excess Appropriation/(Funding)	(56,403)	(20,903)		(108,803)	51,197	51,197	(108,803)	60,000	60,000
Grand Total	28,686	120,000		0	160,000	160,000	0	60,000	60,000

Change Level by Appropriation

Appropriation: 96V - Career Coaches Grant
Funding Sources: NCE - Cash in Treasury

Agency Request

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	0	0	0	0.0	0	0	0	0.0
C01	Existing Program	160,000	0	160,000	100.0	60,000	0	60,000	100.0

Executive Recommendation

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	0	0	0	0.0	0	0	0	0.0
C01	Existing Program	160,000	0	160,000	100.0	60,000	0	60,000	100.0

Justification

C01	The Arkansas Works Initiative is aimed at providing the opportunity and support needed to increase the knowledge, skills, and educational attainment of Arkansas citizens. Arkansas Career Education in conjunction with the Department of Workforce Services have targeted TANF (Temporary Assistance for Needy Families) funds to expand the College and Career Planning System to prepare students for the next level of education and/or training for a successful career. In addition, the Winthrop Rockefeller Foundation has provided funding to support this effort. The initiatives programs and services are accomplished through the three components of the Arkansas Works Initiative - the internet-based College and Career Planning Tool, the college and career coaches program, and ACT Academies working in conjunction with current school districts and community college initiatives to target Arkansas's poorest counties. For expenditure of the Winthrop Rockefeller funds, this request of \$160,000 for FY 14 would provide for continuation of the six-year plan to provide college and career coaches in Pulaski County. In addition, \$60,000 of Winthrop Rockefeller funds in FY 15 would provide for support of college and career coaches in Pulaski County for the 6th year.
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Analysis of Budget Request

Appropriation: A88 - Alternate Retirement Plan

Funding Sources: 150 - Vo Tech Retirement

The Department of Career Education uses this cash appropriation for administration of various retirement plans available to their employees. Funding for this appropriation comes in the form of employee deductions and matching for retirement. The Agency pays the employee premiums to the companies offering the retirement plans.

The Base Level Request is \$ 122,522 for each year of the 2013-2015 Biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: A88 - Alternate Retirement Plan

Funding Sources: 150 - Vo Tech Retirement

Historical Data

Agency Request and Executive Recommendation

Commitment Item		2011-2012	2012-2013	2012-2013	2013-2014			2014-2015		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Personal Services Matching	5010003	63,112	110,222	110,222	110,222	110,222	110,222	110,222	110,222	110,222
Operating Expenses	5020002	5,674	12,300	12,300	12,300	12,300	12,300	12,300	12,300	12,300
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		68,786	122,522	122,522	122,522	122,522	122,522	122,522	122,522	122,522
Funding Sources										
Fund Balance	4000005	332,848	338,361		280,839	280,839	280,839	223,317	223,317	223,317
Interest & Forfeitures	4000305	74,299	65,000		65,000	65,000	65,000	65,000	65,000	65,000
Total Funding		407,146	403,361		345,839	345,839	345,839	288,317	288,317	288,317
Excess Appropriation/(Funding)		(338,361)	(280,839)		(223,317)	(223,317)	(223,317)	(165,795)	(165,795)	(165,795)
Grand Total		68,786	122,522		122,522	122,522	122,522	122,522	122,522	122,522

Department Appropriation Summary

Historical Data

Agency Request and Executive Recommendation

Appropriation	2011-2012		2012-2013		2012-2013		2013-2014						2014-2015					
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
200 Vocational Start-Up Grants	2,368,666	0	2,370,000	0	2,370,000	0	2,370,000	0	6,725,500	0	2,370,000	0	2,370,000	0	6,725,500	0	2,370,000	0
201 Vocational Center Aid	20,136,266	0	20,136,383	0	20,136,383	0	20,136,383	0	22,984,406	0	20,136,383	0	20,136,383	0	22,984,406	0	20,136,383	0
427 Governor's Commission on Adult Literacy	760,494	1	772,286	1	773,232	1	772,952	1	772,952	1	772,952	1	772,952	1	772,952	1	772,952	1
453 Adult Basic & General Education	19,409,185	0	19,860,569	0	19,860,569	0	19,860,569	0	40,410,434	0	19,860,569	0	19,860,569	0	41,084,323	0	19,860,569	0
681 Coordinated Career Education Services	1,102,117	0	1,119,433	0	1,119,433	0	1,119,433	0	1,119,433	0	1,119,433	0	1,119,433	0	1,119,433	0	1,119,433	0
F41 STEM	0	0	0	0	0	0	0	0	2,025,000	0	0	0	0	0	3,150,000	0	0	0
Total	43,776,728	1	44,258,671	1	44,259,617	1	44,259,337	1	74,037,725	1	44,259,337	1	44,259,337	1	75,836,614	1	44,259,337	1

Funding Sources		%		%		%		%		%		%		%		%	
Fund Balance	4000005	2,548,876	5.4	3,201,646	6.8	2,959,213	6.3	2,959,213	3.9	2,959,213	6.3	2,716,780	5.8	2,716,780	3.5	2,716,780	5.8
Educational Excellence Fund	4000220	11,494,206	24.5	11,732,014	24.8	11,732,014	25.0	11,732,014	15.3	11,732,014	25.0	11,732,014	25.1	11,732,014	15.0	11,732,014	25.1
Miscellaneous Adjustments	4000345	172,387	0.4	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Career Ed PSF	4000745	32,762,905	69.7	32,284,224	68.4	32,284,890	68.7	62,063,278	80.9	32,284,890	68.7	32,284,890	69.1	63,862,167	81.5	32,284,890	69.1
Total Funds		46,978,374	100.0	47,217,884	100.0	46,976,117	100.0	76,754,505	100.0	46,976,117	100.0	46,733,684	100.0	78,310,961	100.0	46,733,684	100.0
Excess Appropriation/(Funding)		(3,201,646)		(2,959,213)		(2,716,780)		(2,716,780)		(2,716,780)		(2,474,347)		(2,474,347)		(2,474,347)	
Grand Total		43,776,728		44,258,671		44,259,337		74,037,725		44,259,337		44,259,337		75,836,614		44,259,337	

Analysis of Budget Request

Appropriation: 200 - Vocational Start-Up Grants

Funding Sources: JWE - Career Education Public School Fund

This appropriation is used to award funds to schools for the purpose of purchasing capital equipment, nonconsumable supplies and program software to start newly approved vocational programs for the different occupational program areas, to support the minimum required equipment to meet program standards, and to support short-term adult skills training classes. The program is funded through the Career Education Public School Fund.

The Agency Change Level request is for appropriation and general revenue funding totaling \$4,355,500 each year of the biennium in Grants and Aid line item. This request would provide Arkansas Career Education the ability to start new high skilled, high-wage, high-demand programs in Arkansas public schools and career centers. Also, this request is for replacing aging equipment in Career Technical Education programs in the state's public schools.

The Executive Recommendation provides for Base Level.

Appropriation Summary

Appropriation: 200 - Vocational Start-Up Grants

Funding Sources: JWE - Career Education Public School Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2013-2014			2014-2015		
		2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid	5100004	2,368,666	2,370,000	2,370,000	2,370,000	6,725,500	2,370,000	2,370,000	6,725,500	2,370,000
Total		2,368,666	2,370,000	2,370,000	2,370,000	6,725,500	2,370,000	2,370,000	6,725,500	2,370,000
Funding Sources										
Career Ed PSF	4000745	2,368,666	2,370,000		2,370,000	6,725,500	2,370,000	2,370,000	6,725,500	2,370,000
Total Funding		2,368,666	2,370,000		2,370,000	6,725,500	2,370,000	2,370,000	6,725,500	2,370,000
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		2,368,666	2,370,000		2,370,000	6,725,500	2,370,000	2,370,000	6,725,500	2,370,000

Change Level by Appropriation

Appropriation: 200 - Vocational Start-Up Grants
Funding Sources: JWE - Career Education Public School Fund

Agency Request

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	2,370,000	0	2,370,000	100.0	2,370,000	0	2,370,000	100.0
C01	Existing Program	4,355,500	0	6,725,500	283.8	4,355,500	0	6,725,500	283.8

Executive Recommendation

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	2,370,000	0	2,370,000	100.0	2,370,000	0	2,370,000	100.0
C01	Existing Program	0	0	2,370,000	100.0	0	0	2,370,000	100.0

Justification

C01	<p>CTE Startup Funds - When high schools and secondary area technical centers want to offer a new program of career and technical study to address economic development needs in their communities, they apply to ACE for approval and funding for the instructional equipment, non-consumable supplies, and program software required for that program. Each year the demand for new program funding increases as public schools and centers seek to upgrade and modernize their programs through startup equipment cost. In each of the past three years, ACE has received nearly 200 new program applications. However, because of an appropriation capped for over a decade at \$2.37 million for new program startups, ACE has been able to fund fewer than 60 percent of the applications each year. Thus, many public schools and college and career centers have been unable to provide the equipment to start new and innovative programs. Moreover, the fact that ACE funds fewer than 60 percent of the programs creates a potential equity issue for the state. With increased funding, we would be able to start new high-skill, high-wage, high-demand programs in Arkansas public schools and career centers. Current Funding Status: The present level of funding for new program startup is \$2,370,000. As previously mentioned, this amount normally funds approximately 60 percent of all requests, with many programs waiting two to three years to modernize and upgrade to new programs. Additional Funding Request: An increase of \$355,500 (15 percent) would allow the majority of programs to receive funding and continue to upgrade at a reasonable rate. The additional request would bring the CTE startup total to \$2,725,500. Equipment Upgrade and Replacement - CTE programs in Arkansas high schools, junior high and middle schools, and secondary area technical centers represent an investment by the public schools of more than \$116 million in equipment based on a 2005 study. As with school facilities, instructional equipment falls into a state of critical disrepair if there is no funding for repairs or upgrades. \$4,000,000 is being requested for each year. This amount would allow approximately \$8,000 per program on a five-year rotational basis, an amount that would allow for repairs and updated safety features critical to the welfare and training needs of Arkansas students.</p>
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Analysis of Budget Request

Appropriation: 201 - Vocational Center Aid

Funding Sources: JWE - Career Education Public School Fund

This program distributes aid to vocational centers, in a partnership with public high schools and two-year colleges, under the rules and regulations of the State Board based on full-time equivalency. The objective of these centers is to provide high school students affordable training for entry-level skills in areas where employment opportunities exist or need to be developed. Programs are approved on the basis of student interest and local economic development opportunities. The program is funded through the Career Education Public School Fund.

The Agency Change Level request is for appropriation and general revenue funding totaling \$2,848,023 each year of the biennium in Grants and Aid line item. This request would allow for additional programs of study in the centers, as well as an expansion of centers in areas where there is no access to a secondary vocational area center.

The Executive Recommendation provides for Base Level.

Appropriation Summary

Appropriation: 201 - Vocational Center Aid

Funding Sources: JWE - Career Education Public School Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	2013-2014			2014-2015		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid	5100004	20,136,266	20,136,383	20,136,383	20,136,383	22,984,406	20,136,383	20,136,383	22,984,406	20,136,383
Total		20,136,266	20,136,383	20,136,383	20,136,383	22,984,406	20,136,383	20,136,383	22,984,406	20,136,383
Funding Sources										
Fund Balance	4000005	1,449,424	1,440,740		1,440,740	1,440,740	1,440,740	1,440,740	1,440,740	1,440,740
Miscellaneous Adjustments	4000345	111,668	0		0	0	0	0	0	0
Career Ed PSF	4000745	20,015,914	20,136,383		20,136,383	22,984,406	20,136,383	20,136,383	22,984,406	20,136,383
Total Funding		21,577,006	21,577,123		21,577,123	24,425,146	21,577,123	21,577,123	24,425,146	21,577,123
Excess Appropriation/(Funding)		(1,440,740)	(1,440,740)		(1,440,740)	(1,440,740)	(1,440,740)	(1,440,740)	(1,440,740)	(1,440,740)
Grand Total		20,136,266	20,136,383		20,136,383	22,984,406	20,136,383	20,136,383	22,984,406	20,136,383

Miscellaneous Adjustments are refunds for unused Basic Ed. Grants

Change Level by Appropriation

Appropriation: 201 - Vocational Center Aid
Funding Sources: JWE - Career Education Public School Fund

Agency Request

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	20,136,383	0	20,136,383	100.0	20,136,383	0	20,136,383	100.0
C01	Existing Program	2,848,023	0	22,984,406	114.1	2,848,023	0	22,984,406	114.1

Executive Recommendation

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	20,136,383	0	20,136,383	100.0	20,136,383	0	20,136,383	100.0
C01	Existing Program	0	0	20,136,383	100.0	0	0	20,136,383	100.0

Justification

C01	<p>Secondary Vocational Area Center funding, which is a subcategory under categorical funding for Alternative Learning Environment (ALE) in ACT 1039, 2011 Regular Session, has not received an increase in funding since its inception in ACT 59, 2003. Funding has remained at \$3,250 per FTE, which is designated funding to reimburse school districts for those secondary students attending the Secondary Vocational Area Centers; however, funding for ALE has increased from \$3,250 to \$4,228 for the 2012-2013 school year. If the Secondary Vocational Area Center funding had received the same increase as ALE, the difference in funding for the 2012-2013 school year would be an increase in funding of \$2,848,023.14, which in a time of increasing costs and increased center enrollment would have allowed Department of Career Education to approve additional programs of study in the centers as well as an expansion of centers in areas where there is no access to a Secondary Vocational Area Center.</p>
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Analysis of Budget Request

Appropriation: 427 - Governor's Commission on Adult Literacy

Funding Sources: JWE - Career Education Public School Fund

The Governor's Commission on Adult Literacy is funded from the Career Education Public School Fund. The appropriation consists of one position, supporting Operating Expenses, Grants that are made to literacy councils, and the Recognition Program. This program was transferred to the Department of Career Education during the 81st General Assembly.

Base Level Regular Salaries and Personal Services Matching includes Career Service payments for eligible employees. Personal Services Matching also includes a \$20 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$410 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases.

The Base Level Request is \$772,952 for each year of the 2013-2015 Biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 427 - Governor's Commission on Adult Literacy

Funding Sources: JWE - Career Education Public School Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2013-2014			2014-2015		
		2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	27,620	29,646	30,451	29,546	29,546	29,546	29,546	29,546	29,546
#Positions		1	1	1	1	1	1	1	1	1
Personal Services Matching	5010003	8,837	9,393	9,534	10,159	10,159	10,159	10,159	10,159	10,159
Operating Expenses	5020002	48,584	52,242	52,242	52,242	52,242	52,242	52,242	52,242	52,242
Conference & Travel Expenses	5050009	453	6,005	6,005	6,005	6,005	6,005	6,005	6,005	6,005
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	675,000	675,000	675,000	675,000	675,000	675,000	675,000	675,000	675,000
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Total		760,494	772,286	773,232	772,952	772,952	772,952	772,952	772,952	772,952
Funding Sources										
Career Ed PSF	4000745	760,494	772,286		772,952	772,952	772,952	772,952	772,952	772,952
Total Funding		760,494	772,286		772,952	772,952	772,952	772,952	772,952	772,952
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		760,494	772,286		772,952	772,952	772,952	772,952	772,952	772,952

Analysis of Budget Request

Appropriation: 453 - Adult Basic & General Education

Funding Sources: JWE - Career Education Public School Fund

The Adult Basic and General Adult Education program provides grants for educating those adults with less than a high school equivalency and for retraining those already in the workforce. Adult education serves adult learners through adult basic education classes, which are designed for adults functioning up to the 8th grade level. General adult education classes prepare adults who score at the 9th to 12th grade levels. Funding for this appropriation is provided from the Career Education Public School Fund.

The Agency Change Level requests for appropriation and general revenue funding totaling \$20,549,865 in FY14 and \$21,223,754 in FY15 includes the following:

- Operating Expenses line item of \$37,000 each year to cover Information Technology Academy's cost increases. (Technology Plan Software page 14)
- Grants and Aid line item of \$20,512,865 in FY14 and \$21,186,754 in FY15. This request is for expansions on Adult Education, Adult Ed's Smarter Sentencing Program, Services for ages 16 through 18 who pass the GED test, and additional funding to cover the cost of individuals taking the GED and official practice test.

The Executive Recommendation provides for Base Level.

Appropriation Summary

Appropriation: 453 - Adult Basic & General Education

Funding Sources: JWE - Career Education Public School Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	2013-2014			2014-2015		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	0	0	0	0	37,000	0	0	37,000	0
Grants and Aid	5100004	19,409,185	19,860,569	19,860,569	19,860,569	40,373,434	19,860,569	19,860,569	41,047,323	19,860,569
Total		19,409,185	19,860,569	19,860,569	19,860,569	40,410,434	19,860,569	19,860,569	41,084,323	19,860,569
Funding Sources										
Fund Balance	4000005	1,099,452	1,760,906		1,518,473	1,518,473	1,518,473	1,276,040	1,276,040	1,276,040
Educational Excellence Fund	4000220	11,494,206	11,732,014		11,732,014	11,732,014	11,732,014	11,732,014	11,732,014	11,732,014
Miscellaneous Adjustments	4000345	60,719	0		0	0	0	0	0	0
Career Ed PSF	4000745	8,515,714	7,886,122		7,886,122	28,435,987	7,886,122	7,886,122	29,109,876	7,886,122
Total Funding		21,170,091	21,379,042		21,136,609	41,686,474	21,136,609	20,894,176	42,117,930	20,894,176
Excess Appropriation/(Funding)		(1,760,906)	(1,518,473)		(1,276,040)	(1,276,040)	(1,276,040)	(1,033,607)	(1,033,607)	(1,033,607)
Grand Total		19,409,185	19,860,569		19,860,569	40,410,434	19,860,569	19,860,569	41,084,323	19,860,569

Change Level by Appropriation

Appropriation: 453 - Adult Basic & General Education
Funding Sources: JWE - Career Education Public School Fund

Agency Request

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	19,860,569	0	19,860,569	100.0	19,860,569	0	19,860,569	100.0
C01	Existing Program	20,512,865	0	40,373,434	203.3	21,186,754	0	41,047,323	206.7
C08	Technology	37,000	0	40,410,434	203.5	37,000	0	41,084,323	206.9

Executive Recommendation

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	19,860,569	0	19,860,569	100.0	19,860,569	0	19,860,569	100.0
C01	Existing Program	0	0	19,860,569	100.0	0	0	19,860,569	100.0
C08	Technology	0	0	19,860,569	100.0	0	0	19,860,569	100.0

Justification

C01	Adult Education Grants -The Department is requesting a total additional funding of \$20,549,865 for the following program: For Adult Education, intending to use the fund balance, we are requesting additional increase of \$7,411,684 each year to increase the number of Arkansans served in adult education programs and to implement the newly developed performance-based funding formula that will distribute adult education funds on the basis of student contact hours and achievement. We are also requesting \$1,372,000 in Adult Ed's Smarter Sentencing Programt. An increase of \$9,859,181.00 for serving students ages 16, 17, 18 plus 6% guaranteed annual capacity increase couched in terms of instructional cost. Additional \$1,870,000 to cover the cost for individuals taking GED test and official practice test.
C08	The statewide IT Academy offering has been customized for Arkansas, supporting meaningful technology education in public High Schools, selected Workforce Agencies and Adult Education Centers across the Arkansas. The Arkansas ITA provides sites with access to a wide range of Microsoft E-Learning technical courses, teacher professional development, Digital Literacy, E-Reference Libraries, Microsoft DreamSpark, CareerForward, and additional student and professional development resources supporting students mastering IT professional concepts and skills. The numerous program benefits includes special deployment resources & support provided to the state, access to the latest Microsoft technology, and lab software licenses for IT Academy locations across the state, marketing benefits, and more to support 21st Century Skills and STEM across the state.

Analysis of Budget Request

Appropriation: 681 - Coordinated Career Education Services

Funding Sources: JWE - Career Education Public School Fund

The Coordinated Career Education Services- Special Needs Students program provides grants to coordinated career education programs in which students with disabilities attend academic classes in the morning and work in the afternoon. Special Needs Programs provide special projects and adaptive equipment for secondary and postsecondary career and technical education students with disabilities and vocational counselors at several secondary area vocational centers. Funding for this appropriation is provided from the Career Education Public School Fund.

The Base Level Request is \$1,119,433 for both fiscal years of the 2013-2015 Biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 681 - Coordinated Career Education Services

Funding Sources: JWE - Career Education Public School Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	2013-2014			2014-2015		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid 5100004	1,102,117	1,119,433	1,119,433	1,119,433	1,119,433	1,119,433	1,119,433	1,119,433	1,119,433
Total	1,102,117	1,119,433	1,119,433	1,119,433	1,119,433	1,119,433	1,119,433	1,119,433	1,119,433
Funding Sources									
Career Ed PSF 4000745	1,102,117	1,119,433		1,119,433	1,119,433	1,119,433	1,119,433	1,119,433	1,119,433
Total Funding	1,102,117	1,119,433		1,119,433	1,119,433	1,119,433	1,119,433	1,119,433	1,119,433
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	1,102,117	1,119,433		1,119,433	1,119,433	1,119,433	1,119,433	1,119,433	1,119,433

Analysis of Budget Request

Appropriation: F41 - STEM

Funding Sources: JWE - Career Education Public School Fund

This appropriation's (Arkansas Science, Technology, Engineering, Mathematics (STEM) Occupations Student Loan Forgiveness Program) purpose is to increase the number of postsecondary graduates in STEM fields who become employed in STEM occupations in Arkansas. The program shall provide student loan repayments to individuals who earn a certificate or degree in a STEM field and work in a STEM occupation in Arkansas. The program would be funded through the Career Education Public School Fund.

The Agency Change level Request of \$2,025,000 in FY14 and \$3,150,000 in FY15 for general revenue funding and appropriation is for initial start-up costs and student loan paybacks that will incur with this new program.

The Executive Recommendation does not provide for Agency Request.

Appropriation Summary

Appropriation: F41 - STEM

Funding Sources: JWE - Career Education Public School Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2011-2012	2012-2013	2012-2013	2013-2014			2014-2015		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid 5100004	0	0	0	0	2,025,000	0	0	3,150,000	0
Total	0	0	0	0	2,025,000	0	0	3,150,000	0
Funding Sources									
Career Ed PSF 4000745	0	0		0	2,025,000	0	0	3,150,000	0
Total Funding	0	0		0	2,025,000	0	0	3,150,000	0
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	0	0		0	2,025,000	0	0	3,150,000	0

Change Level by Appropriation

Appropriation: F41 - STEM
Funding Sources: JWE - Career Education Public School Fund

Agency Request

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
C01	Existing Program	2,025,000	0	2,025,000	100.0	3,150,000	0	3,150,000	100.0

Executive Recommendation

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
C01	Existing Program	0	0	0	0.0	0	0	0	0.0

Justification

C01	<p>The purpose of the Arkansas Science, Technology, Engineering, Mathematics (STEM) Occupations Student Loan Forgiveness Program is to increase the number of postsecondary graduates in STEM fields who become employed in STEM occupations in Arkansas. The program shall provide student loan repayments to individuals who earn a certificate or degree in a STEM field and work in a STEM occupation in Arkansas. Increasing the number of Arkansas students who complete postsecondary education in STEM fields is a compelling state interest. Arkansas's ability to secure its standing in the global economy and to attract 21st-century employers depends in large part upon our ability to educate a technically competent and adaptable workforce. The U.S. Department of Labor predicts that jobs requiring STEM training will increase 34 percent between 2008 and 2018. However, in Arkansas, the number of graduates in science, technology, engineering and mathematics decreased nearly 21 percent between 2000-01 and 2008-09, according to a report by the National Center for Education Statistics. The STEM Occupations Student Loan Forgiveness Program would align with two recent STEM-related state initiatives, STEM Works and the Microsoft IT Academy, and would provide students wishing to pursue postsecondary education or training in a STEM field a financial incentive to do so in terms of student loan repayment. Since graduates would be required to work in Arkansas in a STEM occupation to be eligible for repayment, the state would benefit from its investment in these individuals who would help fill the state's high-skill, high-wage, high-demand jobs. It is our recommendation that the repayment amounts for the Arkansas STEM Occupations Student Loan Forgiveness Program be somewhat comparable to the Arkansas Academic Challenge Scholarship amounts, currently \$4,500 per year for students at four-year institutions and \$2,250 per year for students at two-year institutions. We would expect to make approximately 500 repayments (400 four-year degree recipients and 100 two-year degree recipients) the first year of the biennium and 800 repayments the second year (600 four-year degree recipients and 200 two-year degree recipients). If these repayments are funded at an amount equivalent to the Arkansas Academic Challenge Scholarship, the cost would be \$2,025,000 for the first year of the biennium and \$3,150,000 for the second year of the biennium, for a total of \$5,175,000.</p>
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CAREER EDUCATION-AR REHABILITATION SERVICES

Enabling Laws

Act 277 of 2012
A.C.A. §§ 6-52-101-- 6-52-105
A.C.A. § 20-79-101 et seq.

History and Organization

Mission

The mission of ARS is to provide opportunities for Arkansans with disabilities to work and to lead productive and independent lives.

This mission statement provides the foundation for the many programs and comprehensive services provided by ARS to individuals with disabilities to assist them in preparing for and entering the state's workforce, thus enabling them to become employed tax-paying citizens participating in communities throughout the state. There are approximately 400,000 people with disabilities residing in Arkansas, meaning that Arkansas has one of the highest percentages of working-age adults with disabilities in the nation. The unemployment rate among Arkansans with disabilities is approximately 60 percent, a figure consistent with the national average. The role of ARS is stipulated to increase the number of persons with disabilities returning to the workplace where they become productive and independent taxpayers instead of tax revenue dependent.

History

Vocational Rehabilitation was initiated in the United States with the passage of the Smith-Fess Act in 1920, which permitted the states to participate by providing federal aid. The act provided funding for medical and surgical treatment and vocational training. Arkansas accepted its first funds for this purpose as the result of state legislation in 1923, with the State Board of Education administering the program. ARS has a record of more than 85 years of exemplary performance as the primary state agency providing education, training, and employment to Arkansans with disabilities. The size of the agency and scope of services have continued to grow and improve over the years; however, ARS has continued to operate as a strong state and federal partnership that enjoys bipartisan support because of its record as a strong, cost-effective program that produces documented results.

In 1971, Arkansas legislation transferred administration of the state VR program to the Department of Social and Rehabilitative Services (now the Department of Human Services). During the time it was administered by the Department of Social and Rehabilitative Services, the program was known as the Division of Rehabilitation Services. Act 574 of 1993 changed the name of the division to Arkansas Rehabilitation Services and transferred it back to the Department of Education, where it was placed under the oversight of the State Board of Vocational Education as a division of the Vocational and Technical Education Division (now the Department of Career Education). ARS was actively involved in the development of legislation resulting in Act 803 of 1997, which created ARS as a division of the Department of Workforce Education.

Since its inception, the public VR program has continually expanded both in terms of additional federal resources and in the numbers and types of disabilities served. In 1943, the agency's scope of services was expanded to include individuals with mental retardation and mental illness, as well as those with physical disabilities. In 1954, the program was again expanded, this time by the inclusion of private non-profit community-based rehabilitation programs, as well as disability-related research and training centers. In 1961, ARS established the Hot Springs Rehabilitation Center (Now the Arkansas Career Training Institute or ACTI) that continues to operate today as one of eight state-operated comprehensive medical rehabilitation and vocational training centers in the nation.

More recent changes in federal legislation have increased emphasis on serving special education students as they transition to the world of work. ARS is actively involved in Welfare-to-Work and School-to-Work initiatives in order to ensure that Arkansans with disabilities participating in these programs are provided opportunities to prepare for and achieve gainful employment. A recently initiated disability management program focuses on assisting employers in developing return-to-work programs for employees (RAVE) experiencing injuries or illnesses, thus reducing workers' compensation costs. ARS also has been required to develop rehabilitation engineering and advanced technology capabilities in order to enhance training and employment opportunities for individuals who are severely disabled.

Federal law now requires that people with the most severe disabilities be served first, based upon an order-of-selection, when adequate funds are not available to serve everyone who may be eligible for services. In Arkansas, the demand for services exceeds the funding capacity, meaning that services are limited to those classified as significantly disabled. Although this group of clients requires more comprehensive services over a longer period of time and at a greater cost, ARS continues to place more people with disabilities in employment each year.

In 1990, Congress passed the Americans with Disabilities Act (ADA), the world's first civil rights legislation for people with disabilities. ARS continues to provide guidance and technical assistance to state agencies and to the private sector regarding compliance with the ADA.

The Workforce Investment Act of 1998 included the reauthorization of the Rehabilitation Act of 1973 and requires that the states establish a new service delivery system. This new system includes a "one-stop shop" approach involving all agencies that serve people who are unemployed, including those with disabilities. As one of the required partners in Arkansas's one-stop system, called the Career Development Network (CDN), ARS participates in each of 10 local regions with office space, resources, and personnel. ARS's involvement in the CDN system provides Arkansans with disabilities increased opportunities to achieve gainful employment or independent living.

ARS currently serves approximately 18,800 people with disabilities each year, with 2361 placed in competitive employment at an average cost of \$4,117. Of these individuals 84.4% were significantly disabled. The placement of these individuals in gainful employment represents a significant investment in the state's economy. 639 of these individuals had employer health care coverage after employment. In fiscal year 2009, Arkansans with disabilities who were placed in competitive employment were earning an average of \$298.00 per week prior to ARS' involvement; however, as a result of ARS' vocational rehabilitation services, their earnings increased to an average of \$386.00 per week.

The Federal Office of Management and Budget estimates that for every \$1 spent on VR services, \$7 is returned to the economy. This return on investment is realized in the economic benefit to the individual, the taxes paid, and the elimination or reduction of Social Security, welfare, and other public subsidy payments. One of the most important benefits cannot be measured. The creation or return to meaningful personal participation in society along with the personal dignity and independence achieved by those who have been served is immeasurable.

Over the years, ARS has focused on innovative programs modifications that not only comply with new federal and state initiatives but also enhance the quality of services and improve the employment outcomes of individuals with disabilities. As a result, ARS has received strong support from the executive and legislative branches, as well as from customers we serve. However, despite the successes ARS has had in assisting individuals with disabilities, ARS has received only basic cost-of-living increases in state and federal funds over the past several years. These cost-of-living increases have not kept pace with cost of providing employment-related services. As a result, the demand for services now significantly exceeds the resources available, a trend that will continue if funding increases are limited to cost-of-living adjustments.

Structure

Arkansas Rehabilitation Services is designed to assure a comprehensive, statewide system of service delivery that addresses the diverse needs of Arkansans living with disabilities. (See the accompanying organizational chart). The major service delivery components are: (1) the Field Services Program, which operates offices in 19 locations serving persons with severe disabilities in all seventy-five (75) counties, except those who are blind (DHHS); (2) the Arkansas Career Training Institute, which is a comprehensive vocational rehabilitation center providing education, medical and vocational training for clients throughout the State and region; (3) Special Programs and Support Services consisting of a comprehensive vocational/psychological evaluation network, the Successful Employment through Assistive Technology (SEAT) program, the Learning and Evaluation Center (LEC) providing mental health and special services for persons with learning disabilities; (4) the Office for the Deaf and Hearing Impaired which serves persons who are deaf or hearing impaired, as well as those who are deaf-blind, with vocational rehabilitation and independent living services; and (5) the Arkansas Kidney Disease Commission, which provides services to patients with end-stage renal disease. There are also several special projects or separately funded programs such as the Telecommunications Access Program (TAP), Supported Housing project, and an Alternative Financing program to assist with low interest loans for purchasing assistive technology. Supporting these service delivery operations are Financial Management, Human Resources Management, Information Systems and Services, and Program Planning, Development and Evaluation sections.

Arkansas Rehabilitation Services is primarily funded through the Department of Education Rehabilitation Services Administration (RSA). For the Vocational Rehabilitation Program RSA federal funding is 78.7% with a minimum state match of 21.3%.

General Field Program

The Field Program has 90 counselors serving individuals with disabilities in all 75 counties. All applicants are assigned a rehabilitation counselor. The counselor is responsible for interviewing and assessing disability and functional limitations, exploring the background, abilities, interests, and existing and potential barriers to employment. The determination of eligibility normally occurs within 60 days. Working in partnership, the individual and the counselor develop an Individualized Plan for Employment (IPE). This includes the kind of work the client has chosen as a goal, the specific services needed, a realistic time frame for goal accomplishment, and the assignment of responsibilities. Eligible persons may receive one or more of the following services:

Diagnosis: Every person applying for traditional rehabilitation services undergoes a general assessment, which may include special examination in cases such as heart, eye, ear, bone or psychiatric disabilities. This will assist the counselor with eligibility determination.

Counseling and Guidance: Trained personnel make a thorough study of each applicant's abilities, needs, and challenges. Intelligence along with vocational interest tests are administered to identify strengths and limitations of the individual in order to assist in determining options for pursuing competitive employment. Jointly the person with a disability and his/her counselor develop an individualized plan for employment (IPE) which establishes an employment goal and the necessary action steps, time frames and estimated costs to achieve the employment goal. Ongoing vocational counseling is a critical element in the success of the customers with whom we work.

Physical Restoration: The aim of physical restoration services is to remove, or substantially reduce, the individual's disability as an impediment to employment. Services may include medical and surgical treatment, hospitalization, personal care assistance services, physical and occupational therapy, and restorative appliances such as: artificial limbs, braces, glasses, wheelchairs, vehicle adaptations, assistive technology such as voice activated computers and speech synthesizers.

Other Services: Financial assistance that enables the client to purchase tools for self employment, licensure and business enterprise supplies may also be available. Employment, housing and transportation information and assistance is available. Additionally, wheelchair repairs, peer counseling, and other related services are also available.

Job Placement: ARS cooperates with training agencies, employment agencies, and employers in an effort to secure suitable employment for eligible individuals with disabilities. ARS has placement specialists in all general field offices across the State. Job placement counselors assist our clients with job applications, interviews, and eventual employment in the workplace.

Education and Training: Financial assistance may be applied to a recognized public or private trade or business school, college, or university. Training in various skills also is available at the ACTI, including auto mechanics, body and fender repair, business education, cosmetology, custodial, laundry, printing, sales clerk, sewing, small engine repair, auto parts technician, welding, data processing, food service and others.

Rehabilitation Engineering: Any person, employer, agency, or organization needing help in planning and designing ADA compliant access to the home or work place may secure such assistance from the ARS. The same provision applies to modifications of tools and equipment to make them more adaptive by persons with disabilities.

Supported Employment (Title VI): With the collaboration of the Division of Developmental Disabilities and the Division of Behavioral Mental Health of the Department of Human Services, along with the support of community organizations, ARS provides supported services to the most severely disabled individuals, those who cannot function in the work place without ongoing assistance. Job coaches are assigned to the clients to help them adapt more readily to employment. These services provide meaningful employment to people who have historically been excluded from the workforce and placed in institutions or in segregated programs. During Federal Fiscal Year 2007, 131 individuals received vocational & occupational skills assistance from the Supported Employment program.

Independent Living Services (IL): IL services may be provided to any severely disabled person found eligible and may include counseling (psychological, psychotherapeutic, and guidance), physical restoration services, e.g. (braces, housing modifications, wheelchair, prosthesis, etc., and transportation). This program also provides support to independent living centers such as Mainstream Living, SPA Area Independent Living, Delta Resource Center for Independence, and Sources for Community Living. During Federal Fiscal Year 2007, 61 individuals received assistance from the Independent Living program.

If the individual is in need of comprehensive rehabilitation facility services, the counselor may refer the client to the ACTI.

Arkansas Career Training Institute

ACTI is a comprehensive rehabilitation program. It offers both residential and non-resident medical and vocational services to approximately 900 Arkansas citizens with disabilities each year, serving a population average of 300 at any one time. The service delivery program is divided into two major components, the Hot Springs Rehabilitation Center Hospital and the Arkansas Career Training Institute. It also has an Administrative Services department that provides the necessary support services to maintain a 24-hour a day facility. The Administrator of the ACTI has responsibility for the management of the facility and reports to the Arkansas Rehabilitation Services Commissioner. The Center employs 270 persons.

Hot Springs Rehabilitation Center Hospital

The HSRC Hospital provides full-time nursing services, physical therapy, occupational therapy, speech/language pathology services, social services, psychological services and a pharmacy. The Hospital is licensed by the Department of Health. The Hospital has a capacity of 24 inpatients.

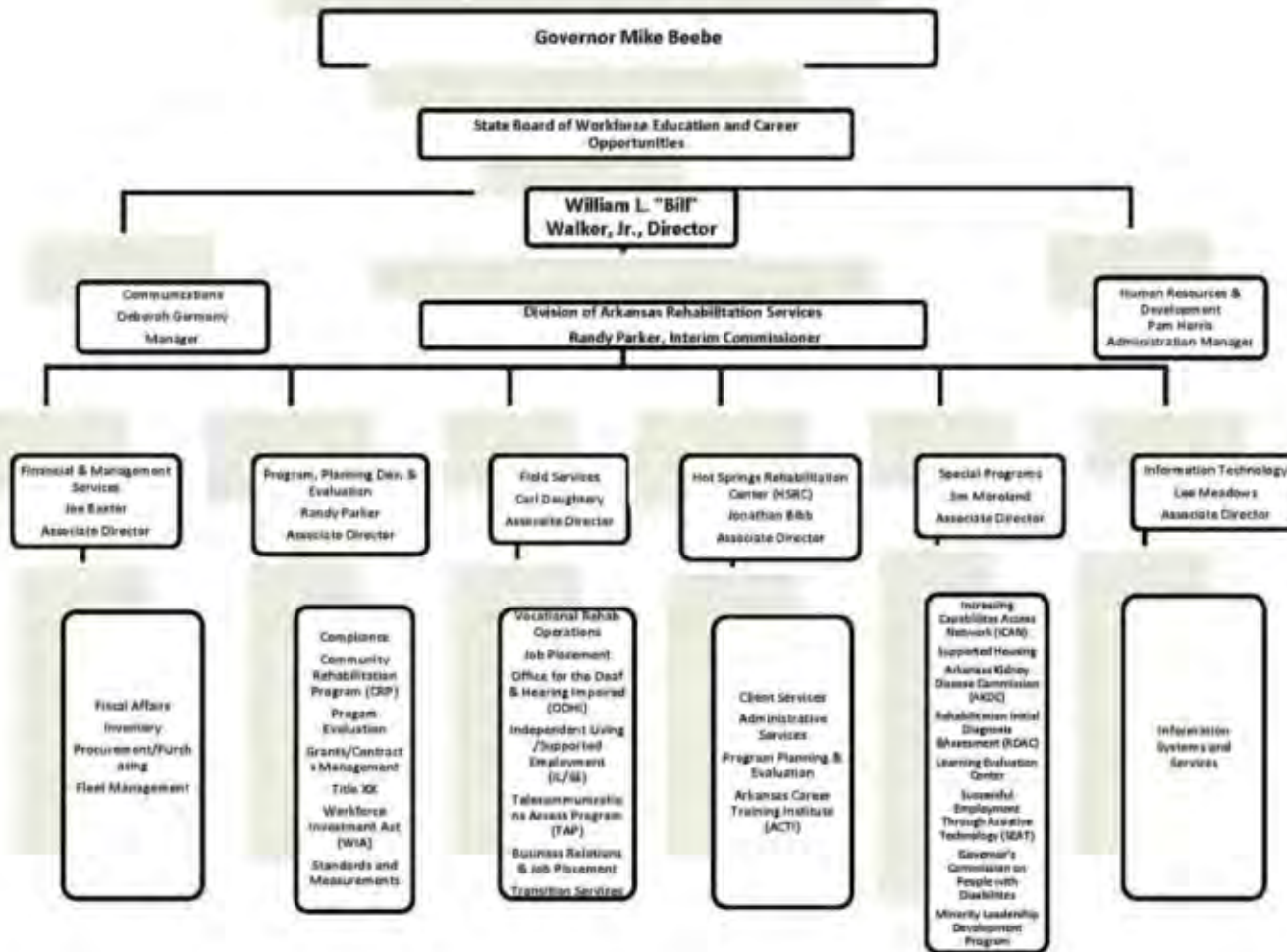
In addition, the Hospital provides specialty clinics to clients of Arkansas Rehabilitation Services, including Orthopedic, Amputee, Spinal Cord Injury, Urology, Dental, and Psychiatry. The Hospital also provides a clinic to treat and manage medical conditions of students enrolled in vocational training programs.

Arkansas Career Training Institute

The Arkansas Career Training Institute (ACTI) provides a wide variety of services to prepare clients of ARS to become employed. Services include counseling, case management, vocational evaluation, vocational training, employment readiness, recreation, student living, behavioral enhancement, and job placement.

Vocational Training is provided in 12 different programs, with many programs offering multiple courses of study which can be tailored to meet the learning style and rehabilitation needs of the client/student.

After hours Recreation Services are provided to help the student adjust to the Center's living environment through wholesome activities to pass the time when the student is not actively engaged in other rehabilitation activities. The Recreation program utilizes 6 staff to plan and supervise the recreational activities, which can range from sedentary activities such as Bingo to vigorous exercise programs. A weight-management program is also supervised in coordination with dietary services in this section.



Agency Commentary

Vocational Rehabilitation Services

The Rehabilitation Act of 1973 requires state rehabilitation agencies to provide a coordinated set of activities designed to help persons with physical or mental impairments prepare for and achieve gainful employment. These activities are designed to meet RSA standards and indicators of achievement and are outcome-oriented in collaboration with other agencies such as the Arkansas Departments of Education and Higher Education, local workforce centers, and local school districts. These activities can consist of postsecondary education, vocational training, integrated employment, continuing employment, continuing and adult education, adult services, and independent living.

Arkansas Rehabilitation Services (ARS) receives a federal grant from the Rehabilitation Services Administration to operate a comprehensive, coordinated, effective, efficient and accountable program designed to assess, plan, develop, and provide vocational rehabilitation services for individuals with disabilities, consistent with their priorities, abilities, through informed choice, in order to engage in gainful employment.

General Field Program

There are currently 90 VR counselors in the general field program servicing 18,000 - 20,000 clients annually in all 75 counties. The Field Program is divided into 8 districts with a manager assigned to each district. There are 19 offices located throughout the state. The Chief of Field Services oversees the program with the guidance and approval of the Commissioner. The Vocational Rehabilitation Program is eligibility based and all applicants are assigned a rehabilitation counselor after the referral process. The counselor is responsible for interviewing and assessing disabilities as they relate to functional limitations. The determination of eligibility is required by federal law within 60 days. Working in partnership, the individual and the counselor develop an Individualized Plan for Employment (IPE). This includes the kind of work the client has chosen as a goal, the specific services needed, and a realistic time frame for goal accomplishment. Once the client has completed all assigned tasks, goals and objectives, the client is placed with an employment provider and after 90 days of employment the case will be closed as rehabilitated. This is considered a successful closure.

Partnerships

First, Arkansas Rehabilitation Services is involved in developing new partnerships with other agencies to increase our service to people with disabilities. The Agency is very pleased to collaborate on a new pilot project with Public Employee Claims Division called RAVE. ARS is coordinating efforts to assist early return to work for individuals on medical or disability leave whose job performance has been affected by

physical or mental conditions or who have sustained on the job injuries. ARS may provide assessment, counseling or specific accommodation. The benefits to employers are retaining productive workers, providing access to technical expertise and customized accommodation cost, and reducing recruiting cost. Additionally, ARS is partnering with Jefferson Comprehensive Care System Inc., a non-profit community health care provider with clinics located in rural Arkansas. The mission is to provide primary health care and related health education and social services to designated service areas to improve the health of those living in medically underserved areas. The outreach counties are: Arkansas, Ashley, Chicot, Desha, Drew, Jefferson, Lincoln, Prairie, Lonoke and Pulaski. ARS has assigned vocational counselors to each county to provide information about VR services, assessment and job placement. JCCSI will host several training sessions at the annual Arkansas Rehabilitation Association Conference covering AIDS Awareness and Chronic Diseases. The agency has secured an additional pilot project with The Work Number, an employment verification service used to determine eligibility for the TANF, Food Stamps, and Medicaid programs. The Work Number provides current wages, income history, name of employer and resident. This service is an asset to our program and will help field staff locate our clients and increase successful outcomes. In an effort to support the Governor's initiative for state agencies to work together on providing services to Arkansans, the agency adopted a cooperative agreement with the Division of Behavioral Health Services. The objective is to care for and improve the health of citizens of Arkansas through an integrated system of prevention and treatment for mental health and substance abuse. ARS will accept referrals for individuals with mental illness, provide counseling services and refer clients to supportive employment vendors to provide training, job coaching, and placement.

General Revenue Request Summary

VR General Revenue Request

Proposed Funding Request: \$4.5M (\$2.97M for the water system and \$1.53M for the renovations of the Armory) of which the state would contribute \$1,035,000 (23%).

Water System at ACTI

The following addresses the water system at ACTI that is antiquated and needs repair and maintenance. Many of the primary components have been in service for over 70 years. The water system is prone to breakage and leakage. Problems with this system have also been cited by the Hot Springs Fire Marshall and the State Risk Assessor as major fire safety issues for the ACTI Campus.

Subsequently, MPE Consulting Engineers completed a study of the water system and made recommendations related to the water system. The total projected costs of the project are 2.97M. These improvements would bring the water system into compliance. The consulting company made recommendations to repair the system in four distinct phases. These are as follows:

- Replace piping supplying buildings 1, 2, 11, 12, 34, 36, and 37 (Estimated cost \$470,000)
- Replace piping and hydrants on the east side of the campus which would begin outside building 25 and loop around building 55 (Estimated cost \$1M)
- Replace piping and hydrants beginning where phase I and II left in the vicinity of buildings 25, 26, 27, 29, 35, 41, and 43 (Estimated cost \$1M)
- Increase the size of the city water mains under Reserve Street and down to Central Avenue and remove the tank (Estimated cost \$0.5M)(Brown, 2010)

Program Expansion

Significant improvements are potentially available to ACTI through expansion to property adjacent to the ACTI campus. ARS has the opportunity to acquire federal surplus property across the street from the main entrance to ACTI at very reasonable cost. The federal surplus property was formerly used as an Army Reserve Center and can be acquired at no cost to ARS for educational purposes. This is the same basis that the entire ACTI campus was acquired from the Army in 1960. The only cost associated with the project would be any necessary renovations.

The Jonathan Cheatham Army Reserve Center in Hot Springs, AR was identified for closure in April 2006 as part of the 2005 Base Realignment and Closure Commission (05 BRAC) process. The notice of this federal surplus property was published in the Federal Register on May 9, 2006. The Army Reserve Center is located at 200 Reserve Street, Hot Springs, Arkansas; more specifically, Hot Springs Reservation, Block 84, Parcel Identification 54768. The property covers a city block and is bounded by Reserve Avenue to the north, Opera Street to the west, Spring Street to the south, and Civic Avenue to the east. The property consists of three (3) buildings situated on a 1.43 acre tract. The Site has three buildings: a 34,632-square-foot Administration Building, a 36-square foot flammable materials storage structure, and a 108-square-foot hazardous materials (hazmat) storage building. The Administration Building has a main floor consisting of a classroom area, offices, storage areas, and a basement with a kitchen, assembly hall, secure arms vault, a platoon storage area, several other storage areas, and a few offices. The total square footage of all buildings is 36,700. The Board of Directors of the City of Hot Springs has voted to approve the use of the Army Reserve Building for use for education and rehabilitation purposes to ACTI.

- main building elevator to make the building accessible for individuals with disabilities (\$750,000);
- entryway renovation to be ADA compliant (\$50,000);
- HVAC upgrades, including installation of high SEER units (\$250,000);
- electrical system upgrades (\$150,000);
- plumbing upgrades (\$150,000);
- IT Infrastructure upgrades (\$75,000);
- fire protection system upgrade (\$50,000);

- related costs (\$25,000); and
- enclose open shed Auto Service Bay (\$30,000).

Once the renovations and upgrades are complete, four of the training programs and the Hot Springs Field office will be relocated to this location.

Obtaining the Reserve Building is necessary to address the fire load dangers in ACTI buildings 22 and 17. These buildings are contiguous to Ross hall, which is the primary female student residence hall. Building 22 contains the paint shop where flammable paints, stains and varnishes are used and stored. Moreover, building 17 is also contiguous to Ross Hall and the above mentioned paint shop. The State Risk Assessor in his June 29, 2010 letter to John Wright, CFO of ARS, identified the use of these two buildings as significant hazard.

Acquisition of the Reserve Building will also eliminate a problem with the Cosmetology training area.

On January 17, 2012, an inspector from the Arkansas Department of Health cited our program for inadequate instruction space and the lack of ability to provide unobstructed observation of our student clients while training. This is Arkansas State Cosmetology regulation 7.5(I) which states the following:

"Student practical training area or clinic area shall contain not less than twelve-hundred (1200) square feet, open space with no walls to obstruct the view of the Instructor. The clinic square footage requirements is for a maximum enrollment of twenty-five students. Enrollment capacity in excess of twenty-five student will be established by the square footage contained in the reception area and excess footage over the required twelve-hundred in the clinic. Every fifty (50) square feet of space in the aforementioned area will increase the enrollment capacity by one."

The plumbing, square footage, and wall configuration of other ACTI structures are not adequate to allow for expansion of this program and compliance with Health Department requirements. Moving the building trades program into the Reserve building would be beneficial as well. This move is needed based on the lack of electrical infrastructure available in the current location. The utilization of multiple high load electric equipment has taken a toll on the electrical infrastructure of the Building Trades training area. Also, adding of additional equipment in the current location is prohibited based on space and electrical service safety concerns.

The electrical breakers routinely trip which causes the instruction to be halted, and the instructor has to then reset the electrical system while interrupting class. Consequently, the present system is not only a fire danger, but also significantly diminishes the quality of instruction and our commitment to national certification standards. The limitations in the electrical system have also created an additional problem with temperature regulation, which contributes to the safety and adequacy of instruction in the program.

The Automobile Collision Repair program will also be moved into the Reserve building. Moving this to the Reserve building will remove an additional fire load from an area contiguous to the residence hall and multiple training areas that often serve students with limited mobility.

This area has very limited road access and emergency personnel would have a very difficult task responding to a fire. In addition, if the area was involved in a fire, the amount of flammable material could make evacuation of buildings in the upper part of the campus very difficult.

The Current location of the Hot Springs Field office is on the third floor of Building 54 of the ACTI campus. This building is located at the upper end of the ACTI Campus. While the building is accessible, the parking for clients is not adequate. Often when the parking adjacent to the building is full clients must navigate narrow walkways up steep grades. This is not the best situation for clients with disabilities.

In addition, the field office is on the third floor, it is very difficult for clients to find. The field office has limited presence in the community because the office can only be accessed by one route that requires access to the ACTI campus.

Moving the field office to the Armory will increase visibility in the community because it will be located on the Corner of Reserve and Opera streets just one block off Central Avenue. This road has significant local traffic when compared to that of the streets on the ACTI Campus. In addition, the Armory has ample parking with good sidewalks. This will increase accessibility to the Field office. In addition, the reliability of utilities (water, electrical, phone, and sewer) at the Armory should be improved over those in building 54.

The proposed location will also increase the square footage for the field office. This will allow more room for individual counseling and career services. In addition, there will be space for more evaluation services that can be provided by the field office.

Position Reclassification Request

Position Number 22077322

Current Authorized: X062C Quality Assurance Coordinator - C119

Reclassification and Title Change Request: L098C Certified Vocational Rehab Counselor - C119

Position Number 2081798

Current Authorized: M032C Vocational Rehab Placement Spec - C117

Reclassification, Title, and Grade Change Request: L098C Certified Vocational Rehab Counselor - C119

Position Number 22081817

Current Authorized: S033C Maintenance Supervisor - C115

Reclassification, Title, and Grade Change Request: E043C Certified Vocational Teacher - C117

Above positions are currently occupied by non-certified counselors and/or teachers. Should the incumbents or their successors become certified, current positions would not be of sufficient grades.

- Position 22077322 consists of a title and class code change only; no grade change.
- Both 22081798 and 22081817 are class, title, and grade changes.

Position Title Change Request

Current Title - N098N HSRC Director of Physical Therapy, Requested Title - N098N ACTI Director of Physical Therapy

Current Title - L005C HSRC Medical Services Manager, Requested Title - L005C ACTI Medical Services Manager

The above title changes reflect the actual position assignments for current or successor employees.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
DEPARTMENT OF CAREER EDUCATION -
ARKANSAS REHABILITATION SERVICES
FOR THE YEAR ENDED JUNE 30, 2011

Findings

In June 2012, Agency management reported to the Division of Legislative Audit (DLA) an overpayment made to an employee who was granted leave, which included leave without pay. After exhausting all accumulated sick and annual leave, the employee should have been placed in leave without pay

Recommendations

We recommend the Agency obtain reimbursement from the employee for the overpayments totaling \$20,431. In addition, the Agency should review the controls in AASIS for the supervisory review process of timesheets.

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
DEPARTMENT OF CAREER EDUCATION -
ARKANSAS REHABILITATION SERVICES
FOR THE YEAR ENDED JUNE 30, 2011

Findings

Recommendations

status. In a review of the employee's leave records, the following deficiencies were noted:

- The employee's immediate supervisor was not always the person assigned to approve the time recorded in AASIS.
- Four leave requests totaling 90 hours were not recorded in AASIS.
- In one instance totaling eight hours, a leave request was not maintained; however, leave was recorded in AASIS.
- Leave requests were not submitted, and leave was not recorded in AASIS from November 5, 2011 through May 27, 2012.

Due to a lack of management oversight, an overpayment in salary of \$19,916 was made to the employee. In addition, payments totaling \$515 were improperly made on the employee's behalf for the employer portion of benefit premiums for the period the employee should have been in leave without pay status.

To provide vocational rehabilitation services to clients, Rehabilitation Services Administration (RSA) awarded a grant to the Agency. The Agency is required to report semi-annually to RSA all expenses incurred and amounts reimbursed. Any expense reported that has not been reimbursed is considered a receivable. Based on information reported to RSA, the Agency incorrectly recorded a receivable for the vocational rehabilitation grant of \$11,887,973.

A search for unrecorded liabilities revealed that three invoices totaling \$55,433 and 309 client service payments totaling \$196,376 were not properly recorded as accounts payable.

We recommend the Agency develop procedures to ensure accounts receivable amounts are recorded in accordance with generally accepted accounting principles.

We recommend the Agency review payments made after year-end to ensure they are properly recorded in the correct period.

Review of the Agency's fixed assets revealed the following:

We recommend the Agency review expenditures to ensure they are

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
DEPARTMENT OF CAREER EDUCATION -
ARKANSAS REHABILITATION SERVICES
FOR THE YEAR ENDED JUNE 30, 2011

Findings

Recommendations

- The Agency did not capitalize \$541,377 of expenses related to the renovation of the Arkansas Career Training Institute facility in Hot Springs.
- The Agency improperly included \$24,000 in internet hosting services as a capital expense.
- One Agency vehicle was transferred to DFA - Marketing and Redistribution (M&R) in September 2008 but was not removed from the asset listing until July 2010. Additionally, a phone system transferred in September 2007 remained on the Agency's listing.

Act 384 of 1993 established the Technology Equipment Loan Fund to provide low interest loans to individuals with disabilities to help them acquire assistive technology. The Agency promulgated rules and regulations for administration of the Assistive Technology Loan Program in 2002, but these rules and regulations were not updated to reflect changes that occurred in 2008 related to loan servicing.

Review of the individual loan files revealed the following:

- Loan documentation was not completed before loan proceeds were issued.
- Proper title on loan collateral was not secured and maintained.
- Loans in default were not properly pursued for collection.
- Original loan documents were not maintained in a central location.
- One loan file had the vendor listed as a co-borrower.

Act 1275 of 2007 established the Arkansas Rehabilitation Services Forgiveness of Student Loan Program to assist counselors employed by ARS with the repayment of student loans incurred while pursuing credentials required for employment. The Agency did not follow proper procedures for

recorded in accordance with DFA capitalization policies. Equipment sent to M&R should be removed from the Agency's asset listing timely.

We recommend the Agency update the program rules and regulations to correspond with current operating procedures. We also recommend the Agency review all loan files for completeness to ensure compliance with applicable rules and regulations. All loans should reflect an arm's length transaction, and loans in default should be pursued for timely collection in accordance with DFA guidelines.

We recommend the Agency follow proper procedures for promulgation of the rules and regulations of the Forgiveness of Student Loan Program and ensure these rules and regulations contain all contract provisions necessary for program administration. The Agency should develop procedures for the

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FOR THE YEAR ENDED JUNE 30, 2011

Findings

promulgation of program rules, and the rules adopted did not contain all the necessary provisions for proper program administration. Review of the individual loan files revealed the following:

- Four employees with loan amounts totaling \$12,000 terminated employment before completing the requirements of their contracts. The Agency has not pursued collection of these loans.
- Two loans totaling \$4,000 were issued before loan application documents were completed and approved.
- State law limits the loan amount a counselor may receive to \$2,000 per year. One counselor received a loan totaling \$4,000 in fiscal year 2010; however, the counselor did not receive a loan in fiscal year 2011. The counselor resigned in June 2011.

Additionally, the Agency has not recorded a loan receivable for those employees who did not meet their contract requirements.

Review of Agency purchases revealed the following:

- The Agency purchased office furniture from one vendor totaling \$77,891. Each of the nine purchases was over \$5,000; however, none were bid in accordance with state procurement regulations.
- Bids were not obtained for the rental of a facility for a joint staff meeting with the Department of Career Education. Of the invoice totaling \$6,144, the Agency paid \$5,038.
- The Agency has a lease agreement for its central office that requires the lessor to provide all janitorial services and supplies. The Agency purchased janitorial supplies for this location costing \$476 and \$5,435 for fiscal years 2011 and 2012, respectively.
- The Agency did not maintain an itemized bill for catering costs

Recommendations

timely pursuit and collection of amounts due as a result of overpayments or employee failure to fulfill contract obligations. The Agency should also develop procedures to ensure that loans receivable are recorded in accordance with generally accepted accounting principles.

We recommend the Agency follow purchasing procedures required by DFA.

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
DEPARTMENT OF CAREER EDUCATION -
ARKANSAS REHABILITATION SERVICES
FOR THE YEAR ENDED JUNE 30, 2011

Findings

Recommendations

totaling \$1,821 for an employee awards banquet or the invoice for a client's van conversion totaling \$27,495.

Review of 46 travel reimbursement (TR-1) forms revealed the following:

- Reimbursements on 12 TR-1s exceeded the maximum allowable amounts listed in the federal travel directory.
- One TR-1 could not be located by the Agency, and three were not properly approved by the travel supervisor.
- Six TR-1s did not have appropriate supporting documentation, and one contained reimbursement for personal expenses totaling \$40.
- The Agency did not attach a special authorization memo for reimbursement of meals without overnight travel.

State travel regulations Rule 12 requires the Agency to maintain a travel log for all state vehicles. The travel log should contain the driver's name, the vehicle's beginning and ending mileage, the number of gallons and cost of fuel purchased, and the cost and description of any repairs. Of the Agency's 59 vehicles, 23 did not have a travel log.

Eleven personnel files were reviewed to ensure compliance with policies of the Office of Personnel Management (OPM) and the Department of Career Education, of which ARS is a division. The following deficiencies were noted in the application process:

- Nine employees were not interviewed by three experienced employees.
- Six employees did not sign a Code of Ethics Annual Acknowledgement Statement.
- Five employee applications did not include proof of verification of degree and appropriate licensing.

We recommend the Agency follow state travel regulations when reimbursing employees for travel expenses.

We recommend the Agency follow all regulations regarding the maintenance and use of state vehicles.

We recommend the Agency develop procedures to ensure compliance with its and the State's policies and to improve the quality of documentation contained in personnel files.

DIVISION OF LEGISLATIVE AUDIT
 AUDIT OF :
 DEPARTMENT OF CAREER EDUCATION -
 ARKANSAS REHABILITATION SERVICES
 FOR THE YEAR ENDED JUNE 30, 2011

Findings

- Driving records were not checked for six employees.
- In three instances, the Knowledge, Skills, and Abilities rating scales were not included in the file or in the selection criteria for the advertised positions.
- In three instances, there were no hiring freeze exception requests, functional job description, job vacancy announcement, or rankings form of individuals interviewed for the job.
- In numerous instances, documentation required by OPM or the Agency was not properly maintained in personnel files.

Recommendations

State Contracts Over \$25,000 Awarded To Minority Owned Businesses Fiscal Year 2012

None

Employment Summary

	Male	Female	Total	%
White Employees	109	216	325	69 %
Black Employees	41	98	139	30 %
Other Racial Minorities	3	4	7	1 %
Total Minorities			146	31 %
Total Employees			471	100 %

Department Appropriation Summary

Historical Data

Agency Request and Executive Recommendation

Appropriation	2011-2012		2012-2013		2012-2013		2013-2014					2014-2015						
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
128 Rehab Services - Operations	54,949,942	515	57,253,835	528	58,724,450	528	57,871,543	528	60,847,261	528	60,164,161	528	57,891,684	528	59,427,402	528	59,075,502	528
1VB Increase Capabilities Access Network	41,918	0	298,690	0	298,690	0	298,690	0	298,690	0	298,690	0	298,690	0	298,690	0	298,690	0
374 Statewide Disability Telecomm	343,922	2	466,466	2	519,524	2	469,672	2	469,672	2	469,672	2	469,672	2	469,672	2	469,672	2
743 People w/Disabilities	28,000	0	45,000	0	45,000	0	45,000	0	45,000	0	45,000	0	45,000	0	45,000	0	45,000	0
902 Tech Equipment - Treasury	356,662	0	1,580,000	0	1,580,000	0	1,580,000	0	1,580,000	0	1,580,000	0	1,580,000	0	1,580,000	0	1,580,000	0
903 Rehab Services - Treasury Pay	5,134	0	863,400	0	863,400	0	863,400	0	863,400	0	863,400	0	863,400	0	863,400	0	863,400	0
Total	55,725,578	517	60,507,391	530	62,031,064	530	61,128,305	530	64,104,023	530	63,420,923	530	61,148,446	530	62,684,164	530	62,332,264	530

Funding Sources		%		%		%		%		%		%		%		%	
Fund Balance	4000005	1,466,107	2.6	688,222	1.1	4,340,316	6.3	4,340,316	6.1	4,340,316	6.1	7,633,058	10.6	7,633,058	10.4	7,437,058	10.2
General Revenue	4000010	13,145,839	23.3	12,953,772	20.0	13,310,455	19.4	13,994,870	19.5	13,115,770	18.5	13,315,087	18.5	13,668,302	18.6	13,165,402	18.1
Federal Revenue	4000020	39,311,508	69.7	47,333,830	73.0	47,333,830	68.8	49,625,133	69.2	49,625,133	70.0	47,333,830	65.7	48,516,333	65.9	48,516,333	66.6
Special Revenue	4000030	288,423	0.5	466,431	0.7	514,672	0.7	514,672	0.7	514,672	0.7	514,672	0.7	514,672	0.7	514,672	0.7
Cash Fund	4000045	438,439	0.8	1,780,000	2.7	1,780,000	2.6	1,780,000	2.5	1,780,000	2.5	1,780,000	2.5	1,780,000	2.4	1,780,000	2.4
Merit Adjustment Fund	4000055	0	0.0	143,362	0.2	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Federal Funds-ARRA	4000244	1,060,107	1.9	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Interest	4000300	259	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Inter-agency Fund Transfer	4000316	41,918	0.1	882,090	1.4	882,090	1.3	882,090	1.2	882,090	1.2	882,090	1.2	882,090	1.2	882,090	1.2
M & R Sales	4000340	4,169	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Program Income	4000385	657,031	1.2	600,000	0.9	600,000	0.9	600,000	0.8	600,000	0.8	600,000	0.8	600,000	0.8	600,000	0.8
Total Funds		56,413,800	100.0	64,847,707	100.0	68,761,363	100.0	71,737,081	100.0	70,857,981	100.0	72,058,737	100.0	73,594,455	100.0	72,895,555	100.0
Excess Appropriation/(Funding)		(688,222)		(4,340,316)		(7,633,058)		(7,633,058)		(7,437,058)		(10,910,291)		(10,910,291)		(10,563,291)	
Grand Total		55,725,578		60,507,391		61,128,305		64,104,023		63,420,923		61,148,446		62,684,164		62,332,264	

Agency Position Usage Report

FY2010 - 2011						FY2011 - 2012						FY2012 - 2013					
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	
530	493	37	530	0	6.98 %	530	481	49	530	0	9.25 %	530	473	57	530	0	10.75 %

Analysis of Budget Request

Appropriation: 128 - Rehab Services - Operations

Funding Sources: PER - Educational Rehabilitation Pay - Admin

The Office of Rehabilitation Services (ARS) carries out its responsibilities through a field program that reaches all 75 counties from 19 field offices across the state. They also operate the Hot Springs Rehabilitation Center (HSRC), a comprehensive, state-owned rehabilitation facility - one of only nine in the country and the only one in the country west of the Mississippi River. The center is comprised of a medical unit providing traumatic care and comprehensive physical and occupational therapy. ARS also includes the Arkansas Career Training Institute (ACTI), which provides vocational training and support in a number of training programs. Funding for this appropriation is a combination of general revenue, federal funding, and program income. Federal funds account for 75% of the total funding.

Base Level Regular Salaries and Personal Services Matching includes Career Service payments for eligible employees. Personal Services Matching also includes a \$20 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$410 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases.

The Agency Change Level requests for Appropriation totaling \$2,975,718 in FY14 and \$1,535,718 in FY15 and General Revenue funding totaling \$684,415 in FY14 and \$353,215 in FY15 includes the following:

- An increase in Regular Salaries and Personal Service Matching of \$5,718 in FY14 and FY15, which includes General Revenue increase request of \$1,315 for both fiscal years. This increase is requested for the reclassification of five positions from non-certified counselor positions to certified counselor positions.
- An increase in Operating Expenses line item of \$2,970,000 in FY14 and \$1,530,000 in FY15, which includes General Revenue increase request of \$683,100 in FY14 and \$351,900. This increase request is for repair and maintenance of Arkansas Career Technical Institute (ACTI) water system. Also, the ACTI has acquired a structure that needs repair and maintenance before it could be used for potential clients.

The Executive Recommendation provides for the Agency Request with the exception of \$683,100 in FY14 and \$351,900 in FY15 in appropriation and general revenue funding for the ACTI water system repair and ACTI structure repair and maintenance, which is to be funded with the General Improvement Fund.

The Executive Recommendation also provides for a reallocation of general revenue from Career Education Rehabilitation Services to Career Education of \$196,000 in FY14 and \$151,000 in FY15.

Appropriation Summary

Appropriation: 128 - Rehab Services - Operations
Funding Sources: PER - Educational Rehabilitation Pay - Admin

Historical Data

Agency Request and Executive Recommendation

Commitment Item		2011-2012	2012-2013	2012-2013	2013-2014			2014-2015		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	19,299,164	19,589,394	20,813,276	19,864,826	19,869,145	19,869,145	19,880,026	19,884,345	19,884,345
#Positions		515	528	528	528	528	528	528	528	528
Extra Help	5010001	209,058	172,000	172,000	172,000	172,000	172,000	172,000	172,000	172,000
#Extra Help		19	19	19	19	19	19	19	19	19
Personal Services Matching	5010003	6,637,137	6,791,633	7,038,366	7,383,909	7,385,308	7,385,308	7,388,850	7,390,249	7,390,249
Extra Salaries	5010008	0	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000
Operating Expenses	5020002	6,584,781	7,513,280	7,513,280	7,513,280	10,483,280	9,800,180	7,513,280	9,043,280	8,691,380
Conference & Travel Expenses	5050009	154,666	155,506	155,506	155,506	155,506	155,506	155,506	155,506	155,506
Professional Fees	5060010	465,185	882,029	882,029	882,029	882,029	882,029	882,029	882,029	882,029
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Grants and Aid	5100004	949,886	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000
Capital Outlay	5120011	194,436	250,000	250,000	0	0	0	0	0	0
Contract Services	5900043	18,686,881	18,941,993	18,941,993	18,941,993	18,941,993	18,941,993	18,941,993	18,941,993	18,941,993
Data Processing Services	5900044	0	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
AR Kidney Disease Comm	5900046	777,121	950,000	950,000	950,000	950,000	950,000	950,000	950,000	950,000
ARRA of 2009	5900052	991,627	0	0	0	0	0	0	0	0
Total		54,949,942	57,253,835	58,724,450	57,871,543	60,847,261	60,164,161	57,891,684	59,427,402	59,075,502

Funding Sources										
Fund Balance	4000005	1,172,183	400,895		4,098,024	4,098,024	4,098,024	7,390,766	7,390,766	7,194,766
General Revenue	4000010	13,145,839	12,953,772		13,310,455	13,994,870	13,115,770	13,315,087	13,668,302	13,165,402
Federal Revenue	4000020	39,311,508	47,253,830		47,253,830	49,545,133	49,545,133	47,253,830	48,436,333	48,436,333
Merit Adjustment Fund	4000055	0	143,362		0	0	0	0	0	0
Federal Funds-ARRA	4000244	1,060,107	0		0	0	0	0	0	0
M & R Sales	4000340	4,169	0		0	0	0	0	0	0
Program Income	4000385	657,031	600,000		600,000	600,000	600,000	600,000	600,000	600,000
Total Funding		55,350,837	61,351,859		65,262,309	68,238,027	67,358,927	68,559,683	70,095,401	69,396,501
Excess Appropriation/(Funding)		(400,895)	(4,098,024)		(7,390,766)	(7,390,766)	(7,194,766)	(10,667,999)	(10,667,999)	(10,320,999)
Grand Total		54,949,942	57,253,835		57,871,543	60,847,261	60,164,161	57,891,684	59,427,402	59,075,502

Change Level by Appropriation

Appropriation: 128 - Rehab Services - Operations
Funding Sources: PER - Educational Rehabilitation Pay - Admin

Agency Request

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	57,871,543	528	57,871,543	100.0	57,891,684	528	57,891,684	100.0
C01	Existing Program	2,970,000	0	60,841,543	105.1	1,530,000	0	59,421,684	102.6
C10	Reclass	5,718	0	60,847,261	105.1	5,718	0	59,427,402	102.7
C14	Title Change	0	0	60,847,261	105.1	0	0	59,427,402	102.7

Executive Recommendation

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	57,871,543	528	57,871,543	100.0	57,891,684	528	57,891,684	100.0
C01	Existing Program	2,286,900	0	60,158,443	104.0	1,178,100	0	59,069,784	102.0
C10	Reclass	5,718	0	60,164,161	104.0	5,718	0	59,075,502	102.0
C14	Title Change	0	0	60,164,161	104.0	0	0	59,075,502	102.0

Justification

C01	Proposed Funding Request: \$2.97 Million for FY 14 and \$1.53 Million for FY 15. The state's match would contribute 23% of these two amounts FY 14 \$683,100 and FY 15 \$351,900. Water System at ACTI is antiquated and needs repair and maintenance. Many of the primary components have been in service for over 70 years. The water system is prone to breakage and leakage. Problems with this system have also been cited by the Hot Springs Fire Marshall and the State Risk Assessor as major fire safety issues for the ACTI Campus. Subsequently, MPE Consulting Engineers completed a study of the water system and made recommendations related to the water system. These improvements would bring the water system into compliance. Program Expansion Significant improvements are potentially available to ACTI through expansion to property adjacent to the ACTI campus. ARS has the opportunity to acquire federal surplus property across the street from the main entrance to ACTI at very reasonable cost. The federal surplus property was formerly used as an Army Reserve Center and can be acquired at no cost to ARS for educational purposes. This is the same basis that the entire ACTI campus was acquired from the Army in 1960. The only cost associated with the project would be any necessary renovations.
C10	Positions requested for reclassification are currently occupied by non-certified counselors and/or teachers. Should the incumbents or their successors become certified, current positions would not be of sufficient grades. -Position 22077322 consists of a title and class code change only; no grade change. -Both 22081798 and 22081817 are class, title, and grade changes.
C14	Current Title - N098N HSRC Director of Physical Therapy, Requested Title - N098N ACTI Director of Physical Therapy Current Title - L005C HSRC Medical Services Manager, Requested Title - L005C ACTI Medical Services Manager The above title changes reflect the actual position assignments for current or successor employees.

Analysis of Budget Request

Appropriation: 1VB - Increase Capabilities Access Network

Funding Sources: PER - Educational Rehabilitation Pay - Admin

Increasing Capabilities Access Network, a federally funded program of Arkansas Rehabilitation Services, is designed to make technology available and accessible for all who need it. ICAN is a funding information resource and provides information on new and existing technology free to any person regardless of age or disability.

ICAN supports several service programs under one umbrella that target different areas of need for assistive technology. These specific strategies assist individuals in locating and/or receiving assistive devices or services. ICAN maintains an equipment AT4ALL database which list hundreds of items available for loan, demonstration, or giveaway.

ICAN sponsors many training events, conferences and networking events year-round. ICAN is committed to researching all funding sources and to overcoming obstacles that prevent people from getting the technology they need. ICAN keeps up to date on the newest advances in technology and provides information to anyone requesting assistance.

The Base Level Request is \$298,690 for both fiscal years of the 2013-2015 Biennium.

The Executive Recommendation provides for Agency Request.

Appropriation Summary

Appropriation: 1VB - Increase Capabilities Access Network
Funding Sources: PER - Educational Rehabilitation Pay - Admin

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2011-2012	2012-2013	2012-2013	2013-2014			2014-2015		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses 5020002	41,918	291,500	291,500	291,500	291,500	291,500	291,500	291,500	291,500
Conference & Travel Expenses 5050009	0	7,190	7,190	7,190	7,190	7,190	7,190	7,190	7,190
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	41,918	298,690	298,690	298,690	298,690	298,690	298,690	298,690	298,690
Funding Sources									
Inter-agency Fund Transfer 4000316	41,918	298,690		298,690	298,690	298,690	298,690	298,690	298,690
Total Funding	41,918	298,690		298,690	298,690	298,690	298,690	298,690	298,690
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	41,918	298,690		298,690	298,690	298,690	298,690	298,690	298,690

Analysis of Budget Request

Appropriation: 374 - Statewide Disability Telecomm

Funding Sources: STC - Telecommunications Equipment

The Statewide Disability Telecommunications Equipment Program is authorized to provide telecommunication devices for persons who are deaf, hard of hearing, blind, or speech impaired. Funding for this appropriation is provided through the Arkansas Public Service Commission, which is authorized to increase existing local exchange carrier tariffs, surcharges or other funding mechanisms.

Base Level Regular Salaries and Personal Services Matching includes Career Service payments for eligible employees. Personal Services Matching also includes a \$20 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$410 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases.

The Base Level Request is \$469,672 for both fiscal years of the 2013-2015 Biennium.

The Executive Recommendation provides for Agency Request.

Appropriation Summary

Appropriation: 374 - Statewide Disability Telecomm
Funding Sources: STC - Telecommunications Equipment

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2013-2014			2014-2015		
		2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	104,243	97,620	137,406	98,220	98,220	98,220	98,220	98,220	98,220
#Positions		2	2	2	2	2	2	2	2	2
Personal Services Matching	5010003	28,255	30,846	44,118	33,452	33,452	33,452	33,452	33,452	33,452
Operating Expenses	5020002	23,987	54,000	54,000	54,000	54,000	54,000	54,000	54,000	54,000
Conference & Travel Expenses	5050009	3,911	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Professional Fees	5060010	1,814	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Grants and Aid	5100004	181,712	275,000	275,000	275,000	275,000	275,000	275,000	275,000	275,000
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Total		343,922	466,466	519,524	469,672	469,672	469,672	469,672	469,672	469,672
Funding Sources										
Fund Balance	4000005	122,901	48,363		3,328	3,328	3,328	3,328	3,328	3,328
Special Revenue	4000030	269,384	421,431		469,672	469,672	469,672	469,672	469,672	469,672
Total Funding		392,285	469,794		473,000	473,000	473,000	473,000	473,000	473,000
Excess Appropriation/(Funding)		(48,363)	(3,328)		(3,328)	(3,328)	(3,328)	(3,328)	(3,328)	(3,328)
Grand Total		343,922	466,466		469,672	469,672	469,672	469,672	469,672	469,672

Analysis of Budget Request

Appropriation: 743 - People w/Disabilities

Funding Sources: SPD - People with Disabilities

The Governor's Commission on People with Disabilities provides scholarships to students with disabilities. Thirty percent of parking violation fines; specifically, fines for illegally parking in handicapped parking spaces, fund this program.

The Agency Request is the Base Level of \$45,000 for each fiscal year.

The Executive Recommendation provides for Agency Request.

Appropriation Summary

Appropriation: 743 - People w/Disabilities

Funding Sources: SPD - People with Disabilities

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	2013-2014			2014-2015		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	28,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000
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		28,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000
Funding Sources										
Fund Balance	4000005	61,564	52,603		52,603	52,603	52,603	52,603	52,603	52,603
Special Revenue	4000030	19,039	45,000		45,000	45,000	45,000	45,000	45,000	45,000
Total Funding		80,603	97,603		97,603	97,603	97,603	97,603	97,603	97,603
Excess Appropriation/(Funding)		(52,603)	(52,603)		(52,603)	(52,603)	(52,603)	(52,603)	(52,603)	(52,603)
Grand Total		28,000	45,000		45,000	45,000	45,000	45,000	45,000	45,000

Analysis of Budget Request

Appropriation: 902 - Tech Equipment - Treasury

Funding Sources: NRS - Cash in Treasury

The purpose of this program is to provide loans to individuals with disabilities for essential assistive technology, adaptive equipment, and for loan administration by the Office of Rehabilitation Services. The principal amount was transferred from the original treasury loan fund. Additional funding is earned from interest on the loans.

The Base Level Request is \$1,580,000 for both fiscal years of the 2013-2015 Biennium.

The Executive Recommendation provides for Agency Request.

Appropriation Summary

Appropriation: 902 - Tech Equipment - Treasury

Funding Sources: NRS - Cash in Treasury

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2013-2014			2014-2015		
		2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Loans	5120029	356,662	1,580,000	1,580,000	1,580,000	1,580,000	1,580,000	1,580,000	1,580,000	1,580,000
Total		356,662	1,580,000	1,580,000	1,580,000	1,580,000	1,580,000	1,580,000	1,580,000	1,580,000
Funding Sources										
Fund Balance	4000005	89,250	171,027		171,027	171,027	171,027	171,027	171,027	171,027
Cash Fund	4000045	438,439	1,580,000		1,580,000	1,580,000	1,580,000	1,580,000	1,580,000	1,580,000
Total Funding		527,689	1,751,027		1,751,027	1,751,027	1,751,027	1,751,027	1,751,027	1,751,027
Excess Appropriation/(Funding)		(171,027)	(171,027)		(171,027)	(171,027)	(171,027)	(171,027)	(171,027)	(171,027)
Grand Total		356,662	1,580,000		1,580,000	1,580,000	1,580,000	1,580,000	1,580,000	1,580,000

Analysis of Budget Request

Appropriation: 903 - Rehab Services - Treasury Pay

Funding Sources: NRS - Cash in Treasury

The Rehabilitation Cash Fund receives revenues from various sources including cafeteria fees, contributions, reimbursement fees, hospital medical fees, interest income, and institutional services. These revenues are defined as program income and are governed by Vocational Rehabilitation Program regulations.

The Base Level Request is \$863,400 for both fiscal years of the 2013-2015 Biennium.

The Executive Recommendation provides for Agency Request.

Appropriation Summary

Appropriation: 903 - Rehab Services - Treasury Pay

Funding Sources: NRS - Cash in Treasury

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	2013-2014			2014-2015		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	5,134	741,400	741,400	741,400	741,400	741,400	741,400	741,400	741,400
Conference & Travel Expenses	5050009	0	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Professional Fees	5060010	0	112,000	112,000	112,000	112,000	112,000	112,000	112,000	112,000
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		5,134	863,400	863,400	863,400	863,400	863,400	863,400	863,400	863,400
Funding Sources										
Fund Balance	4000005	20,209	15,334		15,334	15,334	15,334	15,334	15,334	15,334
Federal Revenue	4000020	0	80,000		80,000	80,000	80,000	80,000	80,000	80,000
Cash Fund	4000045	0	200,000		200,000	200,000	200,000	200,000	200,000	200,000
Interest	4000300	259	0		0	0	0	0	0	0
Inter-agency Fund Transfer	4000316	0	583,400		583,400	583,400	583,400	583,400	583,400	583,400
Total Funding		20,468	878,734		878,734	878,734	878,734	878,734	878,734	878,734
Excess Appropriation/(Funding)		(15,334)	(15,334)		(15,334)	(15,334)	(15,334)	(15,334)	(15,334)	(15,334)
Grand Total		5,134	863,400		863,400	863,400	863,400	863,400	863,400	863,400

CROWLEY'S RIDGE TECHNICAL INSTITUTE

Enabling Laws

Act 163 of 2012
A.C.A. § 6-51-901 et.al.

History and Organization

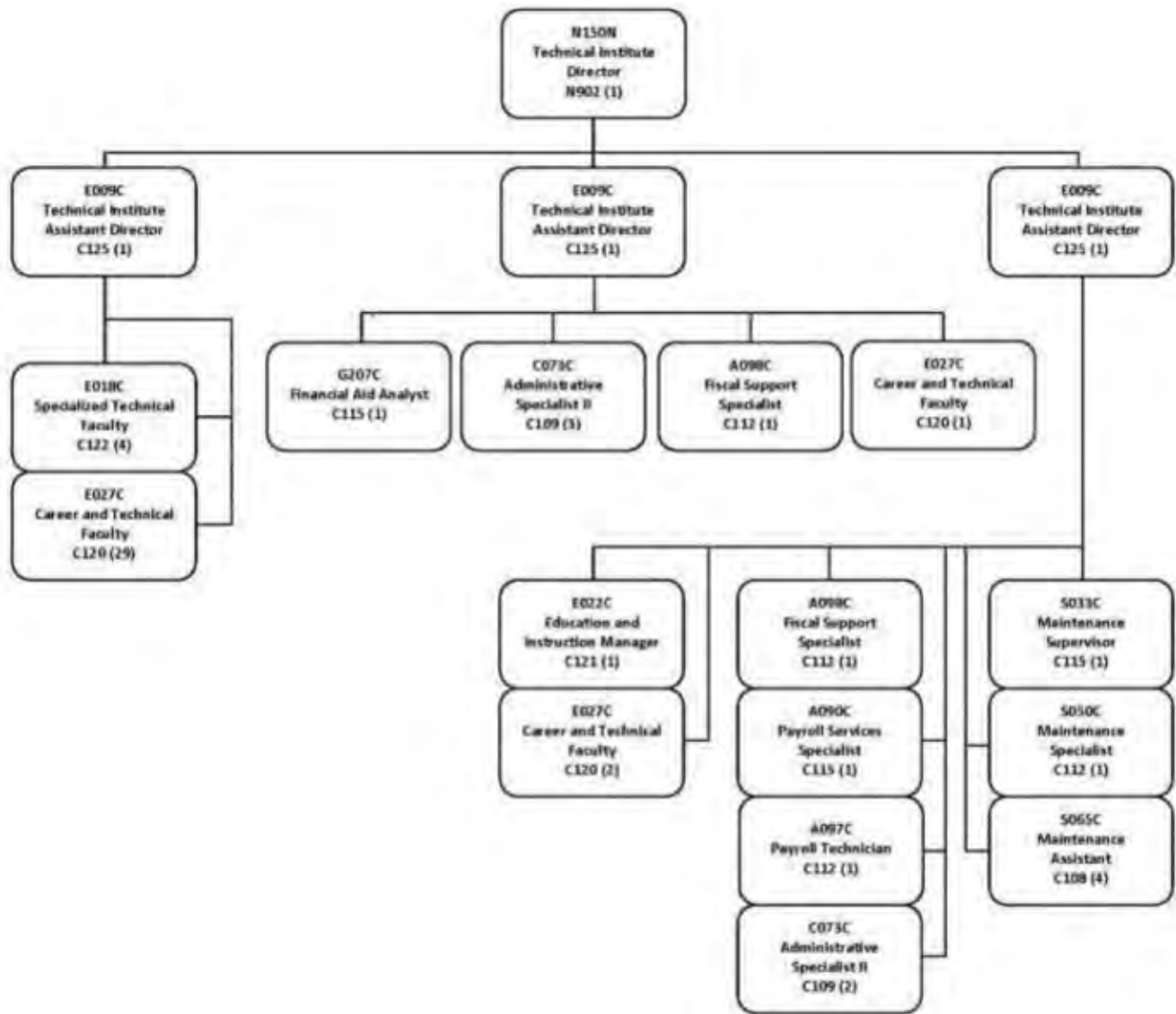
History - Act 328 of 1957 established vocational technical schools. Crowley's Ridge Vocational Technical School was approved for construction by the State Board of Vocational Education in 1966, and students were accepted in September 1967. The building site was donated by the Forrest City Chamber of Commerce. Six programs were offered the first year. The program offerings were expanded in 1971, 1972, and 1973, as a result of the expansions of the training facilities. Crowley's Ridge Vocational Technical School was approved in March 1992, by the State Board of Workforce Education to become a technical institute. At the present time, programs being offered are: Auto Body Repair, Automotive Service Technology, Basic Drafting Technology, Business Technology, Child Care Specialist, Computer Repair and Networking, Cosmetology, Industrial Equipment Technology, Practical Nursing, Major Appliance Service, Residential Construction-Carpentry, Residential Heat & Air Conditioning and Welding. There are three short-term programs: Basic Emergency Medical Technician, Certified Nursing Assistant, and Truck Driving. Each program has its own advisory committee consisting of local business and industry leaders.

Mission Statement - Our mission is to provide a competently trained, educated, and retrainable workforce to support agriculture, business, health services, industry, and government.

Role - Crowley's Ridge Technical Institute (CRTI) strives to cooperate with industries and businesses in an effort to secure and maintain programs which supplement each individual's training. Adult education classes are taught at several locations throughout the school's service delivery area. CRTI also operates an Automated Learning Laboratory which provides workplace literacy training and welfare reform. Training has been expanded by placing mobile units equipped with computers at workplace sites to provide specific training needs as requested by business and industry.

Accreditation - Crowley's Ridge Technical Institute has been approved for accreditation by the Commission of the Council on Occupational Education.

Certifications and Approvals - The Practical Nursing program is certified by the Arkansas State Board of Nursing. The Automotive Service Technology program is certified by the National Automotive Technicians Education Foundation (NATEF). The Residential Construction - Carpentry program is certified by the Associated General Contractors of America. The Cosmetology program is approved by the Arkansas State Board of Cosmetology. The Child Care Specialist program meets the requirements for the Child Development Associate credential. The



Agency Commentary

Crowley's Ridge Technical Institute requests the restoration of the authorized level for Capital Outlay in the Cash Appropriation as per Act 163 of 2012 Fiscal Session. The restoration of the capital outlay would allow for the replacement of obsolete training equipment with tuition and resale income.

The Agency requests an increase of \$50,000 for Resale in the Cash Appropriation. The increase is requested due to the anticipated increase in the cost of textbooks and supplies for the training programs.

The Agency is not making any additional requests for the State or Federal funded programs.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
ARKANSAS DEPARTMENT OF CAREER EDUCATION
FOR THE YEAR ENDED JUNE 30, 2011

Findings

Recommendations

A separate report for this Agency was not issued. However, financial activity for the Agency was included in the audit of the State's CAFR for the year ended June 30, 2011.

State Contracts Over \$25,000 Awarded To Minority Owned Businesses Fiscal Year 2012

None

Employment Summary

	Male	Female	Total	%
White Employees	17	18	35	71 %
Black Employees	7	7	14	29 %
Other Racial Minorities	0	0	0	0 %
Total Minorities			14	29 %
Total Employees			49	100 %

Cash Fund Balance Description as of June 30, 2012

Fund Account	Balance	Type	Location
1830100	\$999,553	Checking, Savings, and Investments	Forrest City BK; First Nat'l Bk of Wynne, Forrest City

Statutory/Other Restrictions on use:

A.C.A. 6-51-901 et.al. Local Board has authority to acquire, hold, and transfer real and personal property as necessary.

Statutory Provisions for Fees, Fines, Penalties:

A.C.A. 6-51-904 authorizes the agency to collect student tuition and fees.

Revenue Receipts Cycle:

Student tuition, fees, and bookstore receipts are collected all through the year

Fund Balance Utilization:

Funds are utilized to purchase books and supplies for the institute's bookstore; for construction projects; equipment purchases; and emergency purchases when general revenue is unavailable.

Publications

A.C.A. 25-1-204

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
None	N/A	N	N	0	N/A

Department Appropriation Summary

Historical Data

Agency Request and Executive Recommendation

Appropriation	2011-2012		2012-2013		2012-2013		2013-2014					2014-2015						
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
709 Crowley's Ridge - State	3,908,063	52	3,755,729	51	3,934,588	51	3,814,888	51	3,814,888	51	3,814,888	51	3,818,249	51	3,818,249	51	3,818,249	51
710 Crowley's Ridge - Federal	94,231	2	108,007	2	107,848	2	110,056	2	110,056	2	110,056	2	110,056	2	110,056	2	110,056	2
B54 Crowley's Ridge - Cash	534,019	1	1,322,759	4	1,328,778	4	979,687	4	1,329,687	4	1,329,687	4	979,687	4	1,329,687	4	1,329,687	4
NOT REQUESTED FOR THE BIENNIUM																		
C63 Cash-Constr FY12	83,062	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	4,619,375	55	5,186,495	57	5,371,214	57	4,904,631	57	5,254,631	57	5,254,631	57	4,907,992	57	5,257,992	57	5,257,992	57

Funding Sources		%		%		%		%		%		%		%		%		%
Fund Balance	4000005	915,679	16.3	999,533	18.6		194,533	4.3	194,533	4.0	194,533	4.0	0	0.0	0	0.0	0	0.0
General Revenue	4000010	2,535,428	45.1	2,498,384	46.4		2,621,376	58.5	2,621,376	54.2	2,621,376	54.2	2,623,990	61.1	2,623,990	56.5	2,623,990	56.5
Federal Revenue	4000020	94,231	1.7	108,007	2.0		110,056	2.5	110,056	2.3	110,056	2.3	110,056	2.6	110,056	2.4	110,056	2.4
Cash Fund	4000045	700,935	12.5	517,759	9.6		365,000	8.1	715,000	14.8	715,000	14.8	365,000	8.5	715,000	15.4	715,000	15.4
Merit Adjustment Fund	4000055	140,000	2.5	71,038	1.3		0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Adult Basic/General	4000065	437,335	7.8	497,363	9.2		504,542	11.3	504,542	10.4	504,542	10.4	505,289	11.8	505,289	10.9	505,289	10.9
Workforce 2000	4000740	795,300	14.2	688,944	12.8		688,970	15.4	688,970	14.3	688,970	14.3	688,970	16.0	688,970	14.8	688,970	14.8
Total Funds		5,618,908	100.0	5,381,028	100.0		4,484,477	100.0	4,834,477	100.0	4,834,477	100.0	4,293,305	100.0	4,643,305	100.0	4,643,305	100.0
Excess Appropriation/(Funding)		(999,533)		(194,533)			420,154		420,154		420,154		614,687		614,687		614,687	
Grand Total		4,619,375		5,186,495			4,904,631		5,254,631		5,254,631		4,907,992		5,257,992		5,257,992	

FY13 Budget amount in (710) Crowley's Ridge - Federal exceeds the authorized amount due to matching rate adjustments during the 2011-2013 Biennium.

Agency Position Usage Report

FY2010 - 2011						FY2011 - 2012						FY2012 - 2013					
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	
61	52	9	61	0	14.75 %	57	51	6	57	0	10.53 %	57	50	7	57	0	12.28 %

Analysis of Budget Request

Appropriation: 709 - Crowley's Ridge - State

Funding Sources: ETC - General Revenue - Crowley's Ridge Technical Institute

A major focus of Crowley's Ridge Technical Institute (CRTI) is the enhancement of capabilities to respond to the business and industry needs in Forrest City, West Memphis and surrounding areas within Arkansas. Program objectives of CRTI focus on providing a competently trained, educated, and retrainable workforce to support agriculture, business, industry, health services, etc. Funding for this appropriation is provided by General Revenue, Adult Education funds received from the Department of Workforce Education, and funds transferred from the Work Force 2000 Development Fund.

Base Level Regular Salaries and Personal Services Matching includes Career Service payments for eligible employees. Personal Services Matching also includes a \$20 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$410 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases.

CRTI requests Base Level for each year of the 2013-2015 Biennium.

The Executive Recommendation provides for Agency Request.

Appropriation Summary

Appropriation: 709 - Crowley's Ridge - State

Funding Sources: ETC - General Revenue - Crowley's Ridge Technical Institute

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	2013-2014			2014-2015		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	2,251,493	2,118,031	2,249,522	2,121,131	2,121,131	2,121,131	2,123,831	2,123,831	2,123,831
#Positions		52	51	51	51	51	51	51	51	51
Extra Help	5010001	147,624	216,379	226,379	216,379	216,379	216,379	216,379	216,379	216,379
#Extra Help		17	29	29	29	29	29	29	29	29
Personal Services Matching	5010003	760,723	731,996	739,792	788,055	788,055	788,055	788,716	788,716	788,716
Operating Expenses	5020002	748,223	684,323	713,895	684,323	684,323	684,323	684,323	684,323	684,323
Conference & Travel Expenses	5050009	0	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
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		3,908,063	3,755,729	3,934,588	3,814,888	3,814,888	3,814,888	3,818,249	3,818,249	3,818,249
Funding Sources										
General Revenue	4000010	2,535,428	2,498,384		2,621,376	2,621,376	2,621,376	2,623,990	2,623,990	2,623,990
Merit Adjustment Fund	4000055	140,000	71,038		0	0	0	0	0	0
Adult Basic/General	4000065	437,335	497,363		504,542	504,542	504,542	505,289	505,289	505,289
Workforce 2000	4000740	795,300	688,944		688,970	688,970	688,970	688,970	688,970	688,970
Total Funding		3,908,063	3,755,729		3,814,888	3,814,888	3,814,888	3,818,249	3,818,249	3,818,249
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		3,908,063	3,755,729		3,814,888	3,814,888	3,814,888	3,818,249	3,818,249	3,818,249

Analysis of Budget Request

Appropriation: 710 - Crowley's Ridge - Federal

Funding Sources: FTC - Federal Operations - CRTI

This federally funded appropriation receives primary funding from the U.S. Department of Education (Carl D. Perkins Vocational and Applied Technology Education Act, P.L. 101-392) and such reimbursement programs as the Jobs Training Partnership Act. A major emphasis of this program is to provide competent training programs for business and industry.

Base Level Regular Salaries and Personal Services Matching includes Career Service payments for eligible employees. Personal Services Matching also includes a \$20 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$410 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases.

CRTI requests Base Level for each year of the 2013-2015 Biennium.

The Executive Recommendation provides for Agency Request.

Appropriation Summary

Appropriation: 710 - Crowley's Ridge - Federal

Funding Sources: FTC - Federal Operations - CRTI

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	2013-2014			2014-2015		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	70,068	77,307	77,634	77,307	77,307	77,307	77,307	77,307	77,307
#Positions		2	2	2	2	2	2	2	2	2
Personal Services Matching	5010003	24,158	26,700	26,214	28,749	28,749	28,749	28,749	28,749	28,749
Operating Expenses	5020002	5	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
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		94,231	108,007	107,848	110,056	110,056	110,056	110,056	110,056	110,056
Funding Sources										
Federal Revenue	4000020	94,231	108,007		110,056	110,056	110,056	110,056	110,056	110,056
Total Funding		94,231	108,007		110,056	110,056	110,056	110,056	110,056	110,056
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		94,231	108,007		110,056	110,056	110,056	110,056	110,056	110,056

FY13 Budget amount in Personal Services Matching exceeds the authorized amount due to matching rate adjustments during the 2011-2013 Biennium.

Analysis of Budget Request

Appropriation: B54 - Crowley's Ridge - Cash

Funding Sources: 183 - Cash Operations - CRTI

Funds for this appropriation are received from tuition, resale from the bookstore, contracted programs such as Apprenticeship and classes contracted with the federal prison. Cash funds are used to supplement the operations of the Agency.

Base Level Regular Salaries and Personal Services Matching includes Career Service payments for eligible employees. Personal Services Matching also includes a \$20 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$410 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases.

CRTI's Change Level request totals \$350,000 each year of the 2013-2015 Biennium and includes the following:

- \$50,000 in Resale due to the anticipated increase in the cost of textbooks.
- \$300,000 in Capital Outlay for the purchase of replacement equipment that is beyond repair, obsolete or too expensive to maintain.

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

Appropriation Summary

Appropriation: B54 - Crowley's Ridge - Cash

Funding Sources: 183 - Cash Operations - CRTI

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	2013-2014			2014-2015		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	35,578	191,700	199,009	153,155	153,155	153,155	153,155	153,155	153,155
#Positions		1	4	4	4	4	4	4	4	4
Extra Help	5010001	128,078	162,631	162,631	162,631	162,631	162,631	162,631	162,631	162,631
#Extra Help		24	47	47	47	47	47	47	47	47
Personal Services Matching	5010003	34,662	75,428	74,138	70,901	70,901	70,901	70,901	70,901	70,901
Operating Expenses	5020002	103,494	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000
Conference & Travel Expenses	5050009	7,380	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000
Professional Fees	5060010	500	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Resale (COGS)	5090017	178,409	210,000	210,000	210,000	260,000	260,000	210,000	260,000	260,000
Promotional Items	5090028	21,958	0	0	0	0	0	0	0	0
Capital Outlay	5120011	23,960	300,000	300,000	0	300,000	300,000	0	300,000	300,000
Debt Service	5120019	0	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Total		534,019	1,322,759	1,328,778	979,687	1,329,687	1,329,687	979,687	1,329,687	1,329,687
Funding Sources										
Fund Balance	4000005	915,679	999,533		194,533	194,533	194,533	0	0	0
Cash Fund	4000045	617,873	517,759		365,000	715,000	715,000	365,000	715,000	715,000
Total Funding		1,533,552	1,517,292		559,533	909,533	909,533	365,000	715,000	715,000
Excess Appropriation/(Funding)		(999,533)	(194,533)		420,154	420,154	420,154	614,687	614,687	614,687
Grand Total		534,019	1,322,759		979,687	1,329,687	1,329,687	979,687	1,329,687	1,329,687

FY13 Budget amount in Personal Services Matching exceeds the authorized amount due to matching rate adjustments during the 2011-2013 Biennium.

Change Level by Appropriation

Appropriation: B54 - Crowley's Ridge - Cash
Funding Sources: 183 - Cash Operations - CRTI

Agency Request

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	979,687	4	979,687	100.0	979,687	4	979,687	100.0
C01	Existing Program	350,000	0	1,329,687	135.7	350,000	0	1,329,687	135.7

Executive Recommendation

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	979,687	4	979,687	100.0	979,687	4	979,687	100.0
C01	Existing Program	350,000	0	1,329,687	135.7	350,000	0	1,329,687	135.7

Justification

C01	Agency request additional Resale appropriation due to the anticipated increase in the cost of textbooks and the restoration of Capital Outlay for the purchase of equipment.
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Appropriation Summary

Appropriation: C63 - Cash-Constr FY12

Funding Sources: 183 - Cash Operations - CRTI

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2013-2014			2014-2015		
		2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	79,102	0	0	0	0	0	0	0	0
Professional Fees	5060010	3,960	0	0	0	0	0	0	0	0
Total		83,062	0	0	0	0	0	0	0	0
Funding Sources										
Cash Fund	4000045	83,062	0		0	0	0	0	0	0
Total Funding		83,062	0		0	0	0	0	0	0
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		83,062	0		0	0	0	0	0	0

APPROPRIATION NOT REQUESTED FOR THE 2013-2015 BIENNIUM.

NORTHWEST TECHNICAL INSTITUTE

Enabling Laws

Act 160 of 2012
A.C.A. § 6-51-901 et seq.

History and Organization

History - Northwest Vocational Technical School (NTI) was established in 1975 and became Northwest Technical Institute through legislation enacted in 1991. During the 1999 legislative session, NTI was authorized its own individual budget status providing more local control and flexibility in the budget process. NTI offers training in 15 programs: Adult Education (ABE/GED), Ammonia Refrigeration Maintenance Technology, Architectural Drafting Technology, Automotive Service Technology, Business, Computer Information Systems, Diesel & Truck Technology, Electronics Technology, Industrial Maintenance Technology, Machine Tool Technology, Math & Communications, Practical Nursing, Surgical Technology, and Workforce Development.

Plant and Location - Northwest Technical Institute is located in Springdale in Washington County, on Highway 265 in the Industrial Park area. The site consists of 38.5 acres of choice land dedicated by the Springdale Industrial Commission and gifted to the State of Arkansas to be used for a vocational-technical school. The original building of 25,000 square feet was completed in 1975. Two additional expansions to the main building of 3,000 square feet and 8,147 square feet followed. Separate expansions followed including the GED building of 3,100 square feet, the Diesel building of 5,600 square feet, the Automotive/Diesel/Library building of 6,200 square feet and the Collegiate Center of 18,585 square feet. A Business & Industry Training facility and Ammonia Refrigeration Training building located on a ten-acre site dedicated to industry training are now completed and adds 9,332 sq. ft. to our instructional facilities. The buildings and contents have a total insured value of \$12,525,387 and consist of a total of 86,176 sq. ft. of floor space, including the maintenance shop, storage facilities, and mobile classrooms.

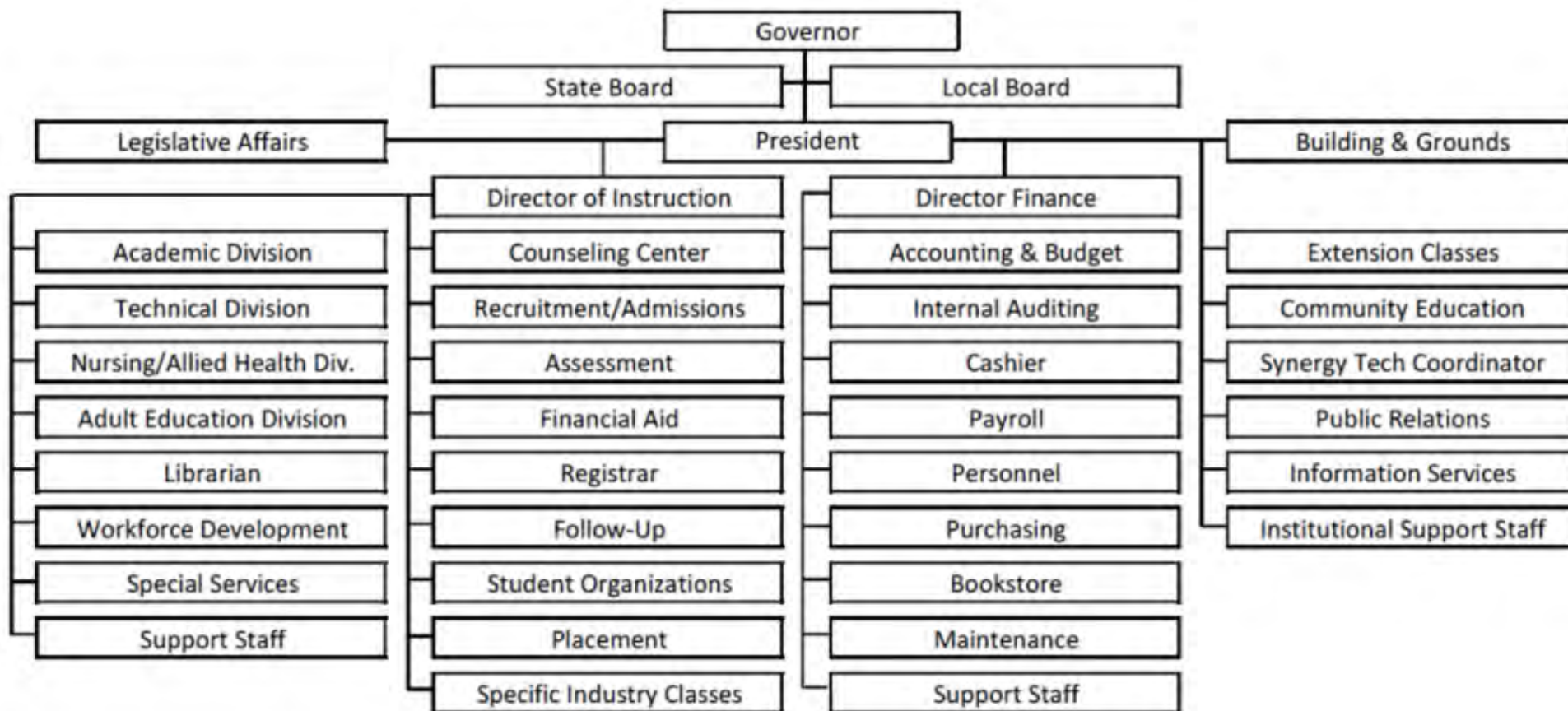
Mission Statement - "Changing lives through education, training, and skill development."

Role - Northwest Technical Institute has developed courses intended to strengthen basic, occupational, and technical skills necessary for adults to become economically self-sufficient and provide agriculture, business, health services, industry, and government with skilled employees to support their respective ventures. Most importantly, NTI exists so individuals may attain advancement or create a better life for themselves. In addition to diploma programs, training is available in Business & Industry Training (BIT) and Community Education and extension classes. NTI is united in its commitment with business and industry, secondary and postsecondary educators, and regional

employers to providing educational programs to serve the training/re-training needs of its students. NTI is a member of Synergy Tech, an organization of approximately 25 business/industry entities dedicated to developing the existing workforce by coordinating and maximizing the training assets available in Northwest Arkansas. Synergy Tech is housed in the Business & Industry Training Center on a 10 acre tract of land of the NTI campus dedicated specifically by the NTI Board of Directors for the development of business & industry training opportunities. On July 1, 2011 NTI became the fiscal agent for the Northwest Arkansas Secondary Career Center. The career center provides concurrent credit post-secondary course work to 17 area public school districts.

Administration - Dr. George Burch currently serves as President for Northwest Technical Institute. He holds a B.S. degree in Agriculture, a M.S. in General Agriculture and an Ed.D. in Agriculture Education. Mike Hamley serves as the Vice President of Finance & Operations and holds a B.S. in Accounting. Keith Peterson serves as the Vice President of Instruction and holds a B.S. and a MA in Communications Studies.

Governance - Northwest Technical Institute is a post-secondary educational institution operating under the governance of the Arkansas Department of Career Education. A five-member Board of Directors, appointed by the Governor, provide local control for the institute. In addition, an Advisory Council consisting of approximately 200 business and industry leaders from various occupational fields and levels of specialization and expertise provide curriculum oversight, needs analysis, and recommendations for modification and improvement for the fifteen different programs offered at NTI. In addition, an "All School Advisory Council" required by the school's accrediting agency brings the various program recommendations to the administration and Board of Directors for official implementation. Northwest Technical Institute is nationally accredited by the Council on Occupation Education (COE).



Agency Commentary

Cash appropriation is requested for the restoration of capital outlay to the current authorized level in the amount of \$200,000. Also, we are requesting one additional position (Secondary Recruitment Specialist) grade C113. This position is needed in order to make frequent visits to the local high schools to support both students and counselors. In addition the position will be responsible for administering the enrollment and reporting database required by the Dept. of Career Education. In addition we are requesting appropriation in the amount of \$823,320 in operations. Effective July 1, 2011 NTI became the fiscal agent for the Northwest Arkansas Career Secondary Center. As the fiscal agent, NTI passes thru tuition and the Department of Career Education center aide. We have 8 secondary center programs of which 5 are currently being billed (pass-thru) out from Northwest Arkansas Community College and the Career Academy of Hair Design.

Northwest Technical Institute is also requesting additional appropriation for the Federal Direct & Equitable program in the amount of \$187,320. This request is for Extra Help Salaries plus the appropriate matching. This is needed for part-time Career and Technical Faculty to teach additional classes in English as a Second Language (ESL), Citizenship classes and Family Literacy classes. Also, additional federal appropriation is requested for educational supplies and materials in the amount of \$14,442. These requests are based on the continuing growth of our Direct & Equitable grant that is administered by the Department of Career Education.

The administration of Northwest Technical Institute requests state appropriation for our Adult Education Program. This is an appropriation only request based on the projected increases in funding from the Department of Career Education. The Adult Education program at NTI is requesting \$182,271 in appropriation for Extra Help salaries plus the appropriate match. Part-time Career and Technical Faculty will teach additional offer additional classes in GED preparation, Adult Basic Education, Workplace Education, and computer based instruction. Also, additional appropriation only is requested for educational supplies & materials in the amount of \$15,000. These are appropriation only requests with no funding from the General Assembly.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
NORTHWEST TECHNICAL INSTITUTE
FOR THE YEAR ENDED JUNE 30, 2011

Findings

Recommendations

A separate report for this Agency was not issued. However, financial activity for the Agency was included in the audit of the State's CAFR for the year ended June 30, 2011.

State Contracts Over \$25,000 Awarded To Minority Owned Businesses Fiscal Year 2012

None

Employment Summary

	Male	Female	Total	%
White Employees	24	31	55	93 %
Black Employees	0	1	1	2 %
Other Racial Minorities	0	3	3	5 %
Total Minorities			4	7 %
Total Employees			59	100 %

Cash Fund Balance Description as of June 30, 2012

Fund Account	Balance	Type	Location
1730100	\$864,299	Checking and certificates of deposit	Arvest Bank, Legacy National Bank, and 1st Security bank all in Springdale, AR; State

Statutory/Other Restrictions on use:

A.C.A 6-51-901 et.al. Local Board has authority to acquire, hold, and transfer real and personal property as necessary.

Statutory Provisions for Fees, Fines, Penalties:

A.C.A. 6-51-904 authorizes the agency to collect student tuition and fees.

Revenue Receipts Cycle:

Student tuition, fees and bookstore receipts are collected all throughout the year.

Fund Balance Utilization:

Funds are utilized to purchase textbooks for resale; for construction projects; equipment purchases; and emergency purchases when general revenue is unavailable.

Publications

A.C.A. 25-1-204

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
N/A	N/A	N	N	0	N/A

Department Appropriation Summary

Historical Data

Agency Request and Executive Recommendation

Appropriation	2011-2012		2012-2013		2012-2013		2013-2014					2014-2015						
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
721 Northwest TI-State	4,332,281	54	4,194,105	52	4,446,548	52	4,258,087	52	4,469,412	52	4,469,412	52	4,260,312	52	4,471,637	52	4,471,637	52
722 Northwest TI-Federal	190,347	1	162,983	1	172,838	1	163,939	1	390,138	1	390,138	1	163,939	1	390,138	1	390,138	1
B60 Northwest TI-Cash	1,805,883	8	2,461,326	12	2,525,455	12	2,280,375	12	3,341,437	13	3,341,437	13	2,281,240	12	3,342,302	13	3,342,302	13
Total	6,328,511	63	6,818,414	65	7,144,841	65	6,702,401	65	8,200,987	66	8,200,987	66	6,705,491	65	8,204,077	66	8,204,077	66

Funding Sources		%		%		%		%		%		%		%		%		%
Fund Balance	4000005	732,598	10.2	864,299	11.5	683,348	9.3	683,348	7.7	683,348	7.7	683,348	9.2	683,348	7.7	683,348	7.7	
General Revenue	4000010	2,951,990	41.0	2,908,129	38.8	3,046,942	41.3	3,046,942	34.3	3,046,942	34.3	3,049,167	41.3	3,049,167	34.3	3,049,167	34.3	
Federal Revenue	4000020	190,347	2.6	162,983	2.2	163,939	2.2	390,138	4.4	390,138	4.4	163,939	2.2	390,138	4.4	390,138	4.4	
Cash Fund	4000045	1,937,584	26.9	2,280,375	30.4	2,280,375	30.9	3,341,437	37.6	3,341,437	37.6	2,280,375	30.9	3,341,437	37.6	3,341,437	37.6	
Merit Adjustment Fund	4000055	166,522	2.3	81,964	1.1	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	
Adult Basic/General	4000065	412,069	5.7	427,185	5.7	433,594	5.9	644,919	7.3	644,919	7.3	433,594	5.9	644,919	7.3	644,919	7.3	
Workforce 2000	4000740	801,700	11.1	776,827	10.4	777,551	10.5	777,551	8.8	777,551	8.8	777,551	10.5	777,551	8.7	777,551	8.7	
Total Funds		7,192,810	100.0	7,501,762	100.0	7,385,749	100.0	8,884,335	100.0	8,884,335	100.0	7,387,974	100.0	8,886,560	100.0	8,886,560	100.0	
Excess Appropriation/(Funding)		(864,299)		(683,348)		(683,348)		(683,348)		(683,348)		(682,483)		(682,483)		(682,483)		
Grand Total		6,328,511		6,818,414		6,702,401		8,200,987		8,200,987		6,705,491		8,204,077		8,204,077		

Agency Position Usage Report

FY2010 - 2011						FY2011 - 2012						FY2012 - 2013					
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	
66	59	6	65	1	10.61 %	65	59	5	64	1	9.23 %	65	60	5	65	0	7.69 %

Analysis of Budget Request

Appropriation: 721 - Northwest TI-State

Funding Sources: ETN - General Revenue - Northwest Technical Institute

Northwest Technical Institute (NTI), in partnership with the community, provides educational programs to serve the training/re-training needs of students who wish to enter a recognized occupation or improve their occupational skills and knowledge so that they may achieve stability or advancement in a technological society. NTI also responds to business and industry needs and initiatives. This appropriation is funded by general revenue, Adult Education grants received from the Department of Workforce Education and transfers from the Work Force 2000 Development Fund.

Base Level Regular Salaries and Personal Services Matching includes Career Service payments for eligible employees. Personal Services Matching also includes a \$20 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$410 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases.

NTI's Change Level request totals \$211,325 in each year of the 2013-2015 Biennium and includes the following:

- \$196,325 in Extra Help and corresponding Personal Services Matching to offer additional educational classes in General Educational Development (GED) preparation classes, Adult Basic Education, workplace education and computer based instruction.
- \$15,000 in Operating Expenses to purchase educational supplies and materials for the Adult Education program.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 721 - Northwest TI-State

Funding Sources: ETN - General Revenue - Northwest Technical Institute

Historical Data

Agency Request and Executive Recommendation

Commitment Item		2011-2012	2012-2013	2012-2013	2013-2014			2014-2015		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	2,603,428	2,429,065	2,590,132	2,430,603	2,430,603	2,430,603	2,432,403	2,432,403	2,432,403
	#Positions	54	52	52	52	52	52	52	52	52
Extra Help	5010001	69,059	250,000	250,000	250,000	432,271	432,271	250,000	432,271	432,271
	#Extra Help	8	26	26	26	26	26	26	26	26
Personal Services Matching	5010003	870,521	789,393	880,769	851,837	865,891	865,891	852,262	866,316	866,316
Operating Expenses	5020002	778,530	714,147	714,147	714,147	729,147	729,147	714,147	729,147	729,147
Conference & Travel Expenses	5050009	10,743	11,500	11,500	11,500	11,500	11,500	11,500	11,500	11,500
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		4,332,281	4,194,105	4,446,548	4,258,087	4,469,412	4,469,412	4,260,312	4,471,637	4,471,637
Funding Sources										
General Revenue	4000010	2,951,990	2,908,129		3,046,942	3,046,942	3,046,942	3,049,167	3,049,167	3,049,167
Merit Adjustment Fund	4000055	166,522	81,964		0	0	0	0	0	0
Adult Basic/General	4000065	412,069	427,185		433,594	644,919	644,919	433,594	644,919	644,919
Workforce 2000	4000740	801,700	776,827		777,551	777,551	777,551	777,551	777,551	777,551
Total Funding		4,332,281	4,194,105		4,258,087	4,469,412	4,469,412	4,260,312	4,471,637	4,471,637
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		4,332,281	4,194,105		4,258,087	4,469,412	4,469,412	4,260,312	4,471,637	4,471,637

Change Level by Appropriation

Appropriation: 721 - Northwest TI-State
Funding Sources: ETN - General Revenue - Northwest Technical Institute

Agency Request

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	4,258,087	52	4,258,087	100.0	4,260,312	52	4,260,312	100.0
C01	Existing Program	211,325	0	4,469,412	105.0	211,325	0	4,471,637	105.0

Executive Recommendation

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	4,258,087	52	4,258,087	100.0	4,260,312	52	4,260,312	100.0
C01	Existing Program	211,325	0	4,469,412	105.0	211,325	0	4,471,637	105.0

Justification

C01	State appropriation is requested for our Adult Education program. The Adult Education program is funded through the Dept. of Career Education as a state grant. Extra Help salaries for Career and Technical Faculty in the amount of \$182,271 and the appropriate match are requested for Adult Education to offer additional educational classes in GED preparation classes, Adult Basic Education, workplace education, and computer based instruction. Also, additional appropriation is requested for educational supplies & material in the amount of \$15,000 for the Adult Education program. These requests are based on the projected increase in funding from the Department of Career Education.
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Analysis of Budget Request

Appropriation: 722 - Northwest TI-Federal

Funding Sources: FTN - Federal Operations - NTI

This federal appropriation is administered by Northwest Technical Institute (NTI) and federal funds for its support are received from the Carl D. Perkins Vocational & Applied Technology Education Act (P.L. 101-392), and reimbursement programs such as the Jobs Training Partnership Act.

Base Level Regular Salaries and Personal Services Matching includes Career Service payments for eligible employees. Personal Services Matching also includes a \$20 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$410 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases.

NTI's Change Level requests total \$226,199 in each year of the 2013-2015 Biennium and include the following:

- \$201,762 in Extra Help and corresponding Personal Services Matching to offer additional classes in English as a Second Language (ESL), citizenship and family literacy.
- \$24,437 in Operating Expenses to purchase educational supplies and materials.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 722 - Northwest TI-Federal

Funding Sources: FTN - Federal Operations - NTI

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	2013-2014			2014-2015		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	36,741	36,164	41,778	36,105	36,105	36,105	36,105	36,105	36,105
#Positions		1	1	1	1	1	1	1	1	1
Extra Help	5010001	111,465	87,680	87,680	87,680	275,000	275,000	87,680	275,000	275,000
#Extra Help		15	15	15	15	15	15	15	15	15
Personal Services Matching	5010003	23,682	18,826	23,067	19,841	34,283	34,283	19,841	34,283	34,283
Operating Expenses	5020002	18,459	20,313	20,313	20,313	44,750	44,750	20,313	44,750	44,750
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		190,347	162,983	172,838	163,939	390,138	390,138	163,939	390,138	390,138
Funding Sources										
Federal Revenue	4000020	190,347	162,983		163,939	390,138	390,138	163,939	390,138	390,138
Total Funding		190,347	162,983		163,939	390,138	390,138	163,939	390,138	390,138
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		190,347	162,983		163,939	390,138	390,138	163,939	390,138	390,138

Change Level by Appropriation

Appropriation: 722 - Northwest TI-Federal
Funding Sources: FTN - Federal Operations - NTI

Agency Request

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	163,939	1	163,939	100.0	163,939	1	163,939	100.0
C01	Existing Program	226,199	0	390,138	238.0	226,199	0	390,138	238.0

Executive Recommendation

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	163,939	1	163,939	100.0	163,939	1	163,939	100.0
C01	Existing Program	226,199	0	390,138	238.0	226,199	0	390,138	238.0

Justification

C01	Federal appropriation is requested for Extra Help Salaries in the amount of \$187,320 and the appropriate matching. This is a federal grant from the Department of Career Education. This request is needed for Career and Technical Faculty part time instructors. These instructors will teach additional classes in English as a Second Language (ESL), citizenship and family literacy. Also, additional federal appropriation is requested for educational supplies & materials in the amount of \$24,437.
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Analysis of Budget Request

Appropriation: B60 - Northwest TI-Cash

Funding Sources: 173 - Cash Operations - NTI

Funding for this cash appropriation is received from tuition (\$36 to \$100 per hour), resale from the bookstore, and reimbursement programs such as Apprenticeship. These funds supplement and enhance general revenue funding.

Base Level Regular Salaries and Personal Services Matching includes Career Service payments for eligible employees. Personal Services Matching also includes a \$20 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$410 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases.

NTI's Change Level requests total \$1,061,062 in each year of the 2013-2015 Biennium and include the following:

- One (1) new position of Student Recruitment Specialist to make frequent visits to high schools to support students and counselors. This position will also be responsible for administering the enrollment and reporting database required by the Arkansas Department of Career Education.
- \$37,742 in Regular Salaries and Personal Services Matching related to the one new position referenced above.
- \$823,320 in Operating Expenses for maintenance and operations of the Northwest Arkansas Career Secondary Center.
- \$200,000 in Capital Outlay to restore the previous biennium's authorized level and to permit the purchase of equipment as necessary.

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

Appropriation Summary

Appropriation: B60 - Northwest TI-Cash

Funding Sources: 173 - Cash Operations - NTI

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	2013-2014			2014-2015		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	253,183	421,412	457,565	427,195	453,726	453,726	427,895	454,426	454,426
#Positions		8	12	12	12	13	13	12	13	13
Extra Help	5010001	452,312	556,450	556,450	556,450	556,450	556,450	556,450	556,450	556,450
#Extra Help		46	66	66	66	66	66	66	66	66
Personal Services Matching	5010003	158,058	189,964	217,940	203,230	214,441	214,441	203,395	214,606	214,606
Operating Expenses	5020002	502,442	403,500	403,500	403,500	1,226,820	1,226,820	403,500	1,226,820	1,226,820
Conference & Travel Expenses	5050009	8,627	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Professional Fees	5060010	167,690	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Resale (COGS)	5090017	185,607	325,000	325,000	325,000	325,000	325,000	325,000	325,000	325,000
Promotional Items	5090028	10,857	0	0	0	0	0	0	0	0
Capital Outlay	5120011	67,107	200,000	200,000	0	200,000	200,000	0	200,000	200,000
Total		1,805,883	2,461,326	2,525,455	2,280,375	3,341,437	3,341,437	2,281,240	3,342,302	3,342,302
Funding Sources										
Fund Balance	4000005	732,598	864,299		683,348	683,348	683,348	683,348	683,348	683,348
Cash Fund	4000045	1,937,584	2,280,375		2,280,375	3,341,437	3,341,437	2,280,375	3,341,437	3,341,437
Total Funding		2,670,182	3,144,674		2,963,723	4,024,785	4,024,785	2,963,723	4,024,785	4,024,785
Excess Appropriation/(Funding)		(864,299)	(683,348)		(683,348)	(683,348)	(683,348)	(682,483)	(682,483)	(682,483)
Grand Total		1,805,883	2,461,326		2,280,375	3,341,437	3,341,437	2,281,240	3,342,302	3,342,302

Change Level by Appropriation

Appropriation: B60 - Northwest TI-Cash
Funding Sources: 173 - Cash Operations - NTI

Agency Request

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	2,280,375	12	2,280,375	100.0	2,281,240	12	2,281,240	100.0
C01	Existing Program	200,000	0	2,480,375	108.8	200,000	0	2,481,240	108.8
C02	New Program	861,062	1	3,341,437	146.5	861,062	1	3,342,302	146.5

Executive Recommendation

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	2,280,375	12	2,280,375	100.0	2,281,240	12	2,281,240	100.0
C01	Existing Program	200,000	0	2,480,375	108.8	200,000	0	2,481,240	108.8
C02	New Program	861,062	1	3,341,437	146.5	861,062	1	3,342,302	146.5

Justification

C01	Cash appropriation is requested to restore Capital Outlay in the amount of \$200,000 to the current level authorized. Capital Outlay is needed for the procurement of instructional equipment for our various programs.
C02	Cash appropriation is requested for maintenance & operations in the amount of \$823,320. Effective July 1, 2012 NTI became the fiscal agent for the Northwest Arkansas Career Secondary Center. As the fiscal agent, NTI passes through tuition and the Department of Career Education center aide. We have 8 secondary center programs of which 5 are currently being billed out to Northwest Arkansas Community College and the Career Academy of Hair Design. Also, we are requesting one additional cash position. This position is Secondary Recruitment Specialist grade C1113. This position is needed in order to make frequent visits to high schools to support both students and counselors. In addition the position will be responsible for administering the enrollment and reporting database required by the Arkansas Department of Career Education. The position is an essential component to the administration of the Secondary Career Center.

RIVERSIDE VOCATIONAL TECHNICAL SCHOOL

Enabling Laws

Act 159 of 2012
A.C.A. §12-29-306 - §12-29-310

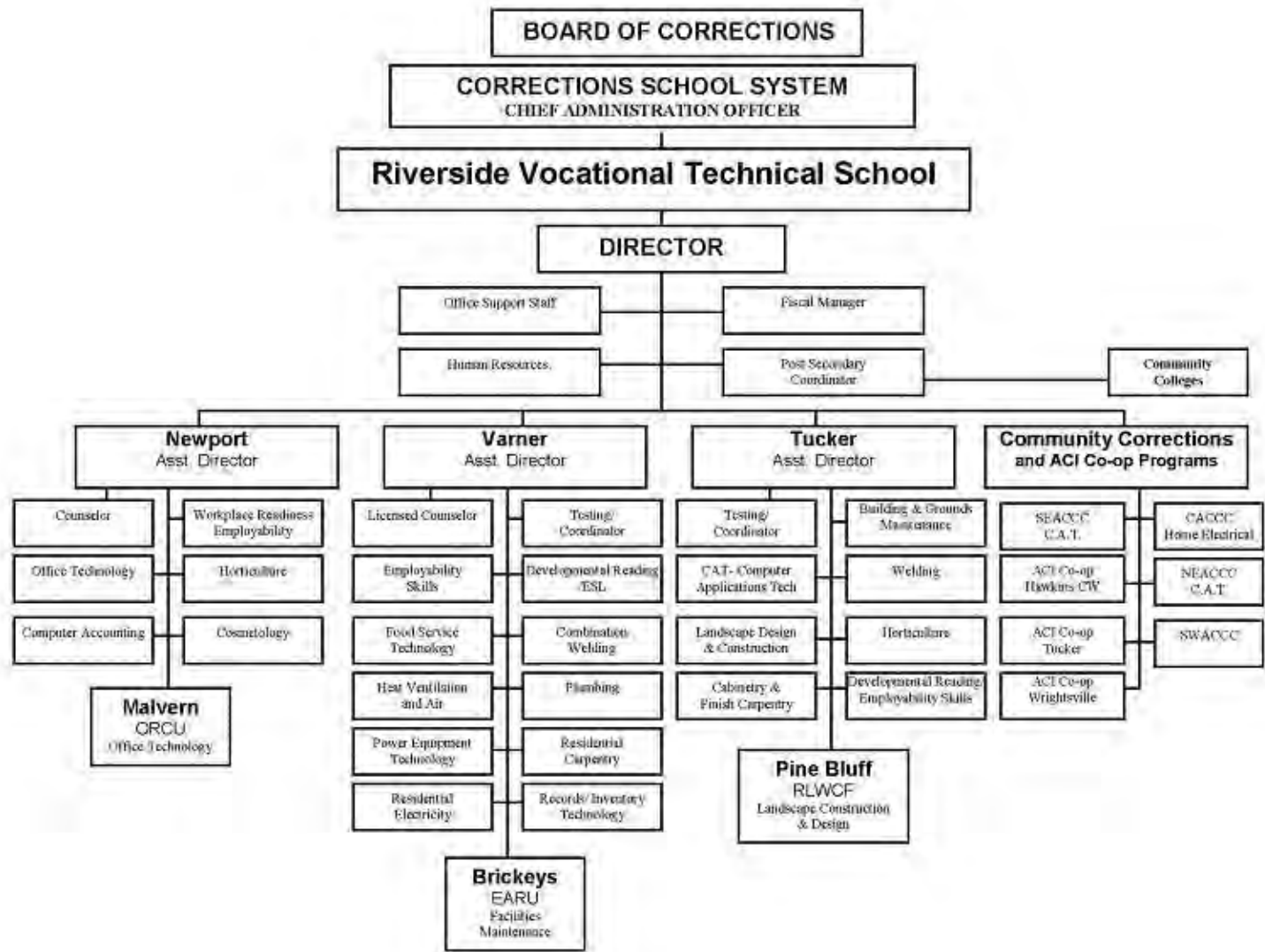
History and Organization

Vocational Education Programs began at the Tucker Unit, Arkansas Department of Correction in May, 1970 and at the Cummins Unit in August, 1970. Buildings were constructed utilizing funds from the Law Enforcement Assistance Administration. Funding for staff, equipment and supplies was provided by the Manpower Development Training Act. These funds were later supplanted by the Comprehensive Employment Training Act. The guidelines established by Congress for participation in the Job Training Partnership Act ended federal funding on October 1, 1984.

In 1985, Act 288 of the legislature (A.C.A. § 12-29-306) created Riverside Vocational Technical School effective July 1, 1985. Funding from October 1, 1984 to July 1, 1985 was provided on an interim basis by the Vocational Education Division, the Arkansas Department of Correction and the Employment Security Division.

Legislative action, Act 496 of 2005 was passed placing Riverside Vocational Technical School and the Arkansas Department of Correction School District under the same umbrella, resulting in what is now known as the Arkansas Correctional School System.

Riverside Vocational Technical School is regulated by the State Board of Career Education and is governed by the Corrections Board of Education. Riverside Vocational Technical School is responsible for all Vocational Education Programs provided within the Arkansas Department of Correction and the Department of Community Corrections.



Agency Commentary

The mission of Riverside Vocational Technical School is to provide quality vocational training to all qualified inmates incarcerated within the Arkansas Departments of Correction and Community Corrections. Successful completion of a program will allow the inmate to re-enter society with a marketable skill upon release from prison.

Studies have shown that inmates who participate in Vocational Technical programs have a lower recidivism rate than those who do not. Those who receive a G.E.D. and complete a technical program have a lower recidivism rate than those who receive only a G.E.D. or Vocational Technical certificate.

Programs at the Arkansas Department of Correction are 1440 contact hours in length and enrollment is open entry open exit to better utilize training slots. Currently, there are 8 programs offered at the Varner Unit, 5 programs at the Tucker Unit, 4 programs at the McPherson Unit for female offenders at Newport, 1 program at the Ouachita River Unit at Malvern and 1 program at the East Arkansas Regional Unit at Brickeys. Expansion of programs are anticipated at the McPherson, Ouachita and East Arkansas units during the 2014-15 biennium.

Riverside also participates in Co-Operative programs with Arkansas Correctional Industries. Currently, there are 2 Co-Op programs at the Tucker Unit and 3 Co-Op programs at the Wrightsville Unit. Related study programs are available at Tucker and Varner. Short term or part-time programs are available at the Department of Community Corrections facilities. There is 1 short term program available at the Little Rock facility, 1 program at the Pine Bluff facility for women and 1 program at the Osceola facility.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
RIVERSIDE VOCATIONAL TECHNICAL SCHOOL
FOR THE YEAR ENDED JUNE 30, 2011

Findings

Recommendations

A separate report for this Agency was not issued. However, financial activity for the Agency was included in the audit of the State's CAFR for the year ended June 30, 2011.

State Contracts Over \$25,000 Awarded To Minority Owned Businesses Fiscal Year 2012

None

Employment Summary

	Male	Female	Total	%
White Employees	16	12	28	78 %
Black Employees	5	3	8	22 %
Other Racial Minorities	0	0	0	0 %
	Total Minorities		8	22 %
	Total Employees		36	100 %

Publications

A.C.A. 25-1-204

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
N/A	N/A	N	N	0	N/A

Department Appropriation Summary

Historical Data

Agency Request and Executive Recommendation

Appropriation	2011-2012		2012-2013		2012-2013		2013-2014						2014-2015					
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
732 Riverside VT-State Operations	2,011,396	35	2,152,742	35	2,278,757	35	2,202,176	35	2,202,176	35	2,202,176	35	2,203,537	35	2,203,537	35	2,203,537	35
750 Plumbing Apprenticeship Program	77,773	1	74,165	1	76,647	1	75,581	1	75,581	1	75,581	1	75,581	1	75,581	1	75,581	1
NOT REQUESTED FOR THE BIENNIUM																		
4GY Workplace Training	148,966	0	265,000	0	265,000	0	265,000	0	0	0	0	0	265,000	0	0	0	0	0
Total	2,238,135	36	2,491,907	36	2,620,404	36	2,542,757	36	2,277,757	36	2,277,757	36	2,544,118	36	2,279,118	36	2,279,118	36

Funding Sources		%		%		%		%		%		%		%		%	
General Revenue	4000010	2,089,169	93.3	2,226,907	89.4	2,277,757	100.0	2,277,757	100.0	2,277,757	100.0	2,279,118	100.0	2,279,118	100.0	2,279,118	100.0
Federal Revenue	4000020	148,966	6.7	265,000	10.6	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Total Funds		2,238,135	100.0	2,491,907	100.0	2,277,757	100.0	2,277,757	100.0	2,277,757	100.0	2,279,118	100.0	2,279,118	100.0	2,279,118	100.0
Excess Appropriation/(Funding)		0		0		265,000		0		0		265,000		0		0	
Grand Total		2,238,135		2,491,907		2,542,757		2,277,757		2,277,757		2,544,118		2,279,118		2,279,118	

4GY - Workplace Training appropriation NOT REQUESTED FOR 2013-2015 BIENNIUM.

Agency Position Usage Report

FY2010 - 2011						FY2011 - 2012						FY2012 - 2013					
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	
38	34	4	38	0	10.53 %	36	35	1	36	0	2.78 %	36	34	2	36	0	5.56 %

Analysis of Budget Request

Appropriation: 732 - Riverside VT-State Operations

Funding Sources: ETR - General Revenue - Riverside Voc-Tech School

Riverside Vocational Technical School operates five (5) campuses within the Department of Community Correction. These are the Varner Unit, Tucker Unit, Wrightsville Unit, Grimes Unit, and the McPherson Unit for female offenders. Short term or part-time programs are available at the Little Rock, Pine Bluff, and Osceola facilities of the Department of Community Corrections. Emphasis is placed on education and skill development which will result in lower recidivism rate and employment upon release. This appropriation is funded by general revenue.

Base Level Regular Salaries and Personal Services Matching includes Career Service payments for eligible employees. Personal Services Matching also includes a \$20 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$410 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases.

Riverside Vocational Technical School requests Base Level for each year of the 2013-2015 Biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 732 - Riverside VT-State Operations

Funding Sources: ETR - General Revenue - Riverside Voc-Tech School

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2013-2014			2014-2015		
		2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	1,411,781	1,479,521	1,562,290	1,488,053	1,488,053	1,488,053	1,489,153	1,489,153	1,489,153
#Positions		35	35	35	35	35	35	35	35	35
Personal Services Matching	5010003	453,158	484,117	520,160	525,019	525,019	525,019	525,280	525,280	525,280
Operating Expenses	5020002	142,455	183,604	190,807	183,604	183,604	183,604	183,604	183,604	183,604
Conference & Travel Expenses	5050009	4,002	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Professional Fees	5060010	0	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
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		2,011,396	2,152,742	2,278,757	2,202,176	2,202,176	2,202,176	2,203,537	2,203,537	2,203,537
Funding Sources										
General Revenue	4000010	2,011,396	2,152,742		2,202,176	2,202,176	2,202,176	2,203,537	2,203,537	2,203,537
Total Funding		2,011,396	2,152,742		2,202,176	2,202,176	2,202,176	2,203,537	2,203,537	2,203,537
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		2,011,396	2,152,742		2,202,176	2,202,176	2,202,176	2,203,537	2,203,537	2,203,537

Analysis of Budget Request

Appropriation: 750 - Plumbing Apprenticeship Program

Funding Sources: ETR - General Revenue - Riverside Voc-Tech School

The Plumbing Apprenticeship Program is administered by Riverside Vocational Technical School. Program costs consists of personal services for one (1) faculty member and provides technical training in the area of plumbing to qualified persons incarcerated in facilities of the Department of Community Correction. The goal is to provide individuals with marketable skills to re-enter the workplace upon release from prison. This appropriation is funded by general revenue.

Base Level Regular Salaries and Personal Services Matching includes Career Service payments for eligible employees. Personal Services Matching also includes a \$20 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$410 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases.

Riverside Vocational Technical School requests Base Level for each year of the 2013-2015 Biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 750 - Plumbing Apprenticeship Program

Funding Sources: ETR - General Revenue - Riverside Voc-Tech School

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2013-2014			2014-2015		
		2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	60,405	57,118	58,659	57,118	57,118	57,118	57,118	57,118	57,118
#Positions		1	1	1	1	1	1	1	1	1
Personal Services Matching	5010003	17,368	17,047	17,988	18,463	18,463	18,463	18,463	18,463	18,463
Total		77,773	74,165	76,647	75,581	75,581	75,581	75,581	75,581	75,581
Funding Sources										
General Revenue	4000010	77,773	74,165		75,581	75,581	75,581	75,581	75,581	75,581
Total Funding		77,773	74,165		75,581	75,581	75,581	75,581	75,581	75,581
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		77,773	74,165		75,581	75,581	75,581	75,581	75,581	75,581

Analysis of Budget Request

Appropriation: 4GY - Workplace Training

Funding Sources: FTR - Workplace Training - Federal - RVTS

Riverside Vocational Technical School administers a federally funded program entitled Workplace & Community Transition Training. Funding is provided through a grant from the U.S. Department of Education. The program offers vocational training to incarcerated youth offenders of the Department of Community Correction through working partnerships with applicable institutions of higher education.

Riverside Vocational Technical School requests to discontinue this appropriation for the 2013-2015 Biennium due to federal funding being eliminated.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 4GY - Workplace Training

Funding Sources: FTR - Workplace Training - Federal - RVTS

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2013-2014			2014-2015		
		2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	0	15,000	15,000	15,000	0	0	15,000	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	148,966	250,000	250,000	250,000	0	0	250,000	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Total		148,966	265,000	265,000	265,000	0	0	265,000	0	0
Funding Sources										
Federal Revenue	4000020	148,966	265,000		0	0	0	0	0	0
Total Funding		148,966	265,000		0	0	0	0	0	0
Excess Appropriation/(Funding)		0	0		265,000	0	0	265,000	0	0
Grand Total		148,966	265,000		265,000	0	0	265,000	0	0

NOT REQUESTED FOR 2013-2015 BIENNIUM.

Change Level by Appropriation

Appropriation: 4GY - Workplace Training
Funding Sources: FTR - Workplace Training - Federal - RVTS

Agency Request

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	265,000	0	265,000	100.0	265,000	0	265,000	100.0
C03	Discontinue Program	(265,000)	0	0	0.0	(265,000)	0	0	0.0

Executive Recommendation

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	265,000	0	265,000	100.0	265,000	0	265,000	100.0
C03	Discontinue Program	(265,000)	0	0	0.0	(265,000)	0	0	0.0

Justification

C03	Grant program providing funds has been cut from the Federal Budget.
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AR ECONOMIC DEVELOPMENT COMMISSION

Enabling Laws

Act 248 of 2012
A.C.A. § 15-4-205 through § 15-4-219

History and Organization

The Arkansas General Assembly established the Arkansas Industrial Development Commission (AIDC) by Act 404 of 1955, as amended, for the purpose of building the Arkansas economy. The immediate task of the Commission was to unite labor, industry, and agriculture in a coordinated effort to attract new industry to the State, to expand industry, and to develop the State's natural resources. In keeping with an evolving economy, by Act 540 of 1997, the General Assembly changed the name of the Commission to the Arkansas Economic Development Commission to demonstrate an expanded focus. By statutory authority (A.C.A. § 15-4-205 to §15-4-219), the Department of Economic Development (Agency) is the "official state agency" responsible for the programs established for the purpose of building and expanding Arkansas' economy. Since 1955, the emphasis, methods and strategies for this purpose have evolved with the changing global economy. The overall goal of partnering with business and industry to diversify and expand the State's economy, to stimulate job creation and retention, and to enhance the quality of life for current and future Arkansans remains the primary focus of the Agency. Act 1602 of 2007 renamed the agency as the Arkansas Economic Development Commission.

AGENCY MISSION STATEMENT

To lead statewide economic development, create targeted strategies which produce better paying jobs, promote communities and support the training and growth of a 21st century skilled workforce.

ORGANIZATIONAL STRUCTURE

The Agency consists of four primary divisions: Global Business, Marketing and Communications, Arkansas Energy Office, and Administration and Finance.

The Global Business Division has primary responsibility for interacting with customers, partners and interested parties external to the agency's operations. The Business Development program generates economic opportunity through strategic partnerships. It assists existing business and industry with their needs and actively recruits new business and industry development to Arkansas. The Community Development

program works with strategic partners to assist communities in developing and obtaining the necessary resources to identify and solve local development challenges. The following divisions reside within the Global Business Division:

- Business Development
- Community Development
- Business Retention and Expansion/Industry Training
- International Relations
- Film Commission
- Small and Minority Business
- Entrepreneurship & Innovation

The Administration and Finance Division has responsibility for most of the support functions that assist the Global Business Division. The Administrative and Support Program provides the ancillary services necessary for the Business Development and Community Development programs to achieve their goals and objectives as well as planning, technology programs. The following divisions reside within the Administration and Finance Division:

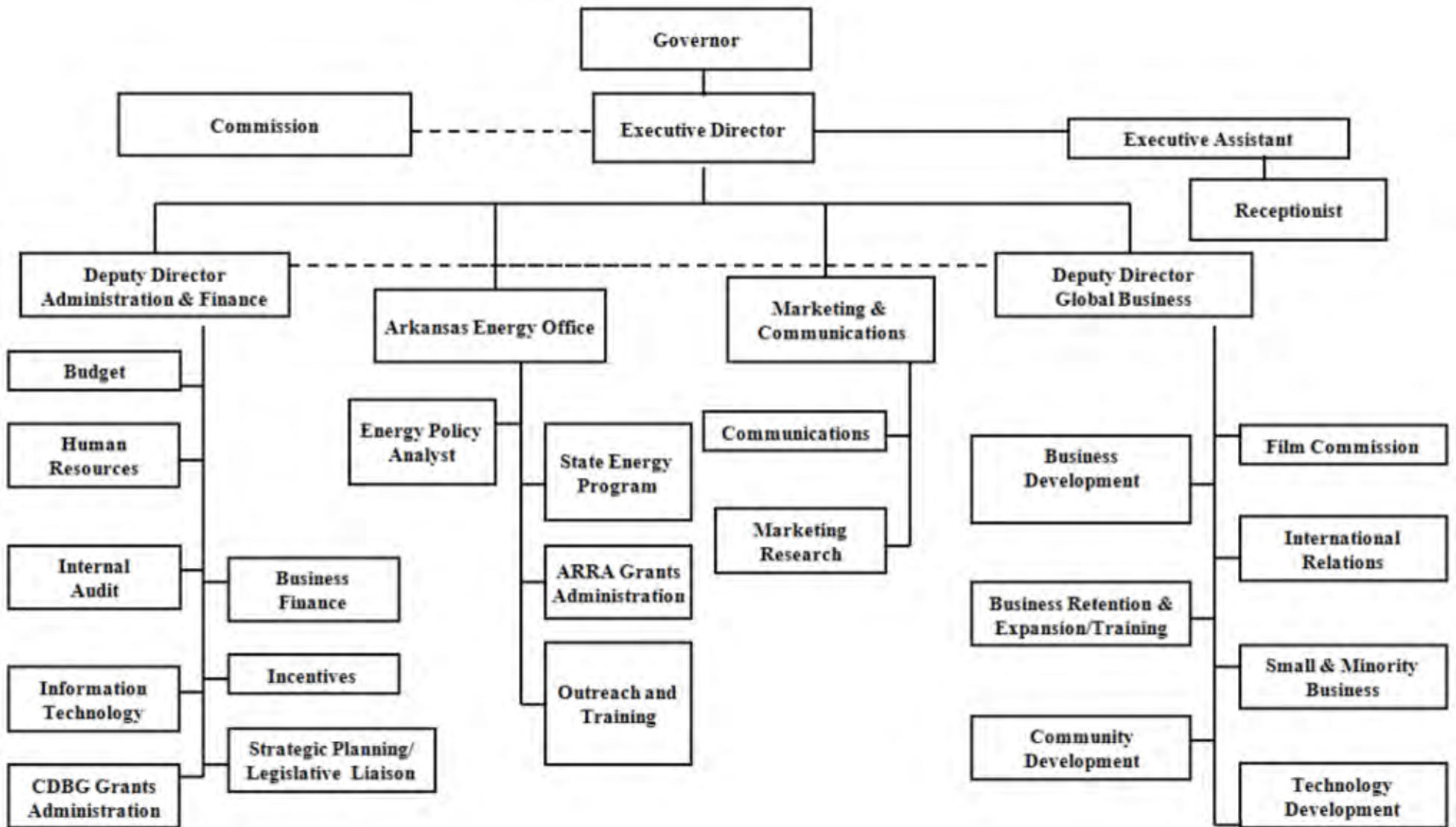
- Budget
- Human Resources
- Information Technology
- Strategic Planning/Legislative Liaison
- Business Finance
- Incentives
- Grants (CDBG)

The Marketing and Communications Division has responsibility for all formal communications emanating from the agency. This program includes market research, marketing and communication services. The following divisions reside within the Marketing and Communications Division:

- Communications
- Marketing Research
- Website Development

The Arkansas Energy Office has responsibility for the development and implementation of programs and policies aimed at making energy efficiency improvements and the deployment of renewable energy technologies. The following divisions reside within the Arkansas Energy Office:

- State Energy Plan (SEP)
- Outreach and Training
- State Buildings
- Energy Codes
- Emergency Response
- Commercial/Industrial Energy Efficiency Strategies
- Renewable Energy
- Sustainability
- Energy Efficiency Arkansas
- Residential Energy Efficiency



Agency Commentary

The Commission is requesting a continuation of the Base Level budget for all major programs which includes: General revenues of \$10,460,081 in FY 14 and \$10,463,108 in FY 15 for various program operations; Federal Grants of \$108,293,889 in FY 14 and \$108,294,742 in FY 15 for the Community Development Block Grant (CDBG) and Disaster Recovery programs funded from the Department of Housing and Urban Development (HUD) and \$753,921 each year of the biennium for the programs funded by the U.S. Department of Energy; Cash-in-Treasury of \$2,180,660 each year of the biennium to carry on the Energy Efficiency Arkansas program funded by utility assessments; Cash-in-Bank funded operations of \$441,219 each year of the biennium for various programs; Cash in Treasury of \$250,000 to carry out the Economic Development Regional Partnership Grants program; and Cash-in-Treasury of \$72,810 each year to carry out the Clean Cities program. The Federal CDBG programs noted include \$30,000,000 each year for grants to carry out the mandates of the HUD CDBG program and \$77,727,626 each year to carry out the mandates of the Flood and Storm Disaster Recovery Grants program of HUD. These are not operational funds of the Commission, but are passed through directly to the grant recipients as designated by HUD. In addition, the Base Level includes a continuation of the appropriation for the Super Projects Fund of \$200 million each year as has been authorized each biennium since the 2005-07 biennium and \$30 million each year for the Technology Acceleration Program as has also been authorized since the 2009-11 biennium.

In addition to Base Level, the Commission is requesting:

(1) **State Operations:** Business Development Division - Requesting a continuation of \$1 million unfunded appropriation for grants for economic development projects and Regional Partnership grants within the state that can benefit from immediate, short term funding that the Commission may be able to fund with savings in other program areas and/or salary savings. Also being requested are two (2) new positions, one (1) AEDC Director of Business Development Strategies at a grade N910 and one (1) AEDC Senior Project/Regional Manager at a grade C126. In addition, a request for \$185,000 each year of the biennium for Professional Fees and Services to allow the establishment of a China Office. Energy Program Management - the reclassification of the Energy Office Deputy Director, Grade N903, to an AEDC Arkansas Energy Office Director, Grade N908. Information Technology - an unfunded appropriation of \$100,000 each year for Capital Outlay to allow purchase of equipment for emergency backup systems and replacement of aging equipment on a pre-determined schedule as savings from other programs allow.

(2) **Community Assistance-Federal:** Grants Division - the reclassification of one (1) position from a Grade C125, AEDC Project/Regional Manager to a Grade C128, AEDC Director Grants Management to be funded by the HUD Federal CDBG grant program, and \$1,129,128 each year for the balance of the American Recovery and Re-investment Act grant from HUD.

(3) **State Energy Plan - Federal:** Energy Office - a change in title for the USDOE funded AEDC Director Arkansas Energy Office to AEDC Manager of Strategic Energy Development with no grade change and \$72,810 each year of the biennium for retention of the operations for

the Clean Cities program approved for FY 13. Also, request is made for \$110,000 each year of the biennium for Professional Fees and Services to allow for expenditure of the USDOE funded carry-forward balance for various energy conservation project contracts.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
ARKANSAS ECONOMIC DEVELOPMENT COMMISSION
FOR THE YEAR ENDED JUNE 30, 2011

Findings

Our testing of the receipting process revealed the Agency did not have proper segregation of duties over receipts. The lack of segregation involved accounting personnel opening mail that included cash receipts. It was also noted that receipts were not recorded in prenumbered receipt books or in a receipt log when initially received, as required by the Financial Management Guide Regulation R4-19-4-501. This lack of segregation of duties and internal control could lead to misappropriation of funds and or inaccurate recording of receipts.

Recommendations

Implement proper segregation of duties over receipts and record all funds received in prenumbered receipt books or in a receipt log when initially received.

Performance Audit Findings

*Selected Industries Receiving Economic Incentives from the Consolidated Incentive Act of 2003 – Food and Publishing Industries
Arkansas Economic Development Commission (AEDC) and
Arkansas Department of Finance and Administration (DFA)
(July 1, 2003 – December 31, 2008)*

Findings and Conclusions:

- Currently, not all incentives have expirations dates to provide for timely accounting for and analysis of incentives. This creates the potential situation where a company may, for example, delay filing a claim or a 2004 incentive until 2010.
- No exceptions were noted during the audit of the AEDC's awarding of Consolidated Incentive Act funds for food and publishing industries or DFA's monitoring of those funds.
- Related incentive programs were successful in the food and publishing industries.
- The creation of a Tier System for most programs of the Consolidated Incentive Act indicates the desire of the General Assembly to ward incentives

based on consideration of economic need. However, the majority of incentive funds were from the InvestArk statutory investment program with 61% of the total incentive funds distributed to the most prosperous counties of the State.

Recommendations:

- We recommend AEDC include time limitations for payments/rebates on future incentive awards to reduce the time between when incentive payments/rebates are earned by companies and when they are paid.
- If it is the intent of the General Assembly to direct incentive funds primarily to counties with the greatest need of economic development, it would be necessary for AEDC to reevaluate the methodology used for distributing InvestArk funds.

State Contracts Over \$25,000 Awarded To Minority Owned Businesses Fiscal Year 2012

None

Employment Summary

	Male	Female	Total	%
White Employees	35	40	75	83 %
Black Employees	4	9	13	14 %
Other Racial Minorities	0	2	2	3 %
Total Minorities			15	17 %
Total Employees			90	100 %

Cash Fund Balance Description as of June 30, 2012

Fund Account	Balance	Type	Location
1130400	\$8,742	Checking	Regions Bank, Little Rock, AR

Statutory/Other Restrictions on use:

These funds are used for marketing purposes as defined in AR Code 19-4-801.

Statutory Provisions for Fees, Fines, Penalties:

The Arkansas Economic Development Commission has the authority to set fee amounts.

Revenue Receipts Cycle:

Fees are collected and interest is earned throughout the fiscal year.

Fund Balance Utilization:

Funds are used to pay for Commission marketing expenses.

Fund Account	Balance	Type	Location
1130400	\$1,261	Checking	Regions Bank, Little Rock, AR

Statutory/Other Restrictions on use:

These funds are used to pay for administrative and legal costs associated with preparation of financial incentive plans as defined in AR Code 15-4-1901.

Statutory Provisions for Fees, Fines, Penalties:

The Arkansas Economic Development Commission is authorized to collect fees pertaining to financial incentive plans by AR Code 15-4-1901.

Revenue Receipts Cycle:

Fees are collected and interest is earned throughout the fiscal year.

Fund Balance Utilization:

Funds are used to defray the Commission's administrative and legal costs associated with the preparation of financial incentive plans.

Fund Account	Balance	Type	Location
1270600	\$101	Checking	Regions Bank, Little Rock, AR

Statutory/Other Restrictions on use:

These funds are used for operating expenses and grants as defined by AR Cocde 19-4-801.

Statutory Provisions for Fees, Fines, Penalties:

Fees are set by the U.S. Department of Energy. Interest is earned throughout the fiscal year.

Revenue Receipts Cycle:

This fund was established by multiple disbursements from the U.S. Department of Energy. Interest is earned throughout the fiscal year.

Fund Balance Utilization:

Funds are used for operating expenses and grants for qualified energy programs. CD's are purchased in various terms to allow redemption at the most effective time for payments of operating expenses and grants.

Fund Account	Balance	Type	Location
1270800	\$456,011	Checking	Regions Bank and Bank of the Ozarks, Little Rock, AR

Statutory/Other Restrictions on use:

These funds are used for operating expenses and grants as defined by AR Code 19-4-801.

Statutory Provisions for Fees, Fines, Penalties:

Fees are set by the U.S. Department of Energy. Interest is earned throughout the fiscal year.

Revenue Receipts Cycle:

This fund was established by multiple disbursements from the U.S. Department of Energy. Interest is earned throughout the fiscal year.

Fund Balance Utilization:

Funds are used for operating expenses and grants for qualified energy projects. CD's are purchased in various terms to allow redemption at the most effective time for payment of operating expenses and grants.

Fund Account	Balance	Type	Location
1271200	\$26,375	Checking	Regions Bank, Little Rock, AR

Statutory/Other Restrictions on use:

These funds are used to pay for quality management related expenses and for other industrial training expenses as defined by AR Code 19-4-801.

Statutory Provisions for Fees, Fines, Penalties:

The Arkansas Economic Development Commission has the authority to set fee amounts.

Revenue Receipts Cycle:

Fees are collected and interest is earned throughout the fiscal year.

Fund Balance Utilization:

Funds are used for quality management and other industrial related expenses.

Publications

A.C.A. 25-1-204

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
None	None	N	N	0	None

Department Appropriation Summary

Historical Data

Agency Request and Executive Recommendation

Appropriation	2011-2012		2012-2013		2012-2013		2013-2014					2014-2015						
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
1MZ Super Projects	0	0	200,000,000	0	200,000,000	0	200,000,000	0	200,000,000	0	200,000,000	0	200,000,000	0	200,000,000	0	200,000,000	0
2SK State Operations	10,006,950	77	10,435,942	80	11,712,618	80	10,460,081	80	11,928,754	82	11,745,081	80	10,463,108	80	11,931,781	82	11,748,108	80
2SQ Community Assistance-Federal	37,421,659	13	109,421,229	12	130,433,033	13	108,293,889	12	109,425,365	12	109,425,365	12	108,294,742	12	109,426,218	12	109,426,218	12
2ST State Energy Plan-Federal	18,062,630	8	4,336,903	8	51,363,701	9	753,921	7	863,921	7	863,921	7	753,921	7	863,921	7	863,921	7
55L Technology Development	0	0	30,000,000	0	30,000,000	0	30,000,000	0	30,000,000	0	30,000,000	0	30,000,000	0	30,000,000	0	30,000,000	0
56N Energy Efficiency Arkansas-Cash	590,692	1	2,180,394	1	2,307,239	1	2,180,660	1	2,180,660	1	2,180,660	1	2,180,660	1	2,180,660	1	2,180,660	1
C32 Incentive Plans-Cash	175	0	1,440	0	8,620	0	1,261	0	1,261	0	1,261	0	1,261	0	1,261	0	1,261	0
C34 Trade & International Investment-Cash	0	0	8,785	0	9,625	0	8,785	0	8,785	0	8,785	0	8,785	0	8,785	0	8,785	0
C35 Existing Business Resource Program - Cash	0	0	26,505	0	30,150	0	26,505	0	26,505	0	26,505	0	26,505	0	26,505	0	26,505	0
C36 Petroleum Violation Escrow-Cash	0	0	404,489	0	404,489	0	404,489	0	404,489	0	404,489	0	404,489	0	404,489	0	404,489	0
F11 Clean Cities	0	0	72,810	0	0	0	0	0	72,810	0	72,810	0	0	0	72,810	0	72,810	0
NOT REQUESTED FOR THE BIENNIUM																		
87A Non-Profit Grants	0	0	0	0	60,000	0	0	0	0	0	0	0	0	0	0	0	0	0
F01 Partnership Grants	0	0	250,000	0	250,000	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	66,082,106	99	357,138,497	101	426,579,475	103	352,129,591	100	354,912,550	102	354,728,877	100	352,133,471	100	354,916,430	102	354,732,757	100

Funding Sources		%		%		%		%		%		%		%		%		%
Fund Balance	4000005	1,815,420	2.7	2,156,168	0.6													
						752,393	0.2	752,393	0.2	752,393	0.2	0	0.0	0	0.0	0	0.0	0
General Revenue	4000010	10,006,950	14.7	10,435,942	2.9	10,460,081	3.0	10,828,754	3.1	10,645,081	3.0	10,463,108	3.0	10,831,781	3.1	10,648,108	3.0	10,648,108
Federal Revenue	4000020	36,766,668	53.9	139,055,363	38.9	139,047,810	39.5	139,160,158	39.4	139,160,158	39.4	139,048,663	39.5	139,161,011	39.4	139,161,011	39.4	139,161,011
Cash Fund	4000045	680,772	1.0	1,541,491	0.4	1,482,170	0.4	1,554,980	0.4	1,554,980	0.4	2,180,660	0.6	2,253,470	0.6	2,253,470	0.6	2,253,470
Bond Proceeds	4000125	0	0.0	200,000,000	55.9	200,000,000	56.9	200,000,000	56.6	200,000,000	56.6	200,000,000	56.9	200,000,000	56.6	200,000,000	56.6	200,000,000
Federal Funds-ARRA	4000244	18,717,621	27.4	4,702,769	1.3	0	0.0	1,129,128	0.3	1,129,128	0.3	0	0.0	1,129,128	0.3	1,129,128	0.3	1,129,128
Interest	4000300	843	0.0	258	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
Inter-agency Fund Transfer	4000316	0	0.0	(1,101)	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
Transfer from General Imprv	4000540	250,000	0.4	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
Total Funds		68,238,274	100.0	357,890,890	100.0	351,742,454	100.0	353,425,413	100.0	353,241,740	100.0	351,692,431	100.0	353,375,390	100.0	353,191,717	100.0	353,191,717
Excess Appropriation/(Funding)		(2,156,168)		(752,393)		387,137		1,487,137		1,487,137		441,040		1,541,040		1,541,040		1,541,040
Grand Total		66,082,106		357,138,497		352,129,591		354,912,550		354,728,877		352,133,471		354,916,430		354,732,757		354,732,757

The appropriation for the Clean Cities Program (F11) was established by a transfer from the Cash Fund Holding Account. Partnership Grants Program (F01) has ended. Remaining fund balance of \$1,101 transferred by inter-agency fund transfer to the State Treasury. Community Assistance Program-Federal (2SQ) includes a Change Level request of ARRA appropriation for \$1,129,128 in 2013-2014 and 2014-2015 due to a temporary extension of ARRA funding from the federal granting agency.

Agency Position Usage Report

FY2010 - 2011						FY2011 - 2012						FY2012 - 2013					
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			Total	Total	Filled	Unfilled			Total	Total	Filled	Unfilled	
100	111	2	113	-13	-11.00 %	114	90	12	102	12	21.05 %	103	90	12	102	1	12.62 %

Budgeted positions exceed Authorized due to positions authorized through the Miscellaneous Federal Grant process.

Analysis of Budget Request

Appropriation: 1MZ - Super Projects

Funding Sources: TSP - Department of Economic Development Super Projects Fund

The Super Projects Program was established by the 84th General Assembly to provide resources in support of industries that indicate the intention to invest in the State of Arkansas at least \$500 million and hire at least 500 employees. The Agency is requesting continuation of the current appropriated amount of \$200,000,000 each year.

The second of two proposals to amend the State Constitution referred by the 84th General Assembly to the people and approved by vote in the General Election on November 2, 2004, authorizes this program with funding from bond proceeds. This is now Amendment 82 to the current State Constitution which also authorizes up to 5% of general revenues to be applied toward amortization of bonded indebtedness.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 1MZ - Super Projects

Funding Sources: TSP - Department of Economic Development Super Projects Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2011-2012	2012-2013	2012-2013	2013-2014			2014-2015		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Super Projects 5900046	0	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000
Total	0	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000
Funding Sources									
Bond Proceeds 4000125	0	200,000,000		200,000,000	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000
Total Funding	0	200,000,000		200,000,000	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	0	200,000,000		200,000,000	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000

Analysis of Budget Request

Appropriation: 2SK - State Operations

Funding Sources: HOA - Department of Economic Development Fund

This is the primary operating appropriation for the Arkansas Economic Development Commission and is funded by general revenues. In addition to the Director's Office, there are four functional groups within the Agency that utilize this State Operations appropriation. They are: (1) Administration and Finance, (2) Global Business, (3) Marketing and Communications, and (4) Energy Office.

Base Level is \$10,460,081 for FY14 and \$10,463,108 for FY15, with 80 positions budgeted.

Base Level Regular Salaries and Personal Services Matching include Career Service payments for eligible employees. Personal Services Matching also includes a \$20 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$410 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases. The Base Level salaries of unclassified positions reflects the FY13 line item maximums.

The Agency's Change Level requests totaling \$1,468,673 in appropriation and \$368,673 each year in additional general revenue funding are as follows:

- The addition of a Director of Business Development Strategies, Grade N910, is requested to manage the Business Development Division and integrate its operations with the Research and Strategic Planning Division. Salary and matching costs are \$117,686 each year.
- The addition of an AEDC Senior Project/Regional Manager, Grade C126, is requested to serve as the primary coordinator and intermediary for the Business Development, Community Development, and Business Retention & Expansion divisions. Salary and matching costs are \$65,987 each year.
- Also requested is the reclassification of the Energy Office Deputy Director position to Energy Office Director, since the position now performs the duties of Director. No additional costs are involved in this change.
- The addition of \$185,000 each year is requested in Professional Fees & Services to maintain a China Trade Office.
- Capital Outlay of \$100,000 in unfunded appropriation each year is requested for replacement of IT hardware. The Agency plans to assign funding from any savings that may be realized in other line items to support any replacement purchases.

- Grants line item of \$1,000,000 in unfunded appropriation to provide grants to cities and counties to support public works projects or job training efforts designed to contribute to the enhancement of the State's economy. The Agency plans to assign funding from any savings that may be realized to support grants made from this account.

The Executive Recommendation provides for the Agency Request without the requested two new positions and includes additional General Revenue funding of \$185,000 each year for the China Trade Office.

Appropriation Summary

Appropriation: 2SK - State Operations

Funding Sources: HOA - Department of Economic Development Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item		2011-2012	2012-2013	2012-2013	2013-2014			2014-2015		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	4,682,815	4,687,205	4,813,135	4,689,769	4,832,313	4,689,769	4,691,969	4,834,513	4,691,969
#Positions		77	80	80	80	82	80	80	82	80
Extra Help	5010001	0	0	20,000	0	0	0	0	0	0
#Extra Help		0	0	11	0	0	0	0	0	0
Personal Services Matching	5010003	1,281,966	1,398,547	1,337,971	1,420,122	1,461,251	1,420,122	1,420,949	1,462,078	1,420,949
Operating Expenses	5020002	1,444,527	1,550,204	1,641,526	1,550,204	1,550,204	1,550,204	1,550,204	1,550,204	1,550,204
Conference & Travel Expenses	5050009	106,927	141,486	141,486	141,486	141,486	141,486	141,486	141,486	141,486
Professional Fees	5060010	1,276,950	1,280,000	1,280,000	1,280,000	1,465,000	1,465,000	1,280,000	1,465,000	1,465,000
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Grants and Aid	5100004	35,000	0	1,000,000	0	1,000,000	1,000,000	0	1,000,000	1,000,000
Capital Outlay	5120011	31,823	0	100,000	0	100,000	100,000	0	100,000	100,000
Far East Trade/Ind Recruitment	5900046	148,234	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
Industry Training Program	5900049	991,511	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
State Match for Grants	5900050	7,197	228,500	228,500	228,500	228,500	228,500	228,500	228,500	228,500
Total		10,006,950	10,435,942	11,712,618	10,460,081	11,928,754	11,745,081	10,463,108	11,931,781	11,748,108
Funding Sources										
General Revenue	4000010	10,006,950	10,435,942		10,460,081	10,828,754	10,645,081	10,463,108	10,831,781	10,648,108
Total Funding		10,006,950	10,435,942		10,460,081	10,828,754	10,645,081	10,463,108	10,831,781	10,648,108
Excess Appropriation/(Funding)		0	0		0	1,100,000	1,100,000	0	1,100,000	1,100,000
Grand Total		10,006,950	10,435,942		10,460,081	11,928,754	11,745,081	10,463,108	11,931,781	11,748,108

FY13 Budget amount in Personal Services Matching exceeds the Authorized amount due to matching rate adjustments during the 2011-2013 Biennium.

Change Level by Appropriation

Appropriation: 2SK - State Operations
Funding Sources: HOA - Department of Economic Development Fund

Agency Request

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	10,460,081	80	10,460,081	100.0	10,463,108	80	10,463,108	100.0
C01	Existing Program	368,673	2	10,828,754	103.5	368,673	2	10,831,781	103.5
C05	Unfunded Appropriation	1,100,000	0	11,928,754	114.0	1,100,000	0	11,931,781	114.0
C10	Reclass	0	0	11,928,754	114.0	0	0	11,931,781	114.0

Executive Recommendation

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	10,460,081	80	10,460,081	100.0	10,463,108	80	10,463,108	100.0
C01	Existing Program	185,000	0	10,645,081	101.8	185,000	0	10,648,108	101.8
C05	Unfunded Appropriation	1,100,000	0	11,745,081	112.3	1,100,000	0	11,748,108	112.3
C10	Reclass	0	0	11,745,081	112.3	0	0	11,748,108	112.3

Justification

C01	First, a request is made for an AEDC Director of Business Development Strategies at a grade level of N910 in order to be able to hire a person capable of creating a model for innovative sales strategies and incorporating those strategies into the internal sales unit. The position will be responsible for managing the Business Development Division as well as integrating its operations with those of the Research and Strategic Planning Division. The position will demand a person with strong skills in relationship building, "prospecting", and "closing the deal". The position will require a person with experience in leading a team as well as one having the ability to model, coach, reinforce and mentor these behavior traits in the other members of the Division. The person in this position will be responsible for proactively creating opportunities to showcase Arkansas as THE place for investment and job creation. Secondly a request is made for an AEDC Senior Project/Regional Manager at a grade level of C126. This position will serve as the primary coordinator and intermediary between the Business Development, Community Development and Business Retention and Expansion Divisions. A request is also made for \$185,000 each year for continuation of the contractual arrangement for the operation of an office in China to recruit companies to Arkansas and to secure investment in Arkansas companies by Chinese investors. The original partial contract was approved in August of 2012 and was funded with the balance of funds from the former arrangement.
C05	A request is made for a \$1 million unfunded appropriation each year of the biennium for grants for economic development projects and for regional strategic planning projects within the state that can benefit from immediate, short term funding which the Commission might provide with savings in other program areas and/or salary savings. Also requested is an unfunded appropriation of \$100,000 each year of the biennium for Capital Outlay to allow purchase of equipment for emergency backup systems and for replacement of aging equipment on a pre-determined schedule in the Information Technology Division, also from savings that might occur in other programs.
C10	A request is made for reclassification of the Energy Office Deputy director, Grade N903, to an AEDC Energy Office Director, Grade N908. This reclassification is needed due to the position of Deputy Director now being the de facto Director of the Arkansas Energy Office.

Analysis of Budget Request

Appropriation: 2SQ - Community Assistance-Federal

Funding Sources: FAK - Economic Development - Federal

This is a federally funded appropriation used to operate the Community Development Block Grant Program at the Arkansas Economic Development Commission. Funding is provided by grants from the Department of Housing and Urban Development and through repayments of previous loans.

Base Level is \$108,293,889 for FY14 and \$108,294,742 for FY15. with 12 positions budgeted.

Base Level Regular Salaries and Personal Services Matching include Career Service payments for eligible employees. Personal Services Matching also includes a \$20 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$410 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases.

The Agency's Change Level requests totaling \$1,131,476 are as follows:

- Reclassification of one position from AEDC Project/Regional Manager, Grade C125, to AEDC Director Grants Management, Grade C128. The additional salary and matching costs, \$2,348 each year, reflect the adjustment up to entry level in the higher grade requested.
- Continuation of \$1,129,128 each year in appropriation using ARRA federal funding for recovery grants associated with the Community Development Block Grant Program.

The Executive Recommendation provides for the Agency Request, with the requested reclassification title of AEDC Director Grants Management recommended as Director of Community Development & Improvement, Grade C128.

Appropriation Summary

Appropriation: 2SQ - Community Assistance-Federal
Funding Sources: FAK - Economic Development - Federal

Historical Data

Agency Request and Executive Recommendation

Commitment Item	Historical Data			2013-2014			2014-2015		
	2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	324,367	308,505	323,924	308,505	310,268	310,268	309,205	310,968	310,968
#Positions	13	12	13	12	12	12	12	12	12
Personal Services Matching 5010003	99,941	100,292	97,327	102,158	102,743	102,743	102,311	102,896	102,896
Operating Expenses 5020002	57,686	60,600	60,600	60,600	60,600	60,600	60,600	60,600	60,600
Conference & Travel Expenses 5050009	23,179	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Professional Fees 5060010	9,597	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Grants and Aid 5100004	16,735,189	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000
Capital Outlay 5120011	0	0	0	0	0	0	0	0	0
Storm Recovery Grants 5900046	15,908,594	76,422,704	90,475,898	76,422,626	76,422,626	76,422,626	76,422,626	76,422,626	76,422,626
Flood Recovery Grants 5900047	3,161,225	1,305,000	4,747,501	1,305,000	1,305,000	1,305,000	1,305,000	1,305,000	1,305,000
ARRA of 2009 5900052	1,101,881	1,129,128	4,632,783	0	1,129,128	1,129,128	0	1,129,128	1,129,128
Total	37,421,659	109,421,229	130,433,033	108,293,889	109,425,365	109,425,365	108,294,742	109,426,218	109,426,218
Funding Sources									
Federal Revenue 4000020	36,319,778	108,292,101		108,293,889	108,296,237	108,296,237	108,294,742	108,297,090	108,297,090
Federal Funds-ARRA 4000244	1,101,881	1,129,128		0	1,129,128	1,129,128	0	1,129,128	1,129,128
Total Funding	37,421,659	109,421,229		108,293,889	109,425,365	109,425,365	108,294,742	109,426,218	109,426,218
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	37,421,659	109,421,229		108,293,889	109,425,365	109,425,365	108,294,742	109,426,218	109,426,218

FY13 Budget amount in Personal Services Matching exceeds the Authorized amount due to matching rate adjustments during the 2011-2013 Biennium.

Agency Change Level request includes ARRA appropriation in the ARRA of 2009 line item due to a temporary extension of ARRA funding from the federal granting agency.

Change Level by Appropriation

Appropriation: 2SQ - Community Assistance-Federal
Funding Sources: FAK - Economic Development - Federal

Agency Request

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	108,293,889	12	108,293,889	100.0	108,294,742	12	108,294,742	100.0
C10	Reclass	2,348	0	108,296,237	100.0	2,348	0	108,297,090	100.0
C16	ARRA	1,129,128	0	109,425,365	101.0	1,129,128	0	109,426,218	101.0

Executive Recommendation

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	108,293,889	12	108,293,889	100.0	108,294,742	12	108,294,742	100.0
C10	Reclass	2,348	0	108,296,237	100.0	2,348	0	108,297,090	100.0
C16	ARRA	1,129,128	0	109,425,365	101.0	1,129,128	0	109,426,218	101.0

Justification

C10	The reclassification of one (1) AEDC Project/Regional Manager, Grade C125, to an AEDC Director Grants Management, Grade C128, due to increased workload and management responsibilities this position now has as the manager of the Community Development Block Grants program. This program has increased in fund size from \$20 - \$30 million per year to over \$100 million per year and the number of grants managed and Grants Analysts supervised has increased in concert with the fund size.
C16	This request is for continuation of the remaining balance of the American Recovery and Reinvestment Act of 2009 funding for the Community Development Block Grant program until all of the funds have been awarded and the projects have been monitored until completion. This is a grant program with no personnel costs associated as the monitoring and management of the grants is carried out by the annual Community Development Block Grant and Disaster Recovery personnel.

Analysis of Budget Request

Appropriation: 2ST - State Energy Plan-Federal

Funding Sources: FKE - Department of Energy - Federal

This is one of the major federal programs administered by the Arkansas Economic Development Commission. Federal funding for the State Energy Plan is received from the U.S. Department of Energy and is directed at projects that address the State's needs in energy conservation. This appropriation is also used to expend indirect cost obligations for all federal programs administered by the Department.

Base Level is \$753,921 each year, with 7 positions budgeted.

Base Level Regular Salaries and Personal Services Matching include Career Service payments for eligible employees. Personal Services Matching also includes a \$20 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$410 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases.

- The Commission is requesting Base Level, plus \$110,000 each year in Professional Fees to allow for expenditure of funding through various energy conservation activity contracts.
- Also requested is a title change for one position from AEDC Director Arkansas Energy Office to AEDC Manager of Strategic Energy Development, with no change in Grade and no additional costs.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 2ST - State Energy Plan-Federal

Funding Sources: FKE - Department of Energy - Federal

Historical Data

Agency Request and Executive Recommendation

Commitment Item		2011-2012	2012-2013	2012-2013	2013-2014			2014-2015		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	188,664	299,782	374,103	290,597	290,597	290,597	290,597	290,597	290,597
#Positions		8	8	9	7	7	7	7	7	7
Personal Services Matching	5010003	92,430	98,382	117,259	98,226	98,226	98,226	98,226	98,226	98,226
Operating Expenses	5020002	22,968	93,273	93,273	93,273	93,273	93,273	93,273	93,273	93,273
Conference & Travel Expenses	5050009	6,877	11,788	11,788	11,788	11,788	11,788	11,788	11,788	11,788
Professional Fees	5060010	6,431	108,085	108,085	108,085	218,085	218,085	108,085	218,085	218,085
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Grants and Aid	5100004	129,520	151,952	151,952	151,952	151,952	151,952	151,952	151,952	151,952
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
ARRA of 2009	5900052	17,615,740	3,573,641	50,507,241	0	0	0	0	0	0
Total		18,062,630	4,336,903	51,363,701	753,921	863,921	863,921	753,921	863,921	863,921

Funding Sources										
Federal Revenue	4000020	446,890	763,262		753,921	863,921	863,921	753,921	863,921	863,921
Federal Funds-ARRA	4000244	17,615,740	3,573,641		0	0	0	0	0	0
Total Funding		18,062,630	4,336,903		753,921	863,921	863,921	753,921	863,921	863,921
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		18,062,630	4,336,903		753,921	863,921	863,921	753,921	863,921	863,921

ARRA of 2009 appropriation has been removed from Base Level and is not requested for the 2013-2015 Biennium.

Change Level by Appropriation

Appropriation: 2ST - State Energy Plan-Federal
Funding Sources: FKE - Department of Energy - Federal

Agency Request

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	753,921	7	753,921	100.0	753,921	7	753,921	100.0
C01	Existing Program	110,000	0	863,921	114.6	110,000	0	863,921	114.6
C14	Title Change	0	0	863,921	114.6	0	0	863,921	114.6

Executive Recommendation

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	753,921	7	753,921	100.0	753,921	7	753,921	100.0
C01	Existing Program	110,000	0	863,921	114.6	110,000	0	863,921	114.6
C14	Title Change	0	0	863,921	114.6	0	0	863,921	114.6

Justification

C01	A request for \$110,000 each year of the biennium in Professional Fees and Services for the State Energy Plan annual program to allow for expenditure of carry forward funding through various Energy Conservation activity contracts.
C14	This request is for a title change only from the USDOE federally funded AEDC Director Arkansas Energy Office to the USDOE federally funded AEDC Manager of Strategic Energy Development due to the change in duties for this position. The grade level remains at C128.

Analysis of Budget Request

Appropriation: 55L - Technology Development

Funding Sources: MTL - Technology Acceleration Fund

The Technology Development Program was established by Act 806 of 2009 to provide a means to deliver investment incentives to attract and retain development in the State by high technology centered businesses. Any use of this program requires a proposal made by this agency, the Arkansas Science and Technology Authority, and the Arkansas Development Finance Authority, that is approved by the Governor. Funding may be received from several sources, such as gifts, bequests, grants, emergency funds, bond proceeds, service charges, or interagency transfers, but centers on the probability of federal funding from the U.S. Department of Commerce.

Base Level for this program is \$30,000,000 each year and is the Agency Request.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 55L - Technology Development

Funding Sources: MTL - Technology Acceleration Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item	Historical Data			2013-2014			2014-2015		
	2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Technology Acceleration Prgm 5900046	0	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000
Total	0	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000
Funding Sources									
Federal Revenue 4000020	0	30,000,000		30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000
Total Funding	0	30,000,000		30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	0	30,000,000		30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000

Analysis of Budget Request

Appropriation: 56N - Energy Efficiency Arkansas-Cash

Funding Sources: NDE - Energy Efficiency - Cash in Treasury

The Energy Efficiency Arkansas - Cash in Treasury appropriation was originally authorized by request from the Cash Fund Holding Account in January, 2008.

Funding for this program is received from various energy companies operating within the State for the Quick Start Statewide Energy Efficiency Program mandated by the Public Service Commission.

Base Level for this program is \$2,180,660 each year, with one position budgeted.

Base Level Regular Salaries and Personal Services Matching include Career Service payments for eligible employees. Personal Services Matching also includes a \$20 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$410 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 continuation at Base Level for the 2013-2015 Biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 56N - Energy Efficiency Arkansas-Cash
Funding Sources: NDE - Energy Efficiency - Cash in Treasury

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2013-2014			2014-2015		
		2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	45,684	43,161	44,672	43,161	43,161	43,161	43,161	43,161	43,161
#Positions		1	1	1	1	1	1	1	1	1
Personal Services Matching	5010003	14,317	14,128	13,712	14,394	14,394	14,394	14,394	14,394	14,394
Operating Expenses	5020002	29,787	43,900	43,900	43,900	43,900	43,900	43,900	43,900	43,900
Conference & Travel Expenses	5050009	98	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Professional Fees	5060010	404,026	1,977,205	2,102,955	1,977,205	1,977,205	1,977,205	1,977,205	1,977,205	1,977,205
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Grants and Aid	5100004	96,780	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Total		590,692	2,180,394	2,307,239	2,180,660	2,180,660	2,180,660	2,180,660	2,180,660	2,180,660
Funding Sources										
Fund Balance	4000005	1,375,483	1,412,835		698,490	698,490	698,490	0	0	0
Cash Fund	4000045	628,044	1,466,049		1,482,170	1,482,170	1,482,170	2,180,660	2,180,660	2,180,660
Total Funding		2,003,527	2,878,884		2,180,660	2,180,660	2,180,660	2,180,660	2,180,660	2,180,660
Excess Appropriation/(Funding)		(1,412,835)	(698,490)		0	0	0	0	0	0
Grand Total		590,692	2,180,394		2,180,660	2,180,660	2,180,660	2,180,660	2,180,660	2,180,660

FY13 Budget amount in Personal Services Matching exceeds the Authorized amount due to matching rate adjustments during the 2011-2013 Biennium.

Analysis of Budget Request

Appropriation: C32 - Incentive Plans-Cash

Funding Sources: 113 - Arkansas Industrial Development - Cash in Bank

The Department of Economic Development's cash appropriation for Incentive Plans provides resources with which to work with industries to develop financial incentive plans that will attract them to locate or expand in a particular area. The Department is authorized to collect a one-time fee of \$2,500 from businesses to offset administrative and legal expenses incurred in the preparation of these plans.

Base Level for this program is \$1,261 each year and is the Agency's request.

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

Appropriation Summary

Appropriation: C32 - Incentive Plans-Cash

Funding Sources: 113 - Arkansas Industrial Development - Cash in Bank

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2013-2014			2014-2015		
		2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Incentive Plans	5900046	175	1,440	8,620	1,261	1,261	1,261	1,261	1,261	1,261
Total		175	1,440	8,620	1,261	1,261	1,261	1,261	1,261	1,261
Funding Sources										
Fund Balance	4000005	1,090	1,261		0	0	0	0	0	0
Cash Fund	4000045	346	179		0	0	0	0	0	0
Total Funding		1,436	1,440		0	0	0	0	0	0
Excess Appropriation/(Funding)		(1,261)	0		1,261	1,261	1,261	1,261	1,261	1,261
Grand Total		175	1,440		1,261	1,261	1,261	1,261	1,261	1,261

Analysis of Budget Request

Appropriation: C34 - Trade & International Investment-Cash

Funding Sources: 113 - Arkansas Industrial Development - Cash in Bank

This cash appropriation is utilized by the Department of Economic Development to disburse funds collected from participating companies for various promotional events. This appropriation is used to pay for expenses such as booth rental and display costs that are shared on a pro-rated basis among participating companies. Base Level is \$8,785 each year. No additional appropriation is being requested for the 2013-2015 Biennium.

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

Appropriation Summary

Appropriation: C34 - Trade & International Investment-Cash
Funding Sources: 113 - Arkansas Industrial Development - Cash in Bank

Historical Data

Agency Request and Executive Recommendation

Commitment Item	Historical Data			2013-2014			2014-2015		
	2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Trade & Inter Invest Exp 5900046	0	8,785	9,625	8,785	8,785	8,785	8,785	8,785	8,785
Total	0	8,785	9,625	8,785	8,785	8,785	8,785	8,785	8,785
Funding Sources									
Fund Balance 4000005	8,738	8,742		0	0	0	0	0	0
Cash Fund 4000045	4	43		0	0	0	0	0	0
Total Funding	8,742	8,785		0	0	0	0	0	0
Excess Appropriation/(Funding)	(8,742)	0		8,785	8,785	8,785	8,785	8,785	8,785
Grand Total	0	8,785		8,785	8,785	8,785	8,785	8,785	8,785

Analysis of Budget Request

Appropriation: C35 - Existing Business Resource Program - Cash

Funding Sources: 127 - Department of Energy - Cash in Bank

This is a cash appropriation used by the Department of Economic Development to organize and conduct quality management training seminars for industry personnel. Funding for this program comes from the various participating companies and is used to cover the expenses of providing newsletters, speakers, and materials for program sessions. Base Level is \$26,505 each year. No changes are requested for the 2013-2015 Biennium.

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

Appropriation Summary

Appropriation: C35 - Existing Business Resource Program - Cash

Funding Sources: 127 - Department of Energy - Cash in Bank

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	2013-2014			2014-2015		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Existing Business 5900046	0	26,505	30,150	26,505	26,505	26,505	26,505	26,505	26,505
Total	0	26,505	30,150	26,505	26,505	26,505	26,505	26,505	26,505
Funding Sources									
Fund Balance 4000005	26,363	26,375		0	0	0	0	0	0
Cash Fund 4000045	12	130		0	0	0	0	0	0
Total Funding	26,375	26,505		0	0	0	0	0	0
Excess Appropriation/(Funding)	(26,375)	0		26,505	26,505	26,505	26,505	26,505	26,505
Grand Total	0	26,505		26,505	26,505	26,505	26,505	26,505	26,505

Analysis of Budget Request

Appropriation: C36 - Petroleum Violation Escrow-Cash

Funding Sources: 127 - Department of Energy - Cash in Bank

The Department of Economic Development's Petroleum Violation Escrow cash appropriation is used to disburse the State's share of federal court-ordered settlement dollars received from oil companies. Funding is provided by interest earned on current deposits and any future oil company refunds.

Base Level is \$404,489 each year and is the Agency Request.

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

Appropriation Summary

Appropriation: C36 - Petroleum Violation Escrow-Cash

Funding Sources: 127 - Department of Energy - Cash in Bank

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2013-2014			2014-2015		
		2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid	5100004	0	404,489	404,489	404,489	404,489	404,489	404,489	404,489	404,489
Total		0	404,489	404,489	404,489	404,489	404,489	404,489	404,489	404,489
Funding Sources										
Fund Balance	4000005	403,746	456,112		53,903	53,903	53,903	0	0	0
Cash Fund	4000045	52,366	2,280		0	0	0	0	0	0
Total Funding		456,112	458,392		53,903	53,903	53,903	0	0	0
Excess Appropriation/(Funding)		(456,112)	(53,903)		350,586	350,586	350,586	404,489	404,489	404,489
Grand Total		0	404,489		404,489	404,489	404,489	404,489	404,489	404,489

Analysis of Budget Request

Appropriation: F11 - Clean Cities

Funding Sources: NDE - Clean Cities Coalition - Cash in Treasury

The Arkansas Clean Cities Coalition Program - Cash In Treasury was established by a Cash Fund Holding Account request that was approved in June, 2012.

This program will facilitate working groups to explore issues associated with the use of alternative fuels and alternative fuel vehicles, to initiate education and training programs, to encourage vehicle manufacturers to participate in the Arkansas market, and to promote research, development, and investment in alternative fuel vehicle projects.

Funding for this program is by grants from Leonardo Technologies, a contractor that is administering the nationwide Clean Cities Program for the U.S. Department of Energy.

The Commission is requesting continuation of the program's current level of \$72,810 for each year of the 2013-2015 Biennium.

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

Appropriation Summary

Appropriation: F11 - Clean Cities

Funding Sources: NDE - Clean Cities Coalition - Cash in Treasury

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2013-2014			2014-2015		
		2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	0	12,500	0	0	12,500	12,500	0	12,500	12,500
Conference & Travel Expenses	5050009	0	5,000	0	0	5,000	5,000	0	5,000	5,000
Professional Fees	5060010	0	25,000	0	0	25,000	25,000	0	25,000	25,000
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Grants and Aid	5100004	0	30,310	0	0	30,310	30,310	0	30,310	30,310
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Total		0	72,810	0	0	72,810	72,810	0	72,810	72,810
Funding Sources										
Cash Fund	4000045	0	72,810		0	72,810	72,810	0	72,810	72,810
Total Funding		0	72,810		0	72,810	72,810	0	72,810	72,810
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		0	72,810		0	72,810	72,810	0	72,810	72,810

This appropriation was established by a transfer from the Cash Fund Holding Account.

Change Level by Appropriation

Appropriation: F11 - Clean Cities
Funding Sources: NDE - Clean Cities Coalition - Cash in Treasury

Agency Request

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	0	0	0	0.0	0	0	0	0.0
C01	Existing Program	72,810	0	72,810	100.0	72,810	0	72,810	100.0

Executive Recommendation

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	0	0	0	0.0	0	0	0	0.0
C01	Existing Program	72,810	0	72,810	100.0	72,810	0	72,810	100.0

Justification

C01	The request is to continue the Clean Cities program which began with a cash fund letter that was authorized in June, 2012. This program will be supported by Cash-in-Treasury funds allotted from the US Department of Energy through a private foundation to the State. These funds are for operations only. The Arkansas Energy Office will provide manpower, as needed.								
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Appropriation Summary

Appropriation: 87A - Non-Profit Grants

Funding Sources: HOA - Department of Economic Development Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item	Historical Data			2013-2014			2014-2015		
	2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid 5100004	0	0	60,000	0	0	0	0	0	0
Total	0	0	60,000	0	0	0	0	0	0

THIS APPROPRIATION IS NOT REQUESTED FOR THE 2013-2015 BIENNIUM.

Appropriation Summary

Appropriation: F01 - Partnership Grants

Funding Sources: NDE - Regional Partnerships - Cash in Treasury

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	2013-2014			2014-2015		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid 5100004	0	250,000	250,000	0	0	0	0	0	0
Total	0	250,000	250,000	0	0	0	0	0	0
Funding Sources									
Fund Balance 4000005	0	250,843		0	0	0	0	0	0
Interest 4000300	843	258		0	0	0	0	0	0
Inter-agency Fund Transfer 4000316	0	(1,101)		0	0	0	0	0	0
Transfer from General Imprv 4000540	250,000	0		0	0	0	0	0	0
Total Funding	250,843	250,000		0	0	0	0	0	0
Excess Appropriation/(Funding)	(250,843)	0		0	0	0	0	0	0
Grand Total	0	250,000		0	0	0	0	0	0

Program completed. Remaining fund balance transferred by inter-agency fund transfer to the State Treasury.

THIS APPROPRIATION IS NOT REQUESTED FOR THE 2013-2015 BIENNIUM.

ARKANSAS DEPARTMENT OF HEALTH

Enabling Laws

Act 264 of 2012
Act 280 of 2012
Act 4 of 2009
Act 393 of 2009
Act 384 of 2007
EO 07-05, PROCLAMATION of Governor Mike Beebe, May 2, 2007
Act 2306 of 2005
Act 2310 of 2005
Act 1954 of 2005

A.C.A 20-7-101 et seq. (Act 96 of 1913), 20-13-201 et seq., 20-15-101 et seq., 20-16-101 et seq., 20-30-101 et seq., 20-56-200 et seq., 20-57-101 et seq., 20-59-101 et seq., 20-60-101 et seq., 20-64-101 et seq., 20-76-101 et seq., 25-9-101 et seq., 27-101-102 et seq., 5-64-101 et seq., 5-65-101 et seq., 5-75-101 et seq., 5-76-101 et seq., 11-5-201 et seq., 14-236-101 et seq., 14-262-101 et seq., 17-33-101 et seq., 17-38-101 et seq., 17-92-101 et seq., 17-104-101 et seq., 17-106-101 et seq., 19-12-101 et seq., 20-8-101 et seq., 20-9-101 et seq., 20-10-801 et seq., 20-27-201 et seq., 20-27-1501 et seq., 20-28-101 et seq., 20-30-101 et seq., 23-85-137 et seq., 23-86-118 et seq., 23-99-701 et seq., and 27-23-112 et seq.

History and Organization

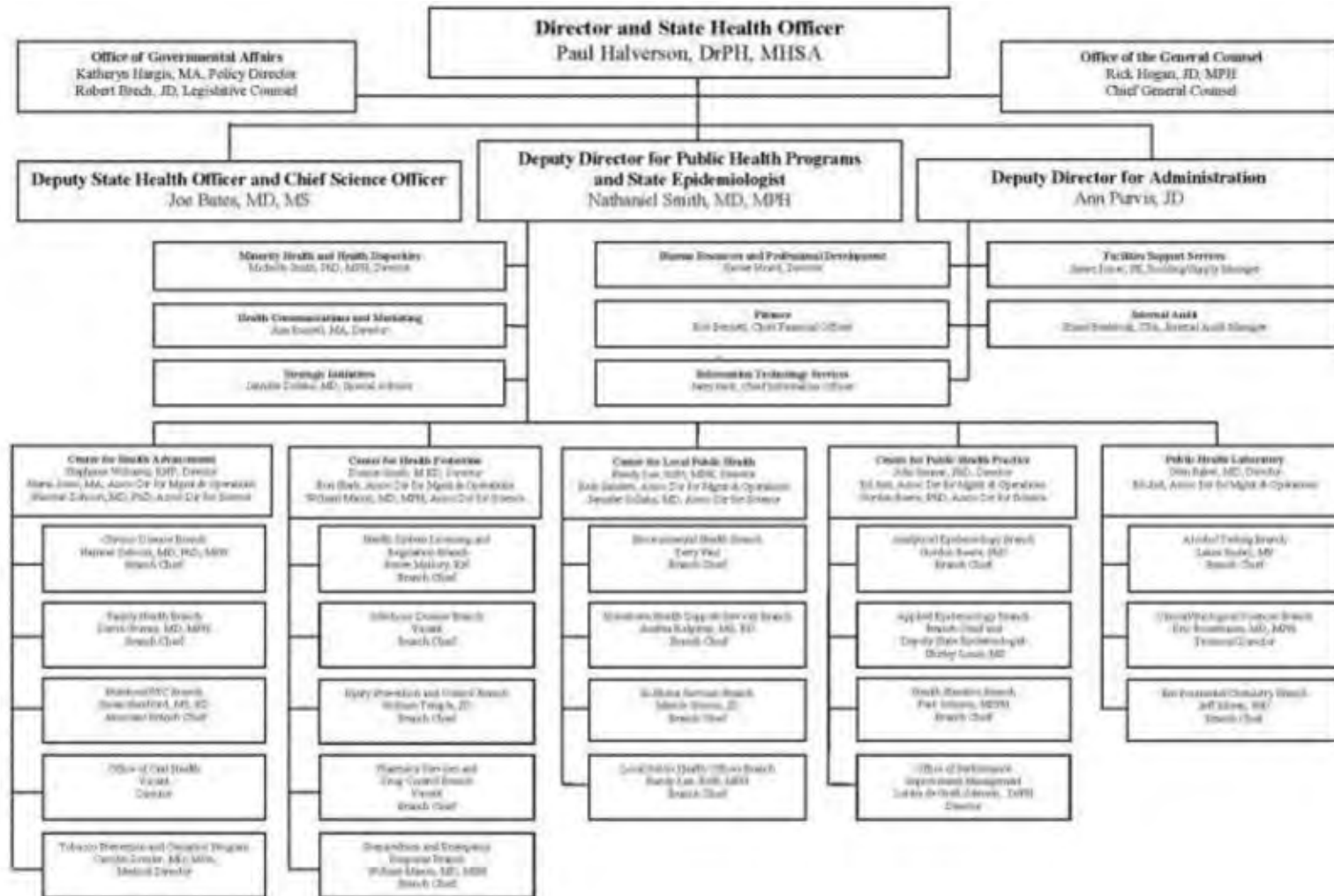
Act 38 of 1971 created the Arkansas Department of Health as a cabinet level agency. Act 1954 of 2005 merged the Arkansas Department of Health into the Department of Human Services and renamed the Agency the Department of Health and Human Services. Act 384 of 2007 gave the Governor the authority to separate the Division of Health out of the Arkansas Department of Health and Human Services and reestablish an Arkansas Department of Health [Department]. The Governor executed the final separation in Executive Order 07-05 on May 2, 2007. The Arkansas Board of Health[Board] was created in 1913, the State Board of Health serves as the rulemaking authority for the Department and policy advisory body, and has specific statutory authority in issues related to public health. The Director of the Department of Health serves at the pleasure of the Governor and acts as the Secretary of the Board and State Health Officer. With the approval of the Board, the Governor may appoint a Surgeon General who shall serve as a cabinet level advisor to the Governor.

The Arkansas Department of Health provides core public health functions for the state: policy development, assessment and assurance. The Department delivers a broad range of public health preventive and regulatory services statewide. Approximately 3,000 public health workers across Arkansas are employed by the Department to provide these services.

In addition to two central office locations, the agency has 94 Local Health Units. Local Health Units are established and maintained through joint efforts of state, county and local governments. The Department is organized into five organization units called *Centers*: Center for Health Advancement, Center for Health Protection, Center for Local Public Health, Center for Public Health Practice and the Public Health laboratory.

In Act 4 of 2009 the Arkansas Legislature added the regulation of the art of cosmetology to the Department and Board of Health responsibilities. Additionally, in Act 393 of 2009 the legislature created a comprehensive trauma care system under the auspices of the Department and Board of Health. This system provides guidelines for the care of trauma victims and is fully integrated with all available resources, including, but not limited to, existing emergency medical services providers, hospitals, or other health care providers that would like to participate in the program.

The mission of the Arkansas Department of Health is to protect and improve the health and well-being of all Arkansans.



Agency Commentary

The Arkansas Department Health (ADH) has 94 local health units located in 75 counties. Each of the health units has telehealth capabilities allowing them to have real-time video interfacing to promote access to care particularly in rural areas. In addition, the ADH provides 4 types of services through these statewide units:

Clinical Services are provided to prevent disease, illness and injury; protect against health threats and share knowledge with the community. These services are an essential and cost-effective public investment.

- Infectious Disease Prevention and Control services identify and treat tuberculosis and sexually transmitted infections; provide testing, counseling and prevention education for HIV; maintain surveillance for infectious diseases and intervene to prevent or manage outbreaks.
- Immunizations services include childhood and adult immunizations for diseases such as influenza, tetanus, diphtheria, pertussis, measles and polio. ADH provided more than 400,000 immunizations during FY11.
- Breast and Cervical Cancer Prevention and Control provides breast and cervical cancer screenings, diagnosis and treatment to women over age 40 that are uninsured or underinsured. Over 25,000 screenings were completed FY11.
- Women, Infants and Children (WIC) program provides vouchers to purchase nutritious foods to supplement diets, nutrition counseling and breastfeeding education and support to low-income eligible pregnant women, new mothers and children up to age 5. There are 102 WIC clinic sites in 75 counties that served an average of 93,461 participants each month in FY11.
- Women's Health Services provides, for women of childbearing age, access to family planning, pregnancy testing, prenatal care and other services designed to avoid unwanted pregnancy, improve birth outcomes and maintain health.

In-Home Services encompasses an array of healthcare programs and services provided under physicians' orders to patients in their homes and other settings. The goal is to offer all eligible Arkansans an opportunity to receive safe, effective and cost-efficient health care services at home. All of these services can be accessed through local health units.

- Home Health allows patients recovering from a serious illness or living with a chronic disease to receive skilled nursing; physical, occupational and speech therapy; nurse aide and social work services.
- Personal Care/ElderChoices provide assistance with activities of daily living such as hygiene, diet (including meal preparation), household chores, respite for caregivers and other services that promote independent living at home and delay or prevent the need to go to a nursing home.
- Hospice is a special caring service for terminally ill patients who wish to remain with family at home.

- Maternal Infant is a short-term program designed to get expectant mothers and infants off to a good start.
- Community-based Case Management for the Elderly assists older Arkansans who have difficulty with daily living activities and need multiple services that require coordination at the community level.

Environmental Health Services works to prevent premature death and avoidable illness and disability that may result from interactions between people and the environment.

- Food and milk programs ensure the safety of consumer products at the manufacturing, wholesale and retail levels. In FY12, the ADH inspected over 29,000 restaurants.
 - Operation of the food services program currently costs ADH over \$4.2 million a year. The food service permit fee generates approximately \$500,000 per year and the remaining \$3.7 million, or 88%, is funded by State General Revenue. Without a fee increase, the current level of operation will not be maintainable due to increasing costs and a static state funding level. In addition to stabilizing the program, it would provide flexibility to develop more cost efficient ways of performing their daily activities to ensure the citizens of Arkansas have safe food to consume.
- On-site wastewater programs help ensure the safety of water resources by regulating basic sewage systems, responding to environmental complaints and approving individual sewage systems.
- Swimming pool and swim beach safety programs review plans for recreational facilities and test water quality to prevent waterborne diseases.
- Marine sanitation program ensures safety of water resources by regulating wastewater disposal at marinas and on marine craft.
- Clean Indoor Air program enforces ACT 8 of 2006, which protects patrons of public businesses from secondhand smoke.
- Tattoo and body art programs inspect tattoo facilities and license artists.
- Engineering programs enforce the federal laws for public water systems, inspect facilities and train and certify public water system workers to ensure the safety of drinking water.
- Heating, ventilation, air conditioning and refrigeration (HVAC/R) programs train and license HVAC/R professionals.

- Plumbing programs train and license plumbing professionals.

Community Services assists in improving the health of citizens by promoting healthy behaviors and providing assistance with the development of health services and systems of care.

- Hometown Health Improvement (HHI) initiatives support community-related health development efforts in all 75 counties in the state and provide support for 73 coalitions. These initiatives do essential work to improve the health of those in their communities. HHI mobilizes community partnerships to identify and solve health problems by promoting and encouraging healthy behaviors and lifestyles. This support includes coalition development, community assessments and program planning. Hometown Health was implemented in 1998.
- Rural Health and Primary Care works with numerous organizations to coordinate rural health resources and activities statewide. This office administers several grant programs for small hospitals and committees seeking to improve or enhance health services in rural areas of our state. Rural Health and Primary Care provides technical assistance to organizations and communities wishing to expand access to primary care for underserved populations. It works to recruit and retain health care professionals in rural areas and underserved areas of Arkansas and provides technical assistance to the 29 Critical Access Hospitals in the state.

The Health Facility Services Section monitors hospitals, end-stage renal dialysis units, infirmaries, portable x-ray units, outpatient psychiatric centers rural health clinics, freestanding birthing centers, hospice facilities, comprehensive outpatient rehabilitation facilities, recuperation centers, physical and speech therapy center, ambulatory surgery center, perfusionists, independent laboratories, health maintenance organization, abortion clinics, home health agencies and psychiatric and rehabilitation units within a hospital.

- Over the last several years, the Health Facility Services Section has used fund balances to subsidize operational costs. The fund balance of Health Facility Services will be depleted in 2013, leaving the Section with inadequate funding. Funding shortages from \$400,000-\$600,000 annually are anticipated resulting in an inability to fund staff responsible for routine inspections and complaint investigations of healthcare facilities.

In addition to our local health units, the ADH maintains two central offices where a variety of other programs and activities occur through our various centers: Health Advancement, Health Protection, Local Public Health, Public Health Practice and Public Health Laboratory. Programs in these areas include tobacco cessation and prevention, newborn screening, physical activity and chronic disease management, infant mortality, injury prevention, statewide trauma system and oral health.

Since the enactment of the Arkansas Trauma System Act of 2009, 55 hospitals have been designated as trauma centers at the following levels:

- Level I: 5
- Level II: 5
- Level III: 17
- Level IV: 28

In a state that prior to 2009 had no trauma system, Arkansas has seen hospital transfer acceptance for severe trauma patients reduce to an average of 6.5 minutes.

In 2011, our vital records office registered 37,919 births and issued 143,860 birth certificate copies.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
ARKANSAS DEPARTMENT OF HEALTH
FOR THE YEAR ENDED JUNE 30, 2010

Findings

Management did not retain all receipt documentation concerning the Vital Records Section, as required by the State's Record Retention Schedule. Although ADH uses a computerized system for receipting, manual receipts are available in case of system "down time." All manual receipt books used for the two-year period ended June 30, 2010, were destroyed. The number of receipt books destroyed was undeterminable because the master log of receipt books, which provides details of the books issued throughout the Agency, was incomplete.

Recommendations

Maintain original support documentation for audit purposes and destroy such documentation only upon approval of the Legislative Auditor.

Employment Summary

	Male	Female	Total	%	
White Employees	375	1661	2036	77 %	
Black Employees	60	484	544	21 %	
Other Racial Minorities	11	58	69	2 %	
			Total Minorities	613	23 %
			Total Employees	2,649	100 %

Cash Fund Balance Description as of June 30, 2012

Fund Account	Balance	Type	Location
1632100	\$291,036	Checking	Bank of America; Security State Bank- Howard Lake

Statutory/Other Restrictions on use:

None

Statutory Provisions for Fees, Fines, Penalties:

None

Revenue Receipts Cycle:

Same day line of credit draws are made to expense instruments presented for payment.

Fund Balance Utilization:

Payment of negotiable food instruments.

Publications

A.C.A. 25-1-204

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
Alcohol Test Log	A.C.A. 5-65-204(b)	N	N	300	Provides logbook for law enforcement to document breath tests as is required in Operator and Senior Operator Training Manuals by the Office of Alcohol Testing.
Annual Report State Board of Health	A.C.A. 20-7-121	N	Y	1,000	A.C.A. 20-7-121 requires publication and is distributed to the State Library, State Board of Health members, internally, DHHS Region 6 states (LA,OK,NM, and TX), Arkansas' Congressional delegation, other State agencies, and partner organizations (AE Med. Soc., AR Children's Hosp., AR Hosp. Assn.).
Arkansas Regulations for alcohol Testing	A.C.A. 5-65-201	N	N	300	Provide regulatory information to law enforcement, the judicial system and the public.
Arkansas Regulations for Breath Alcohol Ignition Interlock Devices	A.C.A. 5-65-118(j)(1)	N	N	100	Provide regulatory information to law enforcement, the judicial system and the public.
Blood Alcohol Report Forms	A.C.A. 5-65-204	N	N	5,000	Provides the required form for submission of a blood or other bodily fluid sample for alcohol analysis. These require two pressure sensitive copies of the form attached to the official document.
Induced Abortions Data	A.C.A. 20-16-904	N	Y	0	A.C.A. 20-16-904 requires data be provided on agency website and paper copies upon request.
Intoximeter EC/IR II Senior Operator Training Manual	A.C.A. 5-65-204(b)	N	N	300	Provides course book for Senior Operator classes for law enforcement in breath testing and provides regulatory information to law enforcement, the judicial system and the public.
Intoximeter EC/IRII Operator Training Manual	A.C.A. 5-65-204(b)	N	N	750	Provides course book for Operator classes for law enforcement in breath testing and provides regulatory information to law enforcement, the judicial system and the public.

A.C.A. 25-1-204

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
Mechanical Codes	A.C.A. 17-38-101	N	N	1,000	To adopt, publish and revise rules and regulations and to provide the heating and air conditioning industry with code books which outline the minimum standards for HVAC installations.
Plumbing & Fuel Gas Codes	A.C.A. 17-31-101	N	N	1,000	To adopt, publish and revise rules and regulations and to provide the plumbing industry with code books which outline the minimum standards for plumbing/gas installations.
Rules and Regulations for Control of Sources of ionizing Radiation	A.C.A. 20-21-207 Item 3	N	N	3,000	Formulate, adopt, promulgate, and repeal codes, rules, and regulations which may provide for licensing or registration.
Rules and Regulations Pertaining to Radiologic Technology Licensure	A.C.A. 17-106-105 Item (a)(1) (D)	N	N	5,000	Adopt, publish, and revise such rules and regulations.
Shaken Baby Syndrome Pamphlet	Act 1128 of 2011	N	N	40,000	Act 1128 of 2011 requires that ADH develop and disseminate to hospitals and free-standing birthing clinics Shaken Baby Syndrome educational materials.
State Controlled Substances List	A.C.A. 5-64-216	N	Y	45	List is required by A.C.A. 5-64-216, printed copies are provided upon request and is available on the agency web site.
Urine Adulterant List	A.C.A. 20-7-309	N	Y	12	List is required by A.C.A. 20-7-309 and is available on the agency web site.
Women's Right to Receive Adequate Information before Terminating a Pregnancy; Unborn Pain Awareness Act	A.C.A. 20-16-904, A.C.A. 20-16-1105	N	Y	200	Materials designed to inform the women of public and private agencies, including adoption agencies, and services available to assist a woman through pregnancy, upon childbirth, and while the child is dependent. Materials are to be provided on a "secure website" and updated on an annual basis.

Change in Fee Schedule

CURRENT FEE STRUCTURE			PROPOSED CHANGE				Reason for Change
Description	Fee Amount	Estimated Receipts 2012-2013	Authorizing Act or AR Code	Fee Amount	Estimated Receipts		
					2013-2014	2014-2015	
Food Permit Increase	\$35.00	\$474,000	ACA 19-6-301	\$75.00	\$1,370,500	\$1,370,500	To stabilize the program and provide flexibility to develop more cost efficient ways of performing daily activities which is ensuring the citizens of Arkansas have safe food to consume.
Licensure Fees	\$802.00	\$395,408	ACA 20-9-214	\$1,282.00	\$645,410	\$645,410	Over the last several years, this program has used the fund balance to meet ongoing operational costs. Without sufficient funding the Section will begin operating at a deficit in 2013.
Plan Review Fee	\$500.00	\$17,000	ACA 20-7-123	\$0.00	\$467,922	\$467,922	The proposed fee would result in a 1.5% fee assessed to the total project cost. Fees will be paid by licensed providers submitting plan reviews for renovation or replacement of health care facilities.

ARKANSAS PLANNING BUDGETING & ADMINISTRATIVE SYSTEM
STATE CONTRACTS OVER \$25,000 AWARDED TO MINORITY OWNED BUSINESSES
 Fiscal Year 2012
 Required by A.C.A. 25-36-104

AGENCY: 0645 ARKANSAS DEPARTMENT OF HEALTH

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
Advantage Communications, Inc.	\$1,487,947	X					

TOTAL NUMBER OF MINORITY CONTRACTS AWARDED	<u>1</u>
TOTAL EXPENDITURES FOR CONTRACTS AWARDED	<u>\$40,483,573</u>
% OF MINORITY CONTRACTS AWARDED	<u>3.41 %</u>

Department Appropriation Summary

Appropriation	Historical Data						Agency Request and Executive Recommendation												
	2011-2012		2012-2013		2012-2013		2013-2014				2014-2015								
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	
106 Emergency Medical Services & Trauma	0	0	9,728	0	9,728	0	9,728	0	0	0	0	0	9,728	0	0	0	0	0	
167 Information Technology Initiatives	186,857	0	636,175	0	984,287	0	636,175	0	636,175	0	636,175	0	636,175	0	636,175	0	636,175	0	
34C Rural Health Facilities	23,792	0	130,000	0	1,087,000	0	130,000	0	130,000	0	130,000	0	130,000	0	130,000	0	130,000	0	
34D Emergency Physician Services	41,589	0	35,217	0	42,000	0	35,217	0	44,945	0	44,945	0	35,217	0	44,945	0	44,945	0	
34E Rural Physician Incentives	40,000	0	40,000	0	990,000	0	40,000	0	40,000	0	40,000	0	40,000	0	40,000	0	40,000	0	
34P Health Operations Paying	273,395,555	2,940	308,274,657	2,835	355,829,002	3,089	305,102,110	2,833	318,316,135	3,093	318,613,441	3,094	305,208,957	2,833	318,269,858	3,093	318,567,283	3,094	
38D Nuclear Planning Grants	325,000	0	325,000	0	375,000	0	325,000	0	325,000	0	325,000	0	325,000	0	325,000	0	325,000	0	
59T Trauma System	24,051,615	17	28,601,481	18	33,109,375	18	28,606,080	18	28,608,183	18	28,608,183	18	28,607,081	18	28,609,324	18	28,609,324	18	
604 Tobacco Prevention & Cessation Programs	11,624,840	35	16,813,796	33	17,605,831	47	16,807,859	33	17,453,948	47	17,453,948	47	16,808,243	33	17,454,332	47	17,454,332	47	
803 Health Building & Local Health Grant Trust	376,369	0	1,842,090	0	2,318,000	0	1,842,090	0	1,842,090	0	1,842,090	0	1,842,090	0	1,842,090	0	1,842,090	0	
B72 WIC Food Instruments - Cash	69,231,906	0	74,724,683	0	100,774,497	0	74,724,683	0	74,724,683	0	74,724,683	0	74,724,683	0	74,724,683	0	74,724,683	0	
NOT REQUESTED FOR THE BIENNIUM																			
58H Birth Certificate Expenses	0	0	0	0	10,000	0	0	0	0	0	0	0	0	0	0	0	0	0	
B74 Breast Cancer - Cash	4,158	0	0	0	25,000	0	0	0	0	0	0	0	0	0	0	0	0	0	
Total	379,301,681	2,992	431,432,827	2,886	513,159,720	3,154	428,258,942	2,884	442,121,159	3,158	442,418,465	3,159	428,367,174	2,884	442,076,407	3,158	442,373,832	3,159	

Funding Sources		%		%		%		%		%		%		%		%		%
Fund Balance	4000005	21,842,704	5.5	17,560,219	4.0	2,837,335	0.7	2,837,335	0.7	3,049,983	0.7	655,375	0.2	68,657	0.0	203,926	0.0	
General Revenue	4000010	92,326,264	23.3	90,838,467	20.9	90,973,265	21.8	90,975,368	21.8	90,973,265	21.8	91,059,465	22.0	91,061,708	22.0	91,059,465	22.0	
Federal Revenue	4000020	125,937,569	31.7	159,711,618	36.8	159,711,618	38.3	159,711,618	38.3	159,711,618	38.3	159,711,618	38.5	159,711,618	38.6	159,711,618	38.6	
Special Revenue	4000030	3,973,317	1.0	4,017,291	0.9	4,017,291	1.0	4,017,291	1.0	4,102,291	1.0	4,017,291	1.0	4,017,291	1.0	4,102,291	1.0	
Special Revenue Restricted	4000031	16,003,639	4.0	16,234,528	3.7	16,234,528	3.9	16,234,528	3.9	16,234,528	3.9	16,234,528	3.9	16,234,528	3.9	16,234,528	3.9	
Cash Fund	4000045	4,158	0.0	0	0.0	0	0.0	0	0.0	3,702	0.0	0	0.0	0	0.0	3,702	0.0	
Merit Adjustment Fund	4000055	0	0.0	1,285,271	0.3	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	
Federal Funds-ARRA	4000244	1,291,179	0.3	586,718	0.1	586,718	0.1	586,718	0.1	586,718	0.1	0	0.0	0	0.0	0	0.0	
Manufacturer Rebate	4000341	22,312,678	5.6	24,328,911	5.6	24,328,911	5.8	24,328,911	5.8	24,328,911	5.8	24,328,911	5.9	24,328,911	5.9	24,328,911	5.9	
Refunds	4000415	19,999	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	
Third Party Reimbursement	4000490	92,034,678	23.2	89,447,352	20.6	89,447,352	21.5	89,447,352	21.5	89,447,352	21.4	89,447,352	21.6	89,447,352	21.6	89,447,352	21.6	
Tobacco Settlement	4000495	13,588,000	3.4	14,372,275	3.3	14,372,275	3.4	14,372,275	3.4	14,372,275	3.4	14,372,275	3.5	14,372,275	3.5	14,372,275	3.5	
Transfer to Medicaid Match	4000660	(808,337)	(0.2)	(896,031)	(0.2)	(896,031)	(0.2)	(896,031)	(0.2)	(896,031)	(0.2)	(896,031)	(0.2)	(896,031)	(0.2)	(896,031)	(0.2)	
Transfers / Adjustments	4000683	(1,170,163)	(0.3)	(1,313,400)	(0.3)	(1,313,400)	(0.3)	(1,303,672)	(0.3)	(1,303,672)	(0.3)	(1,313,400)	(0.3)	(1,303,672)	(0.3)	(1,303,672)	(0.3)	
Various Program Support	4000730	9,506,215	2.4	18,096,943	4.2	16,670,007	4.0	16,660,279	4.0	16,660,279	4.0	16,691,254	4.0	16,681,526	4.0	16,681,526	4.0	
Total Funds		396,861,900	100.0	434,270,162	100.0	416,969,869	100.0	416,971,972	100.0	417,271,219	100.0	414,308,638	100.0	413,724,163	100.0	413,945,891	100.0	

Excess Appropriation/(Funding)	(17,560,219)	(2,837,335)		11,289,073	25,149,187	25,147,246	14,058,536	28,352,244	28,427,941
Grand Total	379,301,681	431,432,827		428,258,942	442,121,159	442,418,465	428,367,174	442,076,407	442,373,832

Variance in fund balances is due to unfunded appropriation in the following appropriations: 167 -Emergency Medical Services & Trauma, 34E-Rural Physician Incentives, 34P -Health Operations Paying, 59T -Trauma System, 604-Tobacco Prevention & Cessation, and 803-Health Building & Local Health Grant Trust.

THE EXECUTIVE RECOMMENDATION TRANSFERS THE BASE LEVEL APPROPRIATION AND FUNDING FOR THE STATE BOARD OF SANITARIANS, THE BOARD OF HEALTH EDUCATION, AND THE STATE ATHLETIC COMMISSION TO THE DEPARTMENT OF HEALTH. THE FY14 AND FY15 FUND BALANCES SHOWN IN THE "EXECUTIVE" COLUMN ARE FROM THE AGENCIES BEING TRANSFERRED.

Department Appropriation Summary

Historical Data

Agency Request and Executive Recommendation

Appropriation	2011-2012		2012-2013		2012-2013		2013-2014					2014-2015						
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
106 Emergency Medical Services & Trauma	0	0	9,728	0	9,728	0	9,728	0	0	0	0	0	9,728	0	0	0	0	0
167 Information Technology Initiatives	186,857	0	636,175	0	984,287	0	636,175	0	636,175	0	636,175	0	636,175	0	636,175	0	636,175	0
34C Rural Health Facilities	23,792	0	130,000	0	1,087,000	0	130,000	0	130,000	0	130,000	0	130,000	0	130,000	0	130,000	0
34D Emergency Physician Services	41,589	0	35,217	0	42,000	0	35,217	0	44,945	0	44,945	0	35,217	0	44,945	0	44,945	0
34E Rural Physician Incentives	40,000	0	40,000	0	990,000	0	40,000	0	40,000	0	40,000	0	40,000	0	40,000	0	40,000	0
34P Health Operations Paying	273,395,555	2,940	308,274,657	2,835	355,829,002	3,089	305,102,110	2,833	318,316,135	3,093	318,613,441	3,094	305,208,957	2,833	318,269,858	3,093	318,567,283	3,094
38D Nuclear Planning Grants	325,000	0	325,000	0	375,000	0	325,000	0	325,000	0	325,000	0	325,000	0	325,000	0	325,000	0
59T Trauma System	24,051,615	17	28,601,481	18	33,109,375	18	28,606,080	18	28,608,183	18	28,608,183	18	28,607,081	18	28,609,324	18	28,609,324	18
604 Tobacco Prevention & Cessation Programs	11,624,840	35	16,813,796	33	17,605,831	47	16,807,859	33	17,453,948	47	17,453,948	47	16,808,243	33	17,454,332	47	17,454,332	47
803 Health Building & Local Health Grant Trust	376,369	0	1,842,090	0	2,318,000	0	1,842,090	0	1,842,090	0	1,842,090	0	1,842,090	0	1,842,090	0	1,842,090	0
B72 WIC Food Instruments - Cash	69,231,906	0	74,724,683	0	100,774,497	0	74,724,683	0	74,724,683	0	74,724,683	0	74,724,683	0	74,724,683	0	74,724,683	0
NOT REQUESTED FOR THE BIENNIUM																		
58H Birth Certificate Expenses	0	0	0	0	10,000	0	0	0	0	0	0	0	0	0	0	0	0	0
B74 Breast Cancer - Cash	4,158	0	0	0	25,000	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	379,301,681	2,992	431,432,827	2,886	513,159,720	3,154	428,258,942	2,884	442,121,159	3,158	442,418,465	3,159	428,367,174	2,884	442,076,407	3,158	442,373,832	3,159

Funding Sources		%		%		%		%		%		%		%		%		%
Fund Balance	4000005	21,090,211	5.3	17,534,208	4.0	2,811,324	0.7	2,811,324	0.7	3,023,972	0.7	629,364	0.2	42,646	0.0	177,915	0.0	
General Revenue	4000010	92,326,264	23.3	90,838,467	20.9	90,973,265	21.8	90,975,368	21.7	90,973,265	21.7	91,059,465	22.0	91,061,708	21.9	91,059,465	21.9	
Federal Revenue	4000020	126,664,051	31.9	159,711,618	36.8	159,711,618	38.3	159,711,618	38.2	159,711,618	38.1	159,711,618	38.6	159,711,618	38.5	159,711,618	38.4	
Special Revenue	4000030	3,973,317	1.0	4,017,291	0.9	4,017,291	1.0	4,272,879	1.0	4,357,879	1.0	4,017,291	1.0	4,272,879	1.0	4,357,879	1.0	
Special Revenue Restricted	4000031	16,003,639	4.0	16,234,528	3.7	16,234,528	3.9	17,576,362	4.2	17,576,362	4.2	16,234,528	3.9	17,576,362	4.2	17,576,362	4.2	
Cash Fund	4000045	4,158	0.0	0	0.0	0	0.0	0	0.0	3,702	0.0	0	0.0	0	0.0	3,702	0.0	
Merit Adjustment Fund	4000055	0	0.0	1,285,271	0.3	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	
Federal Funds-ARRA	4000244	1,291,179	0.3	586,718	0.1	586,718	0.1	586,718	0.1	586,718	0.1	0	0.0	0	0.0	0	0.0	
Manufacturer Rebate	4000341	22,312,678	5.6	24,328,911	5.6	24,328,911	5.8	24,328,911	5.8	24,328,911	5.8	24,328,911	5.9	24,328,911	5.9	24,328,911	5.9	
Refunds	4000415	19,999	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	
Third Party Reimbursement	4000490	92,034,678	23.2	89,447,352	20.6	89,447,352	21.5	89,447,352	21.4	89,447,352	21.4	89,447,352	21.6	89,447,352	21.5	89,447,352	21.5	
Tobacco Settlement	4000495	13,588,000	3.4	14,372,275	3.3	14,372,275	3.4	14,372,275	3.4	14,372,275	3.4	14,372,275	3.5	14,372,275	3.5	14,372,275	3.5	
Transfer to Medicaid Match	4000660	(808,337)	(0.2)	(896,031)	(0.2)	(896,031)	(0.2)	(896,031)	(0.2)	(896,031)	(0.2)	(896,031)	(0.2)	(896,031)	(0.2)	(896,031)	(0.2)	
Transfers / Adjustments	4000683	(1,170,163)	(0.3)	(1,313,400)	(0.3)	(1,313,400)	(0.3)	(1,303,672)	(0.3)	(1,303,672)	(0.3)	(1,313,400)	(0.3)	(1,303,672)	(0.3)	(1,303,672)	(0.3)	
Various Program Support	4000730	9,506,215	2.4	18,096,943	4.2	16,670,007	4.0	16,660,279	4.0	16,660,279	4.0	16,691,254	4.0	16,681,526	4.0	16,681,526	4.0	
Total Funds		396,835,889	100.0	434,244,151	100.0	416,943,858	100.0	418,543,383	100.0	418,842,630	100.0	414,282,627	100.0	415,295,574	100.0	415,517,302	100.0	

Excess Appropriation/(Funding)	(17,534,208)	(2,811,324)		11,315,084	23,577,776	23,575,835	14,084,547	26,780,833	26,856,530
Grand Total	379,301,681	431,432,827		428,258,942	442,121,159	442,418,465	428,367,174	442,076,407	442,373,832

Variance in fund balances is due to unfunded appropriation in the following appropriations: 167 -Emergency Medical Services & Trauma, 34E-Rural Physician Incentives, 34P -Health Operations Paying, 59T -Trauma System, 604-Tobacco Prevention & Cessation, and 803-Health Building & Local Health Grant Trust.

THE EXECUTIVE RECOMMENDATION TRANSFERS THE BASE LEVEL APPROPRIATION AND FUNDING FOR THE STATE BOARD OF SANITARIANS, THE BOARD OF HEALTH EDUCATION, AND THE STATE ATHLETIC COMMISSION TO THE DEPARTMENT OF HEALTH. THE FY14 AND FY15 FUND BALANCES SHOWN IN THE "EXECUTIVE" COLUMN ARE FROM THE AGENCIES BEING TRANSFERRED.

Agency Position Usage Report

FY2010 - 2011						FY2011 - 2012						FY2012 - 2013					
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	
3,193	2783	180	2963	230	12.84 %	3,165	2658	287	2945	220	16.02 %	3,154	2653	236	2889	265	15.88 %

Analysis of Budget Request

Appropriation: 106 - Emergency Medical Services & Trauma

Funding Sources: MES - EMS Enhancement Revolving Fund

The Department of Health's Emergency Medical Services (EMS) and Trauma appropriation provides grants and funding for the following, as delineated in A.C.A. 19-5-1078:

- Training and equipment for staff proficiency and improvement in EMS services and testing support
- Instituting and maintaining a trauma registry
- Inspecting, licensing, and registering EMS vehicles

Funding for this appropriation consists of revenues as may be provided by law and that are held in a revolving fund (A.C.A. 19-5-1078 MES - EMS Enhancement Revolving Fund).

The Base Level request is \$9,728 each year of the biennium.

The Agency's Change Level request is to transfer this appropriation and funding into Appropriation 34D- Emergency Medical Services.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 106 - Emergency Medical Services & Trauma

Funding Sources: MES - EMS Enhancement Revolving Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item	Historical Data			2013-2014			2014-2015		
	2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Emerg Medical Srvs/Trauma Sys 5900046	0	9,728	9,728	9,728	0	0	9,728	0	0
Total	0	9,728	9,728	9,728	0	0	9,728	0	0
Funding Sources									
Various Program Support 4000730	0	9,728		9,728	0	0	9,728	0	0
Total Funding	0	9,728		9,728	0	0	9,728	0	0
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	0	9,728		9,728	0	0	9,728	0	0

Agency is requesting to transfer this Appropriation 106 -Emergency Medical Services & Trauma into Appropriation 34D -Emergency Medical Services.

Change Level by Appropriation

Appropriation: 106 - Emergency Medical Services & Trauma
Funding Sources: MES - EMS Enhancement Revolving Fund

Agency Request

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	9,728	0	9,728	100.0	9,728	0	9,728	100.0
C07	Agency Transfer	(9,728)	0	0	0.0	(9,728)	0	0	0.0

Executive Recommendation

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	9,728	0	9,728	100.0	9,728	0	9,728	100.0
C07	Agency Transfer	(9,728)	0	0	0.0	(9,728)	0	0	0.0

Justification

C07	Funds transferred to 34D Emergency Medical Services for additional appropriation
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Analysis of Budget Request

Appropriation: 167 - Information Technology Initiatives

Funding Sources: SHT - Health Department Technology Fund

The Department of Health's Information Technology Initiatives appropriation provides for the purchase of computer hardware and software, the conversion cost of scanning data into the computer system, and related activities as described in A.C.A. 19-6-485.

Funding for this appropriation consists of Special Revenue fees generated from temporary vital statistics applications and certificates (A.C.A. 19-6-485 SHT - Health Department Technology Fund).

The Agency's Base Level and total request is \$636,175 each year of the biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 167 - Information Technology Initiatives

Funding Sources: SHT - Health Department Technology Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2011-2012	2012-2013	2012-2013	2013-2014			2014-2015		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Information Technology Initiative 5900046	186,857	636,175	984,287	636,175	636,175	636,175	636,175	636,175	636,175
Total	186,857	636,175	984,287	636,175	636,175	636,175	636,175	636,175	636,175
Funding Sources									
Fund Balance 4000005	964,628	777,771		141,596	141,596	141,596	0	0	0
Total Funding	964,628	777,771		141,596	141,596	141,596	0	0	0
Excess Appropriation/(Funding)	(777,771)	(141,596)		494,579	494,579	494,579	636,175	636,175	636,175
Grand Total	186,857	636,175		636,175	636,175	636,175	636,175	636,175	636,175

Analysis of Budget Request

Appropriation: 34C - Rural Health Facilities

Funding Sources: MRH - Rural Health Services Revolving Fund

The Department of Health's Rural Health Facilities appropriation, in accordance with A.C.A. 20-12-401 et seq., provides matching funds for applicants on a fifty/fifty basis for assisting the stabilization of necessary medical services provided by county, local, commercial or nonprofit organizations. If the applicant completes a community health needs assessment, the applicant shall be eligible to match funds on a 25/75 basis. The state portion shall at no time exceed two hundred thousand dollars (\$200,000) per county, local, commercial, or nonprofit operation.

Funding for this appropriation consists of General Improvement Fund transfers or other funds made available by the General Assembly and held in a revolving fund (A.C.A. 19-5-1039 MRH - Rural Health Services Revolving Fund).

The Agency's Base Level and total request is \$130,000 each year of the biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 34C - Rural Health Facilities

Funding Sources: MRH - Rural Health Services Revolving Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2013-2014			2014-2015		
		2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid	5100004	23,792	130,000	1,087,000	130,000	130,000	130,000	130,000	130,000	130,000
Total		23,792	130,000	1,087,000	130,000	130,000	130,000	130,000	130,000	130,000
Funding Sources										
Fund Balance	4000005	294,401	290,608		160,608	160,608	160,608	30,608	30,608	30,608
Refunds	4000415	19,999	0		0	0	0	0	0	0
Total Funding		314,400	290,608		160,608	160,608	160,608	30,608	30,608	30,608
Excess Appropriation/(Funding)		(290,608)	(160,608)		(30,608)	(30,608)	(30,608)	99,392	99,392	99,392
Grand Total		23,792	130,000		130,000	130,000	130,000	130,000	130,000	130,000

Analysis of Budget Request

Appropriation: 34D - Emergency Medical Services

Funding Sources: MEM - Emergency Medical Services Revolving Fund

The Department of Health's Emergency Medical Services appropriation will provide for certification processing and expenses of on-site examinations for Emergency Medical Technicians (EMTs), maintenance of certification software, educational programs, maintenance of EMT-Instructor certification for agency personnel, and other purposes consistent with A.C.A. 20-13-101 et seq.

Funding for this appropriation consists of certification and renewal fees held in the MEM - Emergency Medical Services Revolving Fund.

The Agency's Base Level request is \$35,217 each year of the biennium.

The Agency's Change Level request is a transfer of appropriation and funding totaling \$9,728 each year from Appropriation 106- Emergency Medical Services and Trauma to allow for expensing of funds.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 34D - Emergency Medical Services
Funding Sources: MEM - Emergency Medical Services Revolving Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2013-2014			2014-2015		
		2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	41,589	35,217	42,000	35,217	35,217	35,217	35,217	35,217	35,217
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
Emerg Medical Srvs/Trauma Sys	5900046	0	0	0	0	9,728	9,728	0	9,728	9,728
Total		41,589	35,217	42,000	35,217	44,945	44,945	35,217	44,945	44,945
Funding Sources										
Fund Balance	4000005	14,843	12,472		12,255	12,255	12,255	12,038	12,038	12,038
Transfers / Adjustments	4000683	0	0		0	9,728	9,728	0	9,728	9,728
Various Program Support	4000730	39,218	35,000		35,000	35,000	35,000	35,000	35,000	35,000
Total Funding		54,061	47,472		47,255	56,983	56,983	47,038	56,766	56,766
Excess Appropriation/(Funding)		(12,472)	(12,255)		(12,038)	(12,038)	(12,038)	(11,821)	(11,821)	(11,821)
Grand Total		41,589	35,217		35,217	44,945	44,945	35,217	44,945	44,945

Agency is requesting to transfer Appropriation 106 -Emergency Medical Services & Trauma into this Appropriation 34D -Emergency Medical Services.

Change Level by Appropriation

Appropriation: 34D - Emergency Medical Services
Funding Sources: MEM - Emergency Medical Services Revolving Fund

Agency Request

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	35,217	0	35,217	100.0	35,217	0	35,217	100.0
C07	Agency Transfer	9,728	0	44,945	127.6	9,728	0	44,945	127.6

Executive Recommendation

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	35,217	0	35,217	100.0	35,217	0	35,217	100.0
C07	Agency Transfer	9,728	0	44,945	127.6	9,728	0	44,945	127.6

Justification

C07	Additional appropriation provided to allow for expenditure of funds transferred from ADH-fund center 106 EMS
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Analysis of Budget Request

Appropriation: 34E - Rural Physician Incentives

Funding Sources: MRI - Rural Physician Incentives Revolving Fund

The Department of Health's Rural Physician Incentives program, A.C.A. 20-12-501 et seq., provides grants as financial assistance to encourage physicians to locate and remain in the practice of primary care medicine in communities of the State with populations of not more than fifteen thousand (15,000) persons. The physicians must locate for a minimum of four (4) years and carry on a full-time practice of family medicine in a priority medically underserved area as defined by the Department of Health.

Funding for this appropriation consists of General Improvement Fund transfers or other funds made available by the General Assembly, and held in a revolving fund (A.C.A. 19-5-1209 MRI - Rural Physician Incentive Revolving Fund).

The Agency's Base Level and total request is \$40,000 each year of the biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 34E - Rural Physician Incentives

Funding Sources: MRI - Rural Physician Incentives Revolving Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2013-2014			2014-2015		
		2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid	5100004	40,000	40,000	990,000	40,000	40,000	40,000	40,000	40,000	40,000
Total		40,000	40,000	990,000	40,000	40,000	40,000	40,000	40,000	40,000
Funding Sources										
Fund Balance	4000005	77,516	40,000		0	0	0	0	0	0
Transfers / Adjustments	4000683	2,484	0		0	0	0	0	0	0
Total Funding		80,000	40,000		0	0	0	0	0	0
Excess Appropriation/(Funding)		(40,000)	0		40,000	40,000	40,000	40,000	40,000	40,000
Grand Total		40,000	40,000		40,000	40,000	40,000	40,000	40,000	40,000

Analysis of Budget Request

Appropriation: 34P - Health Operations Paying

Funding Sources: PHD - Administration Paying

The Department of Health is comprised of the Center for Health Protection, the Center for Health Advancement, the Center for Local Public Health, the Center for Public Health Practice, the Office of Minority Health and Health Disparities, the Arkansas Public Health Laboratory and Health Administration, which includes the Offices of the Director and Chief Financial Officer and the Office of System Technology. The Department has 2 central office locations and 94 Local Health Units located throughout the State. This organizational structure enables the Department to provide public health policy and assessment, as well as preventive and regulatory services for the State's citizens.

This appropriation provides for the operations of the Department of Health. Duties include the operation of the Breast and Cervical Cancer Control programs; the collection, analysis, and communication of data regarding health events, disease incidence, the healthcare system, and health status indicators; the protection of the public's health by ensuring safe food and drinking water and maintaining the quality of health facilities and services through monitoring, laboratory testing, and evaluation; educating the public concerning healthy behavior and providing accessible personal health services; and providing in-home services to individuals so they may remain at home instead of receiving extended hospitalization or nursing home placement.

Funding for this appropriation consists of general revenue (BAA - Public Health Fund), federal funding, special revenues, Third Party Reimbursement, Tobacco Settlement Funding and other funding. Federal revenues include Immunization and Vaccines for Children, Ryan White Care Act Title II, Public Health Preparedness and Response/BIO, Bioterrorism Hospital Preparedness Program, Epidemiology and Laboratory Capacity for Infectious Diseases, Title X Family Planning Services Program, National Cancer Prevention and Control Program, Chronic Disease Prevention and Health Promotion Programs, Maternal and Child Health, and Women Infants and Children (WIC). Special revenues include the Cigarette Tax; licensing fees for Radiology, Plumbing, Pharmacy, HVAC, Health Facilities and Waterworks; Milk Inspection and Marine Sanitation Fees; and Nuclear Planning and Response Funds. Third Party Reimbursement funding includes Medicaid and Insurance funding. Other Funding, as indicated as Various Program Support, includes fees related to Vital Records, Immunization, Rabies, Swimming Pools, etc.

Base Level Regular Salaries and Personal Services Matching includes Career Service payments for eligible employees. Personal Services Matching also includes a \$20 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$410 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases.

The Agency's Base Level request is \$305,102,110 in FY14 and \$305,208,957 in FY15 with two thousand eight hundred thirty-three (2,833) positions.

The Agency's Change Level request for appropriation is \$13,214,025 in FY14 and \$13,060,901 in FY15 and consists of the following:

- Regular Salaries and Personal Services Matching totaling \$11,308,025 in FY14 and \$11,310,901 in FY15 that consist of: restoration of two hundred fifty-five (255) various positions that were not budgeted in FY13 and various classification changes to address agency needs, four (4) Miscellaneous Federal Grant Epidemiologist positions, and one (1) position being transferred from Appropriation 604-Tobacco Prevention & Cessation that was originally authorized in Appropriation 34P-Health Operations Paying.
- One (1) ARRA position is being discontinued for the biennium.
- Capital Outlay totaling \$1,750,000 each year of the biennium for the normal replacement of necessary equipment for the local health units, and other necessary needs of operation for the Public Health Lab and other branch operations of the Agency, and
- ARRA appropriation totaling \$156,000 in FY14 only for the Rural Health program due to a temporary grant extension.

The Agency is also proposing increases in three (3) fees. No additional positions or appropriation is being requested as a result of the fee increases. The fees are as follows:

- Food Permit Increase - proposing an increase from \$35 to \$75 due to increasing costs,
- Licensure Fees - proposing an increase from \$802 to \$1,282 due to funding shortages, and
- Plan Review Fee - proposing to go from current cap of \$500 to 1.5% of total project cost.

The Executive Recommendation provides for the Agency Request and one hundred sixty-six (166) position reclassifications with no additional general revenue funding. The Executive Recommendation also provides for the following three agency transfers:

- The Base Level appropriation was transferred from the State Board of Sanitarians to the Department of Health by Executive Recommendation.

The State Board of Sanitarians was created by A.C.A. §17-43-201. The Board is a cash agency funded from registration, examination, and renewal fees according to authority in A.C.A. §17-43-204. The Board is responsible for regulating those professionals who organize, implement, or manage environmental health programs.

- The Base Level appropriation was transferred from the Arkansas Board of Health Education to the Department of Health by Executive Recommendation.

The State Board of Health Education, authorized by A.C.A. §17-53-101 et seq., certifies and regulates persons engaged in the practice of health education. The Board is comprised of seven members serving three year terms. Board members are appointed by the Governor and confirmed by the Senate. The Board is a cash funded agency and collects fees from the certification of health education personnel. The revenue collected from such fees are used for the operating expenses of the Board.

- The Base Level appropriation and extra help position was transferred from the State Athletic Commission to the Department of Health by Executive Recommendation. The Executive Recommendation also provides for one (1) additional C117 Athletic Commission Program Manager position, one (1) additional extra help position, and \$125,000 unfunded general revenue appropriation each year of the biennium.

The State Athletic Commission was established by A.C.A. §17-22-201. The Commission oversees all professional or semi-professional matches or exhibitions in the State that involve wrestling, boxing, kick boxing, martial arts, or any combination of these sporting activities. The Commission is funded from annual license fees of boxers, wrestlers, managers, matchmakers, promoters, referees, physicians, timekeepers, and other persons arranging, participating in or otherwise dealing in matches and exhibitions regulated by the Commission. The Commission has authority to establish such fees in accordance with Act 1085 of 1999. Fees of 5% of the total gross receipts from admission charges from matches and exhibitions are collected.

Appropriation Summary

WITHOUT FEE INCREASE

Appropriation: 34P - Health Operations Paying

Funding Sources: PHD - Administration Paying

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2011-2012	2012-2013	2012-2013	2013-2014			2014-2015		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	121,958,269	121,218,011	133,932,498	120,018,480	128,155,139	128,191,954	120,102,580	128,240,739	128,277,554
#Positions	2,940	2,835	3,089	2,833	3,093	3,094	2,833	3,093	3,094
Extra Help 5010001	865,397	1,121,324	1,546,737	1,121,324	1,121,324	1,161,324	1,121,324	1,121,324	1,161,324
#Extra Help	109	229	229	229	229	231	229	229	231
Personal Services Matching 5010003	40,300,191	41,511,688	42,576,395	41,898,901	45,070,267	45,087,701	41,921,648	45,094,390	45,111,943
Overtime 5010006	61,006	120,559	250,000	120,559	120,559	120,559	120,559	120,559	120,559
Operating Expenses 5020002	53,268,666	73,341,480	82,359,642	73,341,480	73,341,480	73,527,727	73,341,480	73,341,480	73,527,727
Conference & Travel Expenses 5050009	437,668	1,255,413	1,505,835	1,255,413	1,255,413	1,258,413	1,255,413	1,255,413	1,258,413
Professional Fees 5060010	33,636,904	43,776,926	57,070,160	43,776,926	43,776,926	43,790,736	43,776,926	43,776,926	43,790,736
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Grants and Aid 5100004	20,005,925	23,243,531	27,791,897	23,243,531	23,243,531	23,243,531	23,243,531	23,243,531	23,243,531
Refunds/Reimbursements 5110014	5,951	11,613	11,613	11,613	11,613	11,613	11,613	11,613	11,613
Capital Outlay 5120011	1,185,382	1,191,002	1,500,000	0	1,750,000	1,750,000	0	1,750,000	1,750,000
Lead-Based Paint Hazard Prgm 5900046	0	0	18,250	0	0	0	0	0	0
ARRA 2009 5900052	1,670,196	1,483,110	7,265,975	313,883	469,883	469,883	313,883	313,883	313,883
Total	273,395,555	308,274,657	355,829,002	305,102,110	318,316,135	318,613,441	305,208,957	318,269,858	318,567,283

Funding Sources									
Fund Balance 4000005	0	0		0	0	212,648	586,718	0	135,269
General Revenue 4000010	72,614,264	71,156,467		71,282,845	71,282,845	71,282,845	71,368,445	71,368,445	71,368,445
Federal Revenue 4000020	79,744,823	109,315,846		109,315,846	109,315,846	109,315,846	109,315,846	109,315,846	109,315,846
Special Revenue 4000030	3,048,312	3,092,291		3,092,291	3,092,291	3,177,291	3,092,291	3,092,291	3,177,291
Special Revenue Restricted 4000031	16,003,639	16,234,528		16,234,528	16,234,528	16,234,528	16,234,528	16,234,528	16,234,528
Cash Fund 4000045	0	0		0	0	3,702	0	0	3,702
Merit Adjustment Fund 4000055	0	1,285,271		0	0	0	0	0	0
Federal Funds-ARRA 4000244	1,291,179	586,718		586,718	586,718	586,718	0	0	0
Third Party Reimbursement 4000490	92,034,678	89,447,352		89,447,352	89,447,352	89,447,352	89,447,352	89,447,352	89,447,352
Transfer to Medicaid Match 4000660	(808,337)	(896,031)		(896,031)	(896,031)	(896,031)	(896,031)	(896,031)	(896,031)
Various Program Support 4000730	9,466,997	18,052,215		16,625,279	16,625,279	16,625,279	16,646,526	16,646,526	16,646,526
Total Funding	273,395,555	308,274,657		305,688,828	305,688,828	305,990,178	305,795,675	305,208,957	305,432,928
Excess Appropriation/(Funding)	0	0		(586,718)	12,627,307	12,623,263	(586,718)	13,060,901	13,134,355
Grand Total	273,395,555	308,274,657		305,102,110	318,316,135	318,613,441	305,208,957	318,269,858	318,567,283

Agency Change Level request includes ARRA appropriation in the ARRA 2009 line item for Rural Health due to a temporary extension of ARRA funding from the federal granting agency.

THE EXECUTIVE RECOMMENDATION TRANSFERS THE BASE LEVEL APPROPRIATION AND FUNDING FOR THE STATE BOARD OF SANITARIANS, THE BOARD OF HEALTH EDUCATION, AND THE STATE ATHLETIC COMMISSION TO THE DEPARTMENT OF HEALTH. THE FUND BALANCES SHOWN IN THE "EXECUTIVE" COLUMN ARE FROM THE AGENCIES BEING TRANSFERRED.

Appropriation Summary

WITH FEE INCREASE

Appropriation: 34P - Health Operations Paying

Funding Sources: PHD - Administration Paying

Historical Data

Agency Request and Executive Recommendation

Commitment Item		2011-2012	2012-2013	2012-2013	2013-2014			2014-2015		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	121,958,269	121,218,011	133,932,498	120,018,480	128,155,139	128,191,954	120,102,580	128,240,739	128,277,554
#Positions		2,940	2,835	3,089	2,833	3,093	3,094	2,833	3,093	3,094
Extra Help	5010001	865,397	1,121,324	1,546,737	1,121,324	1,121,324	1,161,324	1,121,324	1,121,324	1,161,324
#Extra Help		109	229	229	229	229	231	229	229	231
Personal Services Matching	5010003	40,300,191	41,511,688	42,576,395	41,898,901	45,070,267	45,087,701	41,921,648	45,094,390	45,111,943
Overtime	5010006	61,006	120,559	250,000	120,559	120,559	120,559	120,559	120,559	120,559
Operating Expenses	5020002	53,268,666	73,341,480	82,359,642	73,341,480	73,341,480	73,527,727	73,341,480	73,341,480	73,527,727
Conference & Travel Expenses	5050009	437,668	1,255,413	1,505,835	1,255,413	1,255,413	1,258,413	1,255,413	1,255,413	1,258,413
Professional Fees	5060010	33,636,904	43,776,926	57,070,160	43,776,926	43,776,926	43,790,736	43,776,926	43,776,926	43,790,736
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Grants and Aid	5100004	20,005,925	23,243,531	27,791,897	23,243,531	23,243,531	23,243,531	23,243,531	23,243,531	23,243,531
Refunds/Reimbursements	5110014	5,951	11,613	11,613	11,613	11,613	11,613	11,613	11,613	11,613
Capital Outlay	5120011	1,185,382	1,191,002	1,500,000	0	1,750,000	1,750,000	0	1,750,000	1,750,000
Lead-Based Paint Hazard Prgm	5900046	0	0	18,250	0	0	0	0	0	0
ARRA 2009	5900052	1,670,196	1,483,110	7,265,975	313,883	469,883	469,883	313,883	313,883	313,883
Total		273,395,555	308,274,657	355,829,002	305,102,110	318,316,135	318,613,441	305,208,957	318,269,858	318,567,283

Funding Sources										
Fund Balance	4000005	0	0		0	0	212,648	586,718	0	135,269
General Revenue	4000010	72,614,264	71,156,467		71,282,845	71,282,845	71,282,845	71,368,445	71,368,445	71,368,445
Federal Revenue	4000020	79,744,823	109,315,846		109,315,846	109,315,846	109,315,846	109,315,846	109,315,846	109,315,846
Special Revenue	4000030	3,048,312	3,092,291		3,092,291	3,347,879	3,432,879	3,092,291	3,347,879	3,432,879
Special Revenue Restricted	4000031	16,003,639	16,234,528		16,234,528	17,576,362	17,576,362	16,234,528	17,576,362	17,576,362
Cash Fund	4000045	0	0		0	0	3,702	0	0	3,702
Merit Adjustment Fund	4000055	0	1,285,271		0	0	0	0	0	0
Federal Funds-ARRA	4000244	1,291,179	586,718		586,718	586,718	586,718	0	0	0
Third Party Reimbursement	4000490	92,034,678	89,447,352		89,447,352	89,447,352	89,447,352	89,447,352	89,447,352	89,447,352
Transfer to Medicaid Match	4000660	(808,337)	(896,031)		(896,031)	(896,031)	(896,031)	(896,031)	(896,031)	(896,031)
Various Program Support	4000730	9,466,997	18,052,215		16,625,279	16,625,279	16,625,279	16,646,526	16,646,526	16,646,526
Total Funding		273,395,555	308,274,657		305,688,828	307,286,250	307,587,600	305,795,675	306,806,379	307,030,350
Excess Appropriation/(Funding)		0	0		(586,718)	11,029,885	11,025,841	(586,718)	11,463,479	11,536,933
Grand Total		273,395,555	308,274,657		305,102,110	318,316,135	318,613,441	305,208,957	318,269,858	318,567,283

Agency Change Level request includes ARRA appropriation in the ARRA 2009 line item for Rural Health due to a temporary extension of ARRA funding from the federal granting agency.

THE EXECUTIVE RECOMMENDATION TRANSFERS THE BASE LEVEL APPROPRIATION AND FUNDING FOR THE STATE BOARD OF SANITARIANS, THE BOARD OF HEALTH EDUCATION, AND THE STATE ATHLETIC COMMISSION TO THE DEPARTMENT OF HEALTH. THE FUND BALANCES SHOWN IN THE "EXECUTIVE" COLUMN ARE FROM THE AGENCIES BEING TRANSFERRED.

Change Level by Appropriation

Appropriation: 34P - Health Operations Paying
Funding Sources: PHD - Administration Paying

Agency Request

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	305,102,110	2,833	305,102,110	100.0	305,208,957	2,833	305,208,957	100.0
C01	Existing Program	11,033,765	255	316,135,875	103.6	11,035,872	255	316,244,829	103.6
C02	New Program	1,750,000	0	317,885,875	104.2	1,750,000	0	317,994,829	104.2
C03	Discontinue Program	(1,013,647)	(1)	316,872,228	103.9	(1,169,647)	(1)	316,825,182	103.8
C06	Restore Position/Approp	222,560	4	317,094,788	103.9	222,560	4	317,047,742	103.9
C07	Agency Transfer	50,924	1	317,145,712	103.9	50,924	1	317,098,666	103.9
C10	Reclass	(1,211)	0	317,144,501	103.9	(442)	0	317,098,224	103.9
C11	Upgrade/Downgrade	1,987	0	317,146,488	103.9	1,987	0	317,100,211	103.9
C14	Title Change	0	0	317,146,488	103.9	0	0	317,100,211	103.9
C16	ARRA	1,169,647	1	318,316,135	104.3	1,169,647	1	318,269,858	104.3

Executive Recommendation

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	305,102,110	2,833	305,102,110	100.0	305,208,957	2,833	305,208,957	100.0
C01	Existing Program	11,033,765	255	316,135,875	103.6	11,035,872	255	316,244,829	103.6
C02	New Program	1,750,000	0	317,885,875	104.2	1,750,000	0	317,994,829	104.2
C03	Discontinue Program	(1,013,647)	(1)	316,872,228	103.9	(1,169,647)	(1)	316,825,182	103.8
C05	Unfunded Appropriation	125,000	0	316,997,228	103.9	125,000	0	316,950,182	103.8
C06	Restore Position/Approp	222,560	4	317,219,788	104.0	222,560	4	317,172,742	103.9
C07	Agency Transfer	221,696	2	317,441,484	104.0	221,652	2	317,394,394	104.0
C10	Reclass	2,310	0	317,443,794	104.0	3,242	0	317,397,636	104.0
C11	Upgrade/Downgrade	0	0	317,443,794	104.0	0	0	317,397,636	104.0
C14	Title Change	0	0	317,443,794	104.0	0	0	317,397,636	104.0
C16	ARRA	1,169,647	1	318,613,441	104.4	1,169,647	1	318,567,283	104.4

Justification

C01	This request restores 255 currently authorized positions.
C02	This appropriation is requested in capital outlay for the normal replacement of necessary equipment for the local health units, and other necessary needs of operation of the Public Health Lab and other branch operations of the Agency.
C03	This request is to discontinue one (1) ARRA position Grade C109 and all ARRA appropriation except for \$156,000 in FY14 for Rural Health.
C05	The Executive Recommendation transfers the State Athletic Commission to the Department of Health and provides \$125,000 unfunded general revenue appropriation each year of the biennium.
C06	This request is to restore four (4) MFG Epidemiologist positions and appropriation.

Change Level by Appropriation

Justification	
C07	This request is to transfer a position from Fund Center 604 back to Fund Center 34P where it was originally authorized. The Executive Recommendation transfers the Base Level appropriation for the State Board of Sanitarians, the Board of Health Education, and the State Athletic Commission to the Department of Health. The ER also provides for one (1) additional C117 Athletic Commission Program Manager position, and one (1) additional extra help position to transfer from the Athletic Commission to the Department of Health.
C10	This request is for reclassifications to better align the position to the job duties.
C11	This request is to upgrade two (2) Grade C117 Public Health Educator Supervisor positions to a Grade C118.
C14	This request is to change the title from "Lactation Consultant" to "Lactation Assistant" for seven (7) positions.
C16	This ARRA appropriation and funding is for the Epidemiology, WIC, Immunizations & Vaccines for Children, Rural Health, and Chronic Disease programs.

**CARRY FORWARD OF ANY REMAINING FUND BALANCES
FROM FISCAL YEAR 2012 TO FISCAL YEAR 2013**

Agency: AR Department of Health

Program: Health Operations Paying

Act #: 1102 Section(s) #: 5 & 18

Estimated Carry Forward Amount \$ 1,525,965.00 Funding Source: Medicaid

Accounting Information:

Business Area: 0645 Funds Center: 34P Fund: PHD Functional Area: HHS

Current law requires a written statement be submitted to the DFA Office of Budget stating the reason(s) to carry forward funding for a program or a specific line item within a program remaining on June 30th of a fiscal year.

Justification for carry forward of fund balance:

To ensure the agency has sufficient funding for the In Home Service FY 2013 operating budget.

Actual Funding Carry Forward Amount \$ 1,525,965.00

Current status of carry forward funding:

The funds will be used for Salary and Operating Expenses for the In Home Service Program for FY 2013.

Dr. Paul Halverson

Director

08-27-2012

Date

Analysis of Budget Request

Appropriation: 38D - Nuclear Planning Grants

Funding Sources: SNP - Arkansas Nuclear Planning and Response Fund

The grants for Nuclear Planning appropriation provides grants to the Arkansas Department of Emergency Management for local governments located in close proximity to nuclear-powered electricity generating facilities in the State. These grants are used to maintain nuclear disaster response procedures and precautions as a part of the Division of Health's Nuclear Planning and Response Program, A.C.A. 20-21-401 et seq., which provides for the following:

- Continuous radiation surveillance
- Training and education of residents in the affected areas
- Protective measures/procedures/plans and such other actions to be taken in the event of a radiation incident or accident

Funding for this appropriation consists of Special Revenue (A.C.A. 19-6-435 SNP - Arkansas Nuclear Planning and Response Fund), including assessments against utilities operating nuclear generating facilities within the State.

The Agency's Base Level and total request is \$325,000 each year of the biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 38D - Nuclear Planning Grants

Funding Sources: SNP - Arkansas Nuclear Planning and Response Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2013-2014			2014-2015		
		2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid	5100004	325,000	325,000	375,000	325,000	325,000	325,000	325,000	325,000	325,000
Total		325,000	325,000	375,000	325,000	325,000	325,000	325,000	325,000	325,000
Funding Sources										
Special Revenue	4000030	325,000	325,000		325,000	325,000	325,000	325,000	325,000	325,000
Total Funding		325,000	325,000		325,000	325,000	325,000	325,000	325,000	325,000
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		325,000	325,000		325,000	325,000	325,000	325,000	325,000	325,000

Analysis of Budget Request

Appropriation: 59T - Trauma System

Funding Sources: BAA - Public Health Fund

The Trauma System appropriation provides for operations as established by Act 393 of 2009 (A.C.A. 20-13-801 et. seq.) in which the legislature created a comprehensive trauma care system under the auspices of the Department and Board of Health. This system provides guidelines for the care of trauma victims and is fully integrated with all available resources, including, but not limited to, existing emergency medical services providers, hospitals, or other health care providers that would like to participate in the program. Funding for this appropriation is 100% General Revenue.

Base Level Regular Salaries and Personal Services Matching includes Career Service payments for eligible employees. Personal Services Matching also includes a \$20 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$410 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases.

The Agency's Base Level request is \$28,606,080 in FY14 and \$28,607,081 in FY15 with eighteen (18) positions.

The Agency's Change Level request for appropriation and general revenue funding is \$2,103 in FY14 and \$2,243 in FY15. This request consists of classifications to better align the positions to the job duties. The reclassifications are as follows:

- one (L043C) Health Program Specialist III to a (G147C) Grants Coordinator,
- one (L043C) Health Program Specialist III to a (G180C) Grants Analyst,
- one (L048C) Health Program Specialist II to a (G180C) Grants Analyst, and
- one (E047C) Public Health Educator to a (062X) Certified Public Health Educator.

The Executive Recommendation provides for four (4) position reclassifications with no new general revenue funding.

Appropriation Summary

Appropriation: 59T - Trauma System

Funding Sources: BAA - Public Health Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2013-2014			2014-2015		
		2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	823,364	982,632	996,935	982,632	984,168	984,168	983,232	984,768	984,768
#Positions		17	18	18	18	18	18	18	18	18
Extra Help	5010001	7,003	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000
#Extra Help		1	2	2	2	2	2	2	2	2
Personal Services Matching	5010003	264,793	315,272	296,895	319,871	320,438	320,438	320,272	320,979	320,979
Operating Expenses	5020002	261,709	355,545	355,545	355,545	355,545	355,545	355,545	355,545	355,545
Conference & Travel Expenses	5050009	22,702	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
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
Trauma System Expenses	5900046	22,672,044	26,823,032	31,335,000	26,823,032	26,823,032	26,823,032	26,823,032	26,823,032	26,823,032
Total		24,051,615	28,601,481	33,109,375	28,606,080	28,608,183	28,608,183	28,607,081	28,609,324	28,609,324

Funding Sources										
Fund Balance	4000005	13,926,210	9,426,821		507,340	507,340	507,340	0	0	0
General Revenue	4000010	19,712,000	19,682,000		19,690,420	19,692,523	19,690,420	19,691,020	19,693,263	19,691,020
Transfers / Adjustments	4000683	(159,774)	0		0	0	0	0	0	0
Total Funding		33,478,436	29,108,821		20,197,760	20,199,863	20,197,760	19,691,020	19,693,263	19,691,020
Excess Appropriation/(Funding)		(9,426,821)	(507,340)		8,408,320	8,408,320	8,410,423	8,916,061	8,916,061	8,918,304
Grand Total		24,051,615	28,601,481		28,606,080	28,608,183	28,608,183	28,607,081	28,609,324	28,609,324

FY13 Budget amount in Personal Services Matching exceeds the authorized amount due to matching rate adjustments during the 2011-2013 Biennium.

Change Level by Appropriation

Appropriation: 59T - Trauma System
Funding Sources: BAA - Public Health Fund

Agency Request

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	28,606,080	18	28,606,080	100.0	28,607,081	18	28,607,081	100.0
C10	Reclass	2,103	0	28,608,183	100.0	2,243	0	28,609,324	100.0

Executive Recommendation

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	28,606,080	18	28,606,080	100.0	28,607,081	18	28,607,081	100.0
C10	Reclass	2,103	0	28,608,183	100.0	2,243	0	28,609,324	100.0

Justification

C10	This request is for reclassifications to better align the positions to the job duties.
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**CARRY FORWARD OF ANY REMAINING FUND BALANCES
FROM FISCAL YEAR 2012 TO FISCAL YEAR 2013**

Agency: AR Department of Health

Program: Trauma System

Act #: 1102 Section(s) #: 6 & 27

Estimated Carry Forward Amount \$ 8,919,418.00 Funding Source: General Revenue/Tobacco Tax

Accounting Information:

Business Area: 0645 Funds Center: 59T Fund: BAA Functional Area: HHS

Current law requires a written statement be submitted to the DFA Office of Budget stating the reason(s) to carry forward funding for a program or a specific line item within a program remaining on June 30th of a fiscal year.

Justification for carry forward of fund balance:

The revenue is generated from General Revenue/Tobacco Tax. The funds will be used to support the operations for the Trauma System. The estimated balance will be carried forward into FY13.

Actual Funding Carry Forward Amount \$ 9,426,821.00

Current status of carry forward funding:

The funds will be used to support the operations of the Trauma System program for FY13.

Dr. Paul Halverson

Director

08-23-2012

Date

Analysis of Budget Request

Appropriation: 604 - Tobacco Prevention & Cessation Programs

Funding Sources: TSD - Tobacco Prevention & Cessation Program Account

The Tobacco Prevention and Cessation program, created by Initiated Act 1 of 2000 (A.C.A. 19-12-101 et seq.), develops, integrates, and monitors tobacco prevention and cessation programs and provides administrative oversight and management of those programs. Program components approved by the Board of Health include community prevention youth programs, school education and prevention programs, enforcement of tobacco control laws, tobacco cessation programs, tobacco related disease prevention programs, public awareness and health promotion campaign, as well as grants and contracts for monitoring and evaluation. This appropriation is funded from Tobacco Settlement proceeds (TSD - Prevention and Cessation Program Account).

Base Level Regular Salaries and Personal Services Matching includes Career Service payments for eligible employees. Personal Services Matching also includes a \$20 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$410 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases.

The Agency's Base Level request is \$16,807,859 in FY14 and \$16,808,243 in FY15 with thirty-three (33) positions.

The Agency's Change Level request is \$646,089 each year of the biennium and consists of the following:

- Regular Salaries and Personal Services Matching that consists of restoration of (14) positions that were not budgeted in FY13 and classifications of two positions to better align the position with the job duties.

The reclassifications are as follows:

- one (L029C) ADH Public Health Section Chief II to a (P013C) Public Information Coordinator, and
- one (L053C) Health Program Specialist I to a (G180C) Grants Analyst.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 604 - Tobacco Prevention & Cessation Programs

Funding Sources: TSD - Tobacco Prevention & Cessation Program Account

Historical Data

Agency Request and Executive Recommendation

Commitment Item		2011-2012	2012-2013	2012-2013	2013-2014			2014-2015		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	1,465,258	1,527,261	2,123,256	1,527,961	1,996,248	1,996,248	1,527,961	1,996,248	1,996,248
#Positions		35	33	47	33	47	47	33	47	47
Extra Help	5010001	35,367	50,000	75,000	50,000	50,000	50,000	50,000	50,000	50,000
#Extra Help		3	4	4	4	4	4	4	4	4
Personal Services Matching	5010003	453,774	475,496	632,971	482,178	659,980	659,980	482,438	660,240	660,240
Operating Expenses	5020002	235,004	325,000	325,000	325,000	325,000	325,000	325,000	325,000	325,000
Conference & Travel Expenses	5050009	17,227	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Professional Fees	5060010	1,638,884	2,279,633	2,279,633	2,279,633	2,279,633	2,279,633	2,279,633	2,279,633	2,279,633
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Tobacco Prev & Cessation Exp	5900046	7,250,780	11,405,398	11,415,398	11,405,398	11,405,398	11,405,398	11,405,398	11,405,398	11,405,398
Exp Nutrition & Physical Activity	5900047	528,546	726,008	729,573	712,689	712,689	712,689	712,813	712,813	712,813
Total		11,624,840	16,813,796	17,605,831	16,807,859	17,453,948	17,453,948	16,808,243	17,454,332	17,454,332
Funding Sources										
Fund Balance	4000005	4,487,385	5,437,672		1,682,751	1,682,751	1,682,751	0	0	0
Tobacco Settlement	4000495	13,588,000	14,372,275		14,372,275	14,372,275	14,372,275	14,372,275	14,372,275	14,372,275
Transfers / Adjustments	4000683	(1,012,873)	(1,313,400)		(1,313,400)	(1,313,400)	(1,313,400)	(1,313,400)	(1,313,400)	(1,313,400)
Total Funding		17,062,512	18,496,547		14,741,626	14,741,626	14,741,626	13,058,875	13,058,875	13,058,875
Excess Appropriation/(Funding)		(5,437,672)	(1,682,751)		2,066,233	2,712,322	2,712,322	3,749,368	4,395,457	4,395,457
Grand Total		11,624,840	16,813,796		16,807,859	17,453,948	17,453,948	16,808,243	17,454,332	17,454,332

Change Level by Appropriation

Appropriation: 604 - Tobacco Prevention & Cessation Programs
Funding Sources: TSD - Tobacco Prevention & Cessation Program Account

Agency Request

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	16,807,859	33	16,807,859	100.0	16,808,243	33	16,808,243	100.0
C01	Existing Program	696,874	15	17,504,733	104.1	696,874	15	17,505,117	104.1
C07	Agency Transfer	(50,924)	(1)	17,453,809	103.8	(50,924)	(1)	17,454,193	103.8
C10	Reclass	139	0	17,453,948	103.8	139	0	17,454,332	103.8

Executive Recommendation

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	16,807,859	33	16,807,859	100.0	16,808,243	33	16,808,243	100.0
C01	Existing Program	696,874	15	17,504,733	104.1	696,874	15	17,505,117	104.1
C07	Agency Transfer	(50,924)	(1)	17,453,809	103.8	(50,924)	(1)	17,454,193	103.8
C10	Reclass	139	0	17,453,948	103.8	139	0	17,454,332	103.8

Justification

C01	This request restores fourteen (14) currently authorized positions
C07	This request is to transfer a position back to Fund Center 34P where it was originally authorized.
C10	This request is for reclassifications to better align the positions to the job duties.

Analysis of Budget Request

Appropriation: 803 - Health Building & Local Health Grant Trust

Funding Sources: THL - Health Bldg and Local Grant Trust

The Department of Health's Health Building and Local Grant Trust appropriation is used for expansion, renovation, construction, or improvement to the State Health Building and for grants for construction, renovation, or other expansion of approved local health unit facilities in the State as proscribed by A.C.A. 20-7-201 et seq.

Funding for this appropriation consists of visit fees to local health units that are held in a trust fund (A.C.A. 19-5-962 THL - Health Building and Local Grant Trust Fund).

The Agency's Base Level and total request is \$1,842,090 each year of the biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 803 - Health Building & Local Health Grant Trust

Funding Sources: THL - Health Bldg and Local Grant Trust

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2013-2014			2014-2015		
		2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid	5100004	376,369	1,842,090	2,318,000	1,842,090	1,842,090	1,842,090	1,842,090	1,842,090	1,842,090
Total		376,369	1,842,090	2,318,000	1,842,090	1,842,090	1,842,090	1,842,090	1,842,090	1,842,090
Funding Sources										
Fund Balance	4000005	1,325,228	1,548,864		306,774	306,774	306,774	0	0	0
Special Revenue	4000030	600,005	600,000		600,000	600,000	600,000	600,000	600,000	600,000
Total Funding		1,925,233	2,148,864		906,774	906,774	906,774	600,000	600,000	600,000
Excess Appropriation/(Funding)		(1,548,864)	(306,774)		935,316	935,316	935,316	1,242,090	1,242,090	1,242,090
Grand Total		376,369	1,842,090		1,842,090	1,842,090	1,842,090	1,842,090	1,842,090	1,842,090

Analysis of Budget Request

Appropriation: B72 - WIC Food Instruments - Cash

Funding Sources: 163 - Cash Funds

The Department of Health's Women Infants and Children (WIC) Food Instruments appropriation provides for the issuance of vouchers to at-risk persons to improve the nutrition of eligible pregnant, breastfeeding and postpartum women to provide for infants and young children during periods of critical growth. The food instruments are redeemable for specific foods at local grocery stores. The program also provides nutrition education and referral to other services.

Funding for this appropriation consists of funds from the United States Department of Agriculture that are held in a Cash fund to provide electronic benefits transfers to vendors and reimbursements from contracted formula companies.

The Agency's Base Level and total request is \$74,724,683 each year of the biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: B72 - WIC Food Instruments - Cash

Funding Sources: 163 - Cash Funds

Historical Data

Agency Request and Executive Recommendation

Commitment Item		2011-2012	2012-2013	2012-2013	2013-2014			2014-2015		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
WIC Food Instruments	5900040	69,231,906	74,724,683	100,774,497	74,724,683	74,724,683	74,724,683	74,724,683	74,724,683	74,724,683
Total		69,231,906	74,724,683	100,774,497	74,724,683	74,724,683	74,724,683	74,724,683	74,724,683	74,724,683
Funding Sources										
Fund Balance	4000005	752,493	26,011		26,011	26,011	26,011	26,011	26,011	26,011
Federal Revenue	4000020	46,192,746	50,395,772		50,395,772	50,395,772	50,395,772	50,395,772	50,395,772	50,395,772
Manufacturer Rebate	4000341	22,312,678	24,328,911		24,328,911	24,328,911	24,328,911	24,328,911	24,328,911	24,328,911
Total Funding		69,257,917	74,750,694		74,750,694	74,750,694	74,750,694	74,750,694	74,750,694	74,750,694
Excess Appropriation/(Funding)		(26,011)	(26,011)		(26,011)	(26,011)	(26,011)	(26,011)	(26,011)	(26,011)
Grand Total		69,231,906	74,724,683		74,724,683	74,724,683	74,724,683	74,724,683	74,724,683	74,724,683

Appropriation Summary

Appropriation: 58H - Birth Certificate Expenses

Funding Sources: HUA - Miscellaneous Agencies Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item	Historical Data			2013-2014			2014-2015		
	2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Birth Certificate Expenses 5900046	0	0	10,000	0	0	0	0	0	0
Total	0	0	10,000	0	0	0	0	0	0

APPROPRIATION NOT REQUESTED FOR THE 2013-2015 BIENNIUM

Appropriation Summary

Appropriation: B74 - Breast Cancer - Cash

Funding Sources: 163 - Cash Funds

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	2013-2014			2014-2015		
				Base Level	Agency	Executive	Base Level	Agency	Executive
ADH Breast Cancer 5900046	4,158	0	25,000	0	0	0	0	0	0
Total	4,158	0	25,000	0	0	0	0	0	0
Funding Sources									
Cash Fund 4000045	4,158	0		0	0	0	0	0	0
Total Funding	4,158	0		0	0	0	0	0	0
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	4,158	0		0	0	0	0	0	0

APPROPRIATION NOT REQUESTED FOR THE 2013-2015 BIENNIUM

DEPARTMENT OF HIGHER EDUCATION

Enabling Laws

Act 247 of 2012

Higher Education financial aid programs as authorized by A.C.A., Title 6, et. al.

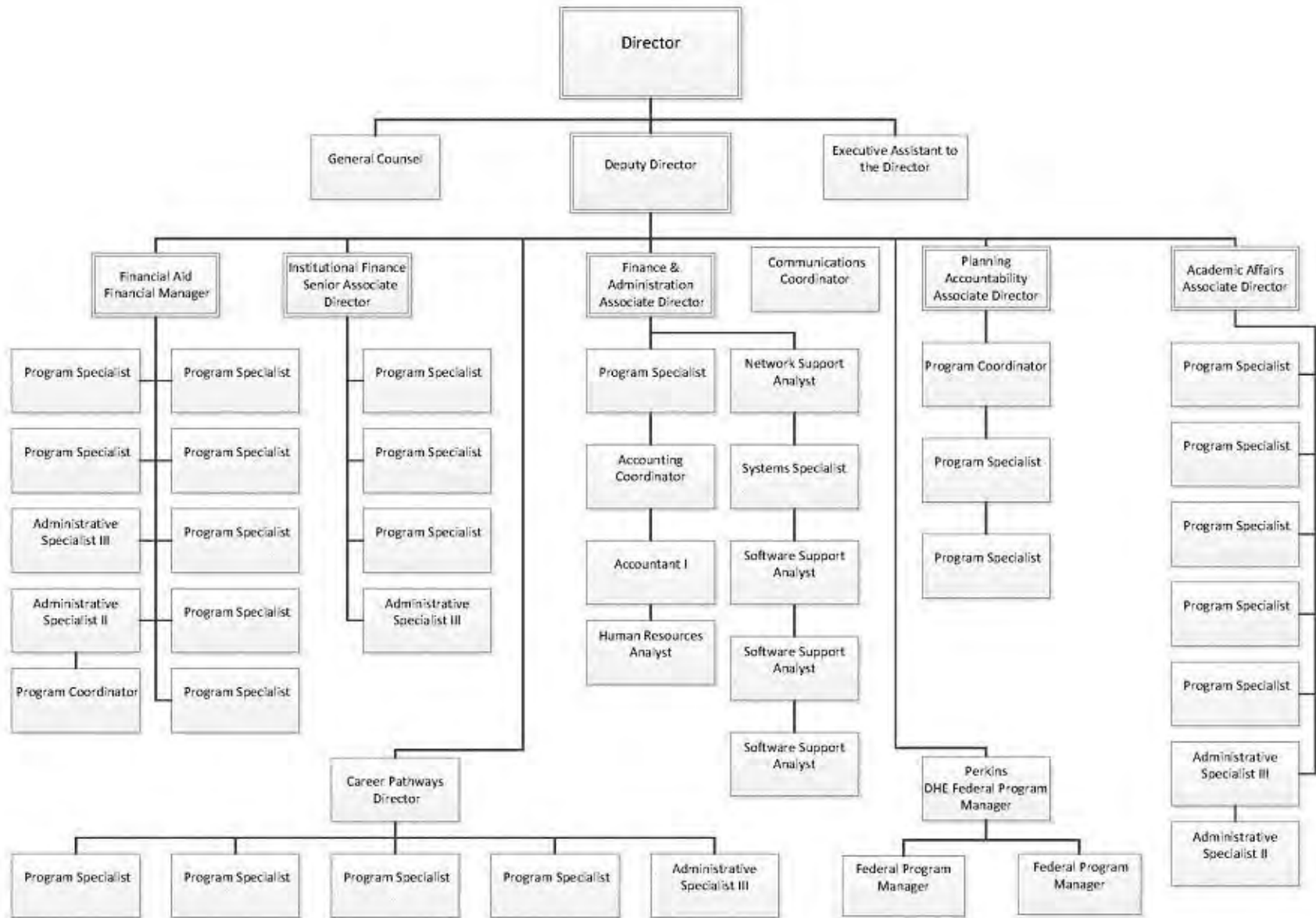
Higher Education financial aid program fund balances as authorized by A.C.A., Title 19, et. al.

History and Organization

The creation of the Arkansas Department of Higher Education (ADHE), and its predecessor, the Commission on the Coordination of Higher Education Finance, was predicated on the State's need for financial analysis, coordination, and strategic planning for the provision of public higher education in Arkansas. The Arkansas Higher Education Coordinating Board (AHECB) was created by Act 1114 of 1997 which abolished the State Board of Higher Education and transferred its powers, duties and functions to the AHECB which now oversees the Department of Higher Education. The scope of the responsibilities of the ADHE has broadened over the years to include determining the role and scope (mission) of each public institution, approving new academic programs, reviewing existing programs for quality and productivity, and analyzing and reporting all types of institutional and student data. Information is the key commodity used by ADHE to serve the needs of its constituencies-- the Governor, the Legislature, and the people of Arkansas. This information includes data on the financial operations of the colleges and universities, statistics about the students who enroll and how they are progressing at these institutions, and information used to provide financial aid to over 30,000 Arkansas college students.

ADHE acquires, generates, analyzes, and monitors data on students, faculty, and institutions to meet monitoring and service obligations. Over the years, the Governor and the Legislature have given the Department increased responsibility to monitor and report on the academic and fiscal operations of public colleges and universities. This has included gubernatorial and legislative mandates to establish a statewide higher education information system with individual data on every enrolled student at public or private colleges and universities and all faculty members at the public colleges and universities. ADHE also maintains data on all recipients of financial aid programs managed by ADHE, whether attendance is at a public or private institution.

The mission of the Arkansas Department of Higher Education is to advocate for higher education; to promote a coordinated system of higher education in the State; and to provide for the orderly and effective development of each of the publicly and locally supported institutions of higher education in the state - all geared toward improving the delivery of higher education services to the citizens of Arkansas.



Agency Commentary

The creation of the Arkansas Department of Higher Education (ADHE), and its predecessor, the Commission on the Coordination of Higher Education Finance, was predicated on the State's need for financial analysis, coordination, and strategic planning for the provision of public higher education in Arkansas. The scope of the responsibilities has broadened over the years to include determining the roles and scope (mission) of each public institution, approving new academic programs, reviewing existing programs for quality and productivity, and analyzing and reporting all types of institutional and student data. Information is the key commodity used by ADHE to serve the needs of its constituencies- -the Governor, the Legislature, and the people of Arkansas. This information includes data on the financial operations of the colleges and universities, statistics about the students who enroll and how they are progressing at these institutions, and information used to provide financial aid of over \$190 million to over 30,000 Arkansas college students.

ADHE acquires, generates, analyzes, and monitors data on students, faculty, and institutions to meet these monitoring and service obligations. Over the years, the Governor and the Legislature have given the Department increased responsibility to monitor and report on the academic and fiscal operations of public colleges and universities. This has included gubernatorial and legislative mandates to establish a statewide higher education information system with individual data on every enrolled student and all faculty positions.

On January 11, 2011, the Governor issued a challenge to the state and to its institutions of higher education by stating: "We can and must double the number of college graduates in Arkansas by 2025 if we are to stay competitive. This is a lofty goal aimed at the future, but we must begin implementing it today." Act 1203 was enacted by the Arkansas General Assembly and, on April 5, 2011, Gov. Beebe signed it into law. Over a period of five years starting with FY2013-14, 25% of an institution's base funding will be allocated according to performance. The Arkansas Department of Higher Education (ADHE) has dedicated significant time and effort working with the colleges and universities to develop an effective model for implementing the performance funding

The following define the priorities for the 2013 -2015 biennium. Each is designed to either restore or maintain capabilities of the agency to meet continuing mandates of the Governor and the Legislature for effective coordination of Arkansas higher education.

I. Agency Operations/Provision of Basic Services to Governor, Legislature, and Higher Education Institutions

A. Personal Services Costs for Additional Requested Personnel

The Arkansas Department of Higher Education (ADHE) is formally requesting to upgrade three (N908) DHE Associate Director positions and one (N909) DHE Associate Director for Academic Affairs to the position of (N913)DHE Senior Associate Director. Pursuant to A.C.A. 6-61-203 the ADHE Director and staff shall be comparable to those in colleges and universities. ADHE salaries are currently not comparable which puts ADHE at a disadvantage when trying to recruit and retain employees because of the competition from colleges and universities. A recent

2011-2012 salary comparison indicate that the Senior Associate position would more closely be comparable to those in colleges and universities making it easier for DHE to recruit and retain qualified employees. **This request is for appropriation only.**

B. Extra Help

These positions are used to help assist the Financial Aid Staff during peak volumes times each semester to insure that the awards can go out in a timely manner. Extra Help is requested because it is more cost effective to utilize these positions on an as needed basis versus employment of full time employees. **Base Level Request.**

C. Operating Expenses

The Arkansas Department of Higher Education is requesting Change Levels of \$75,000 for each year of the biennium. ADHE has worked closely with Arkansas Building Authority (ABA) on a new facility space. ABA has helped ADHE develop estimated costs including relocation costs. The cost for relocation including Information Technology and telephone system is approximately \$45,000. Additional costs include the utilities and janitorial services of \$30,000. **This request is for appropriation and funding.**

D. Conference Fees & Travel

AHDE uses this travel related categories such as to provide professional development for staff in order to insure the ability to provide continuing professional services in changing environments. **Base Level Request.**

E. Professional Fees

Arkansas Code §6-61-214 and 6-61-208 requires ADHE to review new and existing academic degree programs for the public institutions of higher education in Arkansas. The agency utilizes this to hire consultants for the review of doctoral, selected master's degree proposals, and some technical/professional baccalaureate programs that are highly specialized and beyond the general or specific expertise of the agency's Academic Affairs staff. **Base Level Request.**

F. Capital Outlay

The Department is requesting Change Levels of \$30,000 for each year of the biennium. This appropriation is based on the increased requirements for the Department to purchase and maintain high end network server printers and other information technology related equipment. Information has become a key commodity used by ADHE to serve the needs of its constituencies. ADHE acquires, generates, analyzes, and monitors data on students, faculty, and institutions. Additional hardware has been acquired to host web sites and student servers to comply with new State laws and programs. The Department now operates six student servers for such programs as well as the

Academic Challenge, Governor's Scholar, and Credit Transfer Programs. The Department's Technology plan calls for the replacement of one server, network storage and one network printer each year. **This request is for appropriation and funding.**

II. Financial Aid Programs to Students

ADHE Financial Aid Programs are funded through the Higher Education Grants Fund (HEG) which receives funding from General Revenue and the Education Excellence Fund. For the past several years the HEG Fund had revenues that exceeded expenses and built up a rather large fund balance. Further, pursuant to Section 17 of Act 286 of 2010, twenty million (\$20,000,000) was transferred by warrant to the Scholarship Shortfall Reserve Fund of the Arkansas Lottery Commission. All of these events have reduced the HEG Fund balance to around \$6,000,000. The current revenue and HEG Fund Balance will not be sufficient to sustain all of the Financial Aid Programs. The Arkansas Governor's Scholarship Program has seen a continued increase in the number of eligible students and now runs at a level of 1,500 students which will require a change level of \$2,700,000 each year to sustain the current level of students. The Law Enforcement Dependents Program has also grown and will require a change level of \$175,000 each year to maintain the growth in the program. The Military Dependents Program has seen a steady increase in the last years due to the many overseas conflicts; the program now has a waiting list of over 50 students and will require a change level of \$325,000 each year to fund the current students plus those on a waiting list.

Without these change levels and increased funding, many programs will not be funded and most others will have to have funding reduced to insure that current students in the pipeline will be funded as well as maximizing utilization of available funding to other Financial Aid programs that will serve the largest number of students maximize the number of students served in need and achievement based programs.

B. Arkansas Health Education Grant (ARHEG)

The Arkansas Health Education Grant (ARHEG) Program was created to assist Arkansas residents who must attend certain professional schools not provided by the State of Arkansas in the areas of dentistry, optometry, podiatry, osteopathy, and veterinary. Arkansas contracts through the Southern Regional Education Board (SREB) to ensure that Arkansas residents can secure seats in participating institutions in the SREB Compact Program. The fee for each seat is established by SREB and the ARHEG grant or loan amount is typically an amount sufficient to help offset the difference in the resident and non-resident tuition amounts at participating institutions. The Arkansas Health Education Grants (ARHEG) Program is funded with General Revenue and balances in the Higher Education Grants (HEG) Fund. SREB continues to increase the slot fee for these programs each year. The current increase is five percent each year requiring the change levels below to continue to fund the current number of students.

Change Levels for each program are as follows for each year:

	<u>2013-2014</u>	<u>2014-2015</u>
Dental Aid	\$ 166,100	\$ 311,100
Optometry	\$ 20,000	\$ 40,000
Veterinary Aid	\$ 35,000	\$ 100,000

III. State Scholarship - Federal

This program is Arkansas' participation in the federally funded "Leveraging Educational Assistance Partnership (LEAP)" Program. This is a need based grant for the non-traditional student or those at least 24 years old. The program's goal is to help those students returning to school who have financial need but may not be eligible for assistance from traditional state and federal programs. **Federal Funding, Base Level Request.**

IV. Research Development Fund

This Arkansas Research Development Program is for research grants to applicable institutions of higher education. Funding for this program is transferred from the Higher Education Building Maintenance Fund from proceeds from the sale or lease of minerals, oil and gas on military and non-military federal lands in Arkansas. The Department is requesting restoration of the current biennial appropriation amount of \$2,000,000 and an additional \$2,000,000 for a total of \$4,000,000 for the Arkansas Research Development Program. The requested increase is to allow the increase in proceeds to be distributed. **This request is for appropriation only.**

V. Technical Education - Federal Programs (Perkins)

The Carl D. Perkins Vocational and Technical Education Act require each state to "establish a state performance accountability system to assess the effectiveness of vocational and technical education." This request includes support for multiple model project/pilot projects to be implemented to meet state leadership requirements. The purpose of the model projects is to encourage the implementation of new and innovative programs for career and technical education. Perkins will request proposals from postsecondary institutions receiving Perkins funding so specific projects to be funded are unknown at this time. However, based upon the type projects Perkins will seek, it is likely that the projects will use consultants to develop a program or provide a service. Potential projects include implementation of learning communities, development of retention strategies, creation of an online resource center, process mapping to identify gaps in support services for technical students, development of a leadership academy for faculty, and creation of a performance-based instruction design model. The Department requests Change Levels of \$27,000 for Operating Expenses and \$39,000 for Professional Fees and Services related to these projects. The request is for each fiscal year of the biennium. **The Program is federally funded and this request is for appropriation only.**

VI. Career Pathways Program

The Career Pathways Program operates under the State's Temporary Assistance to Needy Families (TANF) Block Grant. Under these guidelines, all recipients of TANF funds as approved by the Arkansas Transitional Employment Board (TEB) are eligible to receive "educational activities designed to increase self-sufficiency & job training skills". The Department works with the Arkansas Association of Two-Year Colleges (AATYC) to coordinate services to eligible recipients attending selected two-year institutions. The initiative began in March, 2005 and has since expanded to all 22 Two Year Colleges while serving more than 10,000 participants since implementation. More than 4,000 of these participants have received certificates or degrees since entering the program. **Federal Funding, Base Level Request.**

VII. The College Access Challenge Grant Program (CACGP)

The College Access Challenge Grant Program. (CACGP) is a Federal Program funded by the U. S. Department of Education. The project is designed to foster partnerships among government entities and philanthropic organizations to increase the number of underrepresented students who enter and remain in postsecondary education. The purpose of this project is to encourage students and families to learn about, prepare for, and finance a postsecondary education. The project includes a statewide outreach effort that will provide tools that can be used on a long-range basis to help tell the story of the importance of higher education. A training program will also be developed for high school guidance counselors who are located in the poorest counties of Arkansas as a means to assist them in reaching out to children from economically disadvantaged families. **Federal Funding, Base Level Request.**

VIII. Scholarship Administration

Pursuant to Act 1195 of 2011, the Arkansas Department of Higher Education (ADHE) was directed to develop and maintain the Arkansas Higher Education Information System. This project will provide for a data integration and identity resolution solution. ADHE is starting a data warehousing and business intelligence project. The new data integration and identity resolution tools will require additional database tools and hardware. This capital request is to fund the tools needed to comply with Act 1195 of 2011.

IX. Complete College America.

The Arkansas Department of Higher Education (ADHE) requests change levels for appropriation of \$1,000,000 for each fiscal year of the biennium. Of this amount, \$100,000 is requested for Operating Expenses, \$100,000 for Professional Fees, and \$800,000 for Grants.

This increase is requested due to the receipt by ADHE of a grant from the Complete College America. The grant will be used to inspire and enhance state efforts to significantly boost college completion and close attainment gaps for traditionally underrepresented populations. This project will be a comprehensive partnership that will focus the state's tremendous opportunity to change the way we deliver higher education. Nine colleges and universities will participate in the proposed initiative and will address transforming remediation and reducing time-to-degree and accelerating success. **Foundation Funding Appropriation Only**

X. Cash Operations

ADHE receives grants from private foundations. The "Achieving the Dream: Community Colleges Count" national initiative is designed to help more community college students succeed. Achieving the Dream provides participating colleges with support to implement strategies designed to help more students-particularly students of color and low-income students-earn degrees, complete certificates. The Western Interstate Commission for Higher Education (WICHE) Non-traditional No More: Policy Solutions for Adult Learners grant will be used to stimulate and guide policy and practice changes that will create a more navigable path to degree attainment for adults. ADHE has been awarded a planning grant from the Lumina Foundation for Education, Inc. The grant will be used to conduct planning and implementation for a 2011 College Goal Sunday event in Arkansas. College Goal Sunday is a program that utilizes financial aid professionals in providing free assistance to potential college students completing the Free Application for Student Financial Aid (FASFA). Specifically, College Goal Sunday targets low income families. ADHE is requesting appropriation increase (\$750,000) each year for the administration of these programs as well as new programs we are anticipating. **This request is for appropriation only.**

XI. Explanations for Revisions to Special Language & New Special Language

A. Building Maintenance Fund (Section 16)

Streamlines the language to provide for the receipt of any additional deposits from the Higher Education Building Maintenance Fund continue to be allocated to the Research Development Fund for support of the Arkansas Research Education and Optical Network.

B. HIGHER EDUCATION CENTRAL POOL POSITIONS. (Section 38)

Request to codify the section in what was the Higher Education Employee Classification and Compensation Act and to revise the language to review rather than approve. This request would make our central pool consistent with the OPM codified language (See Attachment of 21-2-225).

C. New Language for E&G Athletic Transfer.

Revisions are requested to streamline existing language and to offer parity among the institutions by allowing transfers based upon the campus educational and general (E&G) budget.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
DEPARTMENT OF HIGHER EDUCATION
FOR THE YEAR ENDED JUNE 30, 2010

Findings

Recommendations

None

None

State Contracts Over \$25,000 Awarded To Minority Owned Businesses Fiscal Year 2012

None

Employment Summary

	Male	Female	Total	%
White Employees	12	15	27	66 %
Black Employees	1	11	12	29 %
Other Racial Minorities	0	2	2	5 %
Total Minorities			14	34 %
Total Employees			41	100 %

Publications

A.C.A. 25-1-204

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
A-Book Operating & Capital	A.C.A. 6-61-209	Y	Y	250	Presents biennial recommendations for each institution.
Agenda Books	A.C.A. 6-61-202	N	N	80	Provides notice of higher education issues to be addressed by AHECB.
AR Academic Cost Accounting	A.C.A. 6-61-222	N	Y	200	Reflects cost of each academic program provided to Board and ALC - Interim Committees.
AR Challenge Scholarships	A.C.A. 6-82-1004	N	N	40,000	Sent to high schools and, upon request, to students for informational purposes.
Atheltic Costs & Revenues	A.C.A. 6-62-106	N	Y	100	Presented to AHECB and Joint Audit Committee annually.
B-Book - Personal Services	A.C.A. 6-61-209	Y	Y	250	Presents biennial recommendations for institutional personal services & positions.
Degrees Awarded	A.C.A. 6-61-206	N	N	200	Available on web site - distributed for informational purposes upon request to higher educ community & others.
Fact Book	A.C.A. 6-61-202	Y	Y	250	Historical reference - information also provided to institutions.
Financial Aid Guide	A.C.A. 6-82-1004	N	N	40,000	Sent to high schools and students and counselors and guidance officers.

A.C.A. 25-1-204

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
Financial Prgms. Handbook	A.C.A. 8-82-1004	N	N	40,000	For informational purposes, this report is sent to high schools and students upon request.
Governor's Scholars	A.C.A. 8-82-1004	N	N	40,000	For informational purposes, this report is sent to high schools and students upon request.
Health Education Grants	Acts 1180 of 99 & 1612 of 01	N	Y	25	Provides student information for those receiving grants & their return rates.
Impact of Scholarship Prgms.	A.C.A. 6-82-104	N	Y	1	Assesses the impact of scholarship programs and reported to Council annually.
Legislative Summary	A.C.A. 6-61-202	Y	Y	50	Provides information on legislation affecting higher education
Minimum Core Curriculum	A.C.A. 6-53-205 & 6-61-218	N	N	256	For informational purposes, copies are distributed to each public institution of higher education.
Retention & Graduation	A.C.A. 6-61-220	N	N	0	Appears annually in AHECB agenda book published & distributed quarterly to Board, Governor, Institutions
Student Enrollments	A.C.A. 6-61-206	N	N	5	Available on web site - distributed for informational purposes to higher educ community & others.
Student Semester Credit & FTE	A.C.A. 6-61-206	N	N	5	On Web site - Distributed upon request for informational purposes to Higher Education community & others.
Type Amount Compensation for Monitary Losses of Students called into Military Service	A.C.A. 6-61-112	N	Y	100	Mandated for House Interim Committee on Aging, Children and Youth, Legislative and Military Affiars and Senate Interim Committee on Children and Youth beginning October 1, 2006

Department Appropriation Summary

Historical Data

Agency Request and Executive Recommendation

Appropriation	2011-2012		2012-2013		2012-2013		2013-2014						2014-2015					
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
135 Dental Aid Grant & Loans	2,922,570	0	3,121,270	0	3,121,270	0	3,121,270	0	3,287,370	0	3,121,270	0	3,121,270	0	3,432,370	0	3,121,270	0
137 Optometry Aid Grants & Loans	461,800	0	550,000	0	550,000	0	550,000	0	570,000	0	550,000	0	550,000	0	590,000	0	550,000	0
138 Veterinary Aid	1,044,638	0	1,100,000	0	1,100,000	0	1,100,000	0	1,135,000	0	1,100,000	0	1,100,000	0	1,200,000	0	1,100,000	0
140 Chiropractic Aid	185,010	0	260,000	0	260,000	0	260,000	0	260,000	0	260,000	0	260,000	0	260,000	0	260,000	0
153 General Operations	3,415,262	36	3,841,202	39	3,958,998	39	3,939,462	39	4,112,909	39	4,037,062	39	3,941,200	39	4,114,647	39	4,038,800	39
156 Research Development Program Grants	2,000,000	0	5,000,000	0	5,000,000	0	5,000,000	0	5,000,000	0	5,000,000	0	5,000,000	0	5,000,000	0	5,000,000	0
160 State Scholarship-Federal	0	0	750,000	0	750,000	0	750,000	0	750,000	0	750,000	0	750,000	0	750,000	0	750,000	0
197 Student Asst Grants/Scholarships	46,462,887	0	55,675,000	0	74,811,860	0	55,675,000	0	51,675,000	0	55,675,000	0	55,675,000	0	51,675,000	0	55,675,000	0
1GF Improving Teacher Quality	795,382	0	1,565,258	0	1,565,258	0	1,565,258	0	1,565,258	0	1,565,258	0	1,565,258	0	1,565,258	0	1,565,258	0
2XK TANF	14,249,726	6	10,999,468	5	15,031,501	5	10,975,637	5	10,975,637	5	10,975,637	5	10,976,369	5	10,976,369	5	10,976,369	5
58B College Access Challenge Grant	1,232,868	0	1,500,000	0	1,500,000	0	1,500,000	0	1,500,000	0	1,500,000	0	1,500,000	0	1,500,000	0	1,500,000	0
59B ADHE-Scholarship Admn	596,110	6	967,069	6	971,129	6	968,695	6	1,063,953	7	1,063,953	7	968,695	6	1,063,953	7	1,063,953	7
772 Technical Education-Federal Programs	381,712	3	385,521	2	546,775	2	371,827	2	437,827	2	437,827	2	371,827	2	437,827	2	437,827	2
773 Osteopathy Aid	87,200	0	230,000	0	230,000	0	230,000	0	230,000	0	230,000	0	230,000	0	230,000	0	230,000	0
783 Podiatry Aid	34,400	0	130,400	0	130,400	0	130,400	0	130,400	0	130,400	0	130,400	0	130,400	0	130,400	0
921 Dept Higher Education - Cash in Treasury	238,664	0	945,000	0	945,000	0	945,000	0	1,695,000	0	1,695,000	0	945,000	0	1,695,000	0	1,695,000	0
97E Compl't Coll Amer Grt	280,998	0	0	0	0	0	0	0	1,000,000	0	1,000,000	0	0	0	1,000,000	0	1,000,000	0
Total	74,389,227	51	87,020,188	52	110,472,191	52	87,082,549	52	85,388,354	53	89,091,407	53	87,085,019	52	85,620,824	53	89,093,877	53

Funding Sources		%		%		%		%		%		%		%		%		%	
Fund Balance	4000005	20,234,371	22.5	15,350,741	17.3			1,474,649	2.0	1,474,649	2.0	1,474,649	2.0	219,002	0.3	219,002	0.3	219,002	0.3
General Revenue	4000010	3,145,964	3.5	3,291,808	3.7			3,291,808	4.6	3,522,909	4.7	3,389,408	4.6	3,291,808	4.7	3,524,647	4.5	3,389,408	4.3
Federal Revenue	4000020	16,659,688	18.6	15,200,247	17.2			15,162,722	21.1	15,228,722	20.5	15,228,722	20.6	15,163,454	21.4	15,229,454	19.3	15,229,454	19.4
Cash Fund	4000045	850,928	0.9	750,000	0.8			945,000	1.3	1,945,000	2.6	1,945,000	2.6	945,000	1.3	1,945,000	2.5	1,945,000	2.5
Trust Fund	4000050	419,781	0.5	5,000,000	5.7			2,500,000	3.5	2,500,000	3.4	2,500,000	3.4	2,500,000	3.5	2,500,000	3.2	2,500,000	3.2
Educational Excellence Fund	4000220	12,679,729	14.1	12,942,065	14.6			12,942,065	18.0	12,942,065	17.4	12,942,065	17.5	12,942,065	18.3	12,942,065	16.4	12,942,065	16.5
Gen Rev Higher Ed Grants	4000258	35,003,220	39.0	34,491,806	39.0			34,491,806	47.9	35,491,806	47.8	35,270,706	47.7	34,491,806	48.8	41,491,806	52.5	41,040,706	52.3
HEG Fund Transfers/Adjust.	4000280	66,125	0.1	90,000	0.1			90,000	0.1	90,000	0.1	90,000	0.1	90,000	0.1	90,000	0.1	90,000	0.1
Institution Certification Fees	4000297	150,000	0.2	150,000	0.2			150,000	0.2	150,000	0.2	150,000	0.2	150,000	0.2	150,000	0.2	150,000	0.2
Inter-agency Fund Transfer	4000316	476,989	0.5	918,776	1.0			600,000	0.8	600,000	0.8	600,000	0.8	600,000	0.8	600,000	0.8	600,000	0.8
Reimbursement	4000425	53,173	0.1	309,394	0.3			350,000	0.5	350,000	0.5	350,000	0.5	350,000	0.5	350,000	0.4	350,000	0.4
Total Funds		89,739,968	100.0	88,494,837	100.0			71,998,050	100.0	74,295,151	100.0	73,940,550	100.0	70,743,135	100.0	79,041,974	100.0	78,455,635	100.0

Excess Appropriation/(Funding)	(15,350,741)	(1,474,649)		15,084,499	11,093,203	15,150,857	16,341,884	6,578,850	10,638,242
Grand Total	74,389,227	87,020,188		87,082,549	85,388,354	89,091,407	87,085,019	85,620,824	89,093,877

Variance in fund balance due to unfunded appropriation in appropriations (153) General Operations, (197) Student Asst Grants/Scholarships, (921) Dept Higher Education - Cash in Treasury, and (156) Research Development Program Grants.

Agency Position Usage Report

FY2010 - 2011						FY2011 - 2012						FY2012 - 2013					
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	
54	47	7	54	0	12.96 %	52	41	11	52	0	21.15 %	52	47	7	54	-2	9.62 %

Budgeted Number of Positions in FY13 exceeds the Authorized Number due to positions added from the Central Growth Pool.

Analysis of Budget Request

Appropriation: 153 - General Operations

Funding Sources: HQA - Dept. of Higher Education - State

The Arkansas Department of Higher Education utilizes this appropriation to meet costs associated with general administrative functions tied to the specific mission of the Agency. This appropriation is primarily funded by general revenue payable from the Department of Higher Education Fund Account (HQA). Funding is also provided by the Arkansas Lottery Commission with proceeds from the Arkansas Scholarship Lottery for costs associated with the administration of the Arkansas Academic Challenge Scholarship.

Base Level Regular Salaries and Personal Services Matching includes Career Service payments for eligible employees. Personal Services Matching also includes a \$20 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$410 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 \$3,939,462 in FY14 and \$3,941,200 in FY15 with \$3,291,808 each year of general revenue funding and thirty-nine (39) budgeted base level positions.

The agency Change Level request for this appropriation is \$173,447 each year of the biennium and general revenue of \$231,101 in FY14 and \$232,839 in FY15, and are as follows:

- \$68,447 each year of the 2013-2015 biennium in appropriation and general revenue funding for Salaries and Personal Services Matching associated with the reclassification of four (4) positions to DHE Senior Associate Director. Those positions requested to be reclassified are three (3) DHE Associate Director and one (1) DHE Associate Director for Academic Affairs.
- \$75,000 each year of the biennium in appropriation and general revenue funding for Operating Expenses for utility costs and janitorial services associated with the relocation of ADHE office facilities.
- \$30,000 in each year in appropriation and general revenue funding for Capital Outlay to purchase and maintain high end network server printers and other information technology related equipment.
- \$57,564 in FY14 and \$59,392 in general revenue funding to support unfunded base level appropriation.

The Executive Recommendation provides for Base Level in addition to the following:

- \$22,600 each year of the 2013-2015 biennium in appropriation and general revenue funding for Salaries and Personal Services Matching associated with the reclassification of one (1) DHE Associate Director to DHE Senior Associate Director.
- \$75,000 each year of the biennium in appropriation and general revenue funding for Operating Expenses for utility costs and janitorial services associated with the relocation of ADHE office facilities.
- \$30,000 each year in Capital Outlay to be requested from Capital Projects to be funded from the General Improvement Fund.

Appropriation Summary

Appropriation: 153 - General Operations
Funding Sources: HQA - Dept. of Higher Education - State

Historical Data

Agency Request and Executive Recommendation

Commitment Item		2011-2012	2012-2013	2012-2013	2013-2014			2014-2015		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	2,110,421	2,373,700	2,495,956	2,424,411	2,480,230	2,442,942	2,425,411	2,481,230	2,443,942
#Positions		36	39	39	39	39	39	39	39	39
Extra Help	5010001	2,902	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
#Extra Help		0	6	6	6	6	6	6	6	6
Personal Services Matching	5010003	587,705	668,477	664,017	716,026	728,654	720,095	716,764	729,392	720,833
Operating Expenses	5020002	689,642	765,755	765,755	765,755	840,755	840,755	765,755	840,755	840,755
Conference & Travel Expenses	5050009	20,092	20,270	20,270	20,270	20,270	20,270	20,270	20,270	20,270
Professional Fees	5060010	4,500	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	30,000	0	0	30,000	0
Total		3,415,262	3,841,202	3,958,998	3,939,462	4,112,909	4,037,062	3,941,200	4,114,647	4,038,800

Funding Sources										
General Revenue	4000010	3,145,964	3,291,808		3,291,808	3,522,909	3,389,408	3,291,808	3,524,647	3,389,408
HEG Fund Transfers/Adjust.	4000280	66,125	90,000		90,000	90,000	90,000	90,000	90,000	90,000
Institution Certification Fees	4000297	150,000	150,000		150,000	150,000	150,000	150,000	150,000	150,000
Reimbursement	4000425	53,173	309,394		350,000	350,000	350,000	350,000	350,000	350,000
Total Funding		3,415,262	3,841,202		3,881,808	4,112,909	3,979,408	3,881,808	4,114,647	3,979,408
Excess Appropriation/(Funding)		0	0		57,654	0	57,654	59,392	0	59,392
Grand Total		3,415,262	3,841,202		3,939,462	4,112,909	4,037,062	3,941,200	4,114,647	4,038,800

FY13 Budget amount in Personal Services Matching exceeds the authorized amount due to matching rate adjustments during the 2011-2013 Biennium.

Change Level by Appropriation

Appropriation: 153 - General Operations
Funding Sources: HQA - Dept. of Higher Education - State

Agency Request

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	3,939,462	39	3,939,462	100.0	3,941,200	39	3,941,200	100.0
C01	Existing Program	105,000	0	4,044,462	102.7	105,000	0	4,046,200	102.7
C10	Reclass	68,447	0	4,112,909	104.4	68,447	0	4,114,647	104.4

Executive Recommendation

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	3,939,462	39	3,939,462	100.0	3,941,200	39	3,941,200	100.0
C01	Existing Program	75,000	0	4,014,462	101.9	75,000	0	4,016,200	101.9
C10	Reclass	22,600	0	4,037,062	102.5	22,600	0	4,038,800	102.5

Justification

C01	The Arkansas Department of Higher Education is requesting Change Levels of \$105,000 for each year of the biennium. ADHE has worked closely with Arkansas Building Authority (ABA) on a new facility space. ABA has helped ADHE develop estimated costs including relocation costs. The operating cost for relocation including Information Technology and telephone system is approximately \$45,000. Additional Operating costs include the utilities and janitorial services of \$30,000. Capital Outlay of \$30,000 is requested to purchase and maintain high end network server printers and other information technology related equipment. These items are located in the Agency's IT plan.
C10	ADHE requests \$55,819 in regular salaries and \$12,628 in corresponding personal services matching for the reclassification of 4 positions to Senior Associate Director.

Analysis of Budget Request

Appropriation: 156 - Research Development Program Grants

Funding Sources: THD - Higher Education Research Development - Trust

The Arkansas Research Development Program provides grants to institutions of higher education for development of scientific research capability per Arkansas Code § 6-61-807. Funding for this program is required to be transferred from the Higher Education Building Maintenance Fund in accordance with Section 22 of Act 286 of 2010. Revenues in the Higher Education Building Maintenance Fund accumulate from the sale or lease of minerals, oil, gas, etc. on military and non-military federal lands located within the State of Arkansas.

The agency Base Level request for this appropriation is \$5,000,000 each year of the Biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 156 - Research Development Program Grants

Funding Sources: THD - Higher Education Research Development - Trust

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2013-2014			2014-2015		
		2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid	5100004	2,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Total		2,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Funding Sources										
Fund Balance	4000005	2,476,493	896,274		896,274	896,274	896,274	0	0	0
Trust Fund	4000050	419,781	5,000,000		2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
Total Funding		2,896,274	5,896,274		3,396,274	3,396,274	3,396,274	2,500,000	2,500,000	2,500,000
Excess Appropriation/(Funding)		(896,274)	(896,274)		1,603,726	1,603,726	1,603,726	2,500,000	2,500,000	2,500,000
Grand Total		2,000,000	5,000,000		5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000

Analysis of Budget Request

Appropriation: 160 - State Scholarship-Federal

Funding Sources: FCP - Dept. of Higher Education - Federal

This appropriation represents the federal share of the Workforce Improvement Grants Program, which is the State's only financial aid program based solely on financial need. The federal grant received is for Arkansas' participation in the "Leveraging Educational Assistance Partnership" (LEAP) Program. The goal is to help the non-traditional student (24 years old or older) returning to school who has financial need but may not be eligible for assistance from traditional state and federal programs. This appropriation is funded entirely from federal revenue received from the U.S. Department of Education.

The agency Base Level request for this appropriation is \$750,000 each year of the biennium.

the Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 160 - State Scholarship-Federal
Funding Sources: FCP - Dept. of Higher Education - Federal

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2011-2012	2012-2013	2012-2013	2013-2014			2014-2015		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid 5100004	0	750,000	750,000	750,000	750,000	750,000	750,000	750,000	750,000
Total	0	750,000	750,000	750,000	750,000	750,000	750,000	750,000	750,000
Funding Sources									
Federal Revenue 4000020	0	750,000		750,000	750,000	750,000	750,000	750,000	750,000
Total Funding	0	750,000		750,000	750,000	750,000	750,000	750,000	750,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	0	750,000		750,000	750,000	750,000	750,000	750,000	750,000

Analysis of Budget Request

Appropriation: 197 - Student Asst Grants/Scholarships

Funding Sources: HEG - Higher Education Grants

The Student Assistance Grants and Scholarships appropriation provides the Arkansas Department of Higher Education (ADHE) the authority to award the State's current and prospective college students with financial aid based upon academic performance and, in some programs, financial need. This appropriation is currently funded from a combination of general revenue, Higher Education Grants Fund balances, and Educational Excellence Trust Fund revenues, payable from the Higher Education Grants (HEG) Fund Account.

The Agency Base Level request for appropriation is \$55,675,000 each year of the biennium with \$29,051,843 each year in general revenue funding.

The Agency Change Level request is for overall reduction in appropriation of \$4,000,000 each year of the biennium. Also, the Agency is requesting \$363,240 in FY14 and \$6,133,240 in FY15 in new general revenue funding. The Change Level requests are reflected as follows:

- State Teacher Education Program (STEP) - \$2,000,000 reduction each year to more adequately align with the number of new students in the program.
- Higher Education Opportunity Grants - \$2,000,000 reduction each year to more adequately align with the number of new students in the program.
- Second Effort Scholarships - \$10,000 increase each year due to an increase in the number of eligible students in the program.
- Washington Center Scholarships - \$100,000 increase each year due to an increase in the number of eligible students in the program.
- Dependents of Law Enforcement Officers - \$175,000 increase each year due to an increase in the number of eligible students in the program.
- Dependents of POWs, MIAs, KIAs - \$325,000 increase each year to accommodate an increase in the number of eligible students in the program due to the many overseas conflicts.
- Tuition Adjustment - \$350,000 increase each year to cover increased costs associated with rising tuition.
- Academic Challenge - \$3,660,000 decrease each year to more adequately align with the number of new students in the program.

- Arkansas Governor's Scholars - \$2,700,000 increase each year due to an increase in the number of eligible students in the program.

The Executive Recommendation provides for Base Level. In addition the Executive Recommendation is for special language to allow ADHE to reallocate appropriation between the different programs as needed.

Appropriation Summary

Appropriation: 197 - Student Asst Grants/Scholarships

Funding Sources: HEG - Higher Education Grants

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	2013-2014			2014-2015		
					Base Level	Agency	Executive	Base Level	Agency	Executive
St Teacher Educ Prgm	5100004	1,430,383	4,000,000	5,000,000	4,000,000	2,000,000	4,000,000	4,000,000	2,000,000	4,000,000
Teacher Opportunity Program	5100004	1,044,246	1,500,000	2,000,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Workforce Improvement Grants	5100004	3,461,625	2,500,000	4,277,169	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
H E Opportunities Grant	5100004	5,552,672	8,000,000	11,000,000	8,000,000	6,000,000	8,000,000	8,000,000	6,000,000	8,000,000
National Guard Tuition Asst.	5100004	1,460,863	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Single Parent Scholarship Prograr	5100004	175,000	175,000	175,000	175,000	175,000	175,000	175,000	175,000	175,000
Second Effort Scholarships	5100030	9,375	0	20,000	0	10,000	0	0	10,000	0
Minority Masters Fellows	5100030	0	0	280,000	0	0	0	0	0	0
Washington Center Scholarships	5100030	0	0	120,000	0	100,000	0	0	100,000	0
SREB Minority Doctoral Scholars	5100030	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Dependents-Law Enf. Off, etc	5100030	258,104	200,000	200,000	200,000	375,000	200,000	200,000	375,000	200,000
AR Geographical Critical Needs	5100030	0	150,000	200,000	150,000	150,000	150,000	150,000	150,000	150,000
Jr/Sr Minority Teacher Scholars	5100030	0	0	300,000	0	0	0	0	0	0
Dependents-POW'S, MIA'S, etc.	5100030	160,382	250,000	250,000	250,000	575,000	250,000	250,000	575,000	250,000
Tuition Adjustment	5110014	0	0	350,000	0	350,000	0	0	350,000	0
Refunds/Reimbursements	5110014	0	0	5,000,000	0	0	0	0	0	0
Capital Outlay	5120011	28,535	0	0	0	0	0	0	0	0
St Teacher Asst. Resource Prgm	5120029	0	0	3,581,717	0	0	0	0	0	0
Academic Challenge	5900046	20,259,457	25,000,000	28,000,000	25,000,000	21,340,000	25,000,000	25,000,000	21,340,000	25,000,000
AR Governor's Scholar	5900047	11,790,966	10,750,000	10,750,000	10,750,000	13,450,000	10,750,000	10,750,000	13,450,000	10,750,000
SURF	5900048	145,625	150,000	307,974	150,000	150,000	150,000	150,000	150,000	150,000
Web Based Applications	5900049	485,654	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000
Total		46,462,887	55,675,000	74,811,860	55,675,000	51,675,000	55,675,000	55,675,000	51,675,000	55,675,000

Funding Sources									
Fund Balance	4000005	17,315,769	13,681,092		0	0	0	0	0
Educational Excellence Fund	4000220	12,679,729	12,942,065		12,942,065	12,942,065	12,942,065	12,942,065	12,942,065
Gen Rev Higher Ed Grants	4000258	30,148,481	29,051,843		29,051,843	29,415,083	29,415,083	29,051,843	35,185,083
Total Funding		60,143,979	55,675,000		41,993,908	42,357,148	42,357,148	41,993,908	48,127,148
Excess Appropriation/(Funding)		(13,681,092)	0		13,681,092	9,317,852	13,317,852	13,681,092	7,547,852
Grand Total		46,462,887	55,675,000		55,675,000	51,675,000	55,675,000	55,675,000	55,675,000

Change Level by Appropriation

Appropriation: 197 - Student Asst Grants/Scholarships
Funding Sources: HEG - Higher Education Grants

Agency Request

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	55,675,000	0	55,675,000	100.0	55,675,000	0	55,675,000	100.0
C03	Discontinue Program	(4,000,000)	0	51,675,000	92.8	(4,000,000)	0	51,675,000	92.8
C04	Reallocation	0	0	51,675,000	92.8	0	0	51,675,000	92.8

Executive Recommendation

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	55,675,000	0	55,675,000	100.0	55,675,000	0	55,675,000	100.0
C03	Discontinue Program	0	0	55,675,000	100.0	0	0	55,675,000	100.0
C04	Reallocation	0	0	55,675,000	100.0	0	0	55,675,000	100.0

Justification

C03	The reduction is \$2,000,000 for the State Teacher Education Program and the (STEP) Program and \$2,000,000 for the Higher Education Opportunities Grant Program. The change level is to more adequately align the appropriation with the number of new students and those in pipeline
C04	The Arkansas Governor's Scholarship Program has seen a continued increase in the number of eligible students and now runs at a level of 1,500 students which will require a change level of \$2,700,000 each year to sustain the current level of students. The Law Enforcement Dependents Program has also grown and will require a change level of \$175,000 each year to maintain the growth in the program. The Military Dependents Program has seen a steady increase in the last years due to the many overseas conflicts; the program now has a waiting list of over 50 students and will require a change level of \$325,000 each year to fund the current students plus those on a waiting list. Without these change levels and increased funding, many programs will not be funded and most others will have to have funding reduced

Analysis of Budget Request

Appropriation: 1GF - Improving Teacher Quality

Funding Sources: FCP - Dept. of Higher Education - Federal

The Arkansas Department of Higher Education's (ADHE) Improving Teacher Quality appropriation represents the State's 'No Child Left Behind' program. The goals of this appropriation stress the importance of preparing, training and recruiting high quality teachers and principals through competitive grants to institutions of higher education. Major emphasis is placed upon teacher quality as being a factor in improving student achievement. This program is federally funded through the U.S. Department of Education.

The agency Base Level and total request for this appropriation is \$1,565,258 each year of the biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 1GF - Improving Teacher Quality
Funding Sources: FCP - Dept. of Higher Education - Federal

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	2013-2014			2014-2015		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	845	26,856	26,856	26,856	26,856	26,856	26,856	26,856	26,856
Conference & Travel Expenses	5050009	2,058	13,000	13,000	13,000	13,000	13,000	13,000	13,000	13,000
Professional Fees	5060010	0	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Grants and Aid	5100004	792,479	1,517,402	1,517,402	1,517,402	1,517,402	1,517,402	1,517,402	1,517,402	1,517,402
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Total		795,382	1,565,258	1,565,258	1,565,258	1,565,258	1,565,258	1,565,258	1,565,258	1,565,258
Funding Sources										
Federal Revenue	4000020	795,382	1,565,258		1,565,258	1,565,258	1,565,258	1,565,258	1,565,258	1,565,258
Total Funding		795,382	1,565,258		1,565,258	1,565,258	1,565,258	1,565,258	1,565,258	1,565,258
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		795,382	1,565,258		1,565,258	1,565,258	1,565,258	1,565,258	1,565,258	1,565,258

Analysis of Budget Request

Appropriation: 2XK - TANF

Funding Sources: FCP - Dept. of Higher Education - Federal

The Temporary Assistance to Needy Families (TANF) appropriation is a collaboration between the Arkansas Department of Higher Education (ADHE) and all twenty-two (22) two-year institutions of higher education. Known as the "Career Pathways" program, it provides educational and training services to recipients deemed eligible under the TANF Block Grant. ADHE works with the Arkansas Association of Two-Year Colleges (AATYC) to coordinate services to eligible recipients, and over 100,000 students have participated. The goal of this appropriation is to increase client self-sufficiency and job skills. This program is federally funded through the U.S. Department of Health and Human Services.

Base Level Regular Salaries and Personal Services Matching includes Career Service payments for eligible employees. Personal Services Matching also includes a \$20 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$410 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 \$10,975,637 in FY14 and \$10,976,369 in FY15 with six (6) base level positions and two (2) extra help positions.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 2XK - TANF

Funding Sources: FCP - Dept. of Higher Education - Federal

Historical Data

Agency Request and Executive Recommendation

Commitment Item	Historical Data			2013-2014			2014-2015		
	2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	361,149	339,605	413,562	340,205	340,205	340,205	340,805	340,805	340,805
#Positions	6	5	5	5	5	5	5	5	5
Extra Help 5010001	574	15,000	25,000	15,000	15,000	15,000	15,000	15,000	15,000
#Extra Help	1	2	2	2	2	2	2	2	2
Personal Services Matching 5010003	102,879	109,863	112,939	100,432	100,432	100,432	100,564	100,564	100,564
Operating Expenses 5020002	99,242	90,000	160,000	90,000	90,000	90,000	90,000	90,000	90,000
Conference & Travel Expenses 5050009	21,557	25,000	75,000	25,000	25,000	25,000	25,000	25,000	25,000
Professional Fees 5060010	25,800	30,000	130,000	30,000	30,000	30,000	30,000	30,000	30,000
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Grants and Aid 5100004	13,638,525	10,375,000	14,100,000	10,375,000	10,375,000	10,375,000	10,375,000	10,375,000	10,375,000
Capital Outlay 5120011	0	15,000	15,000	0	0	0	0	0	0
Total	14,249,726	10,999,468	15,031,501	10,975,637	10,975,637	10,975,637	10,976,369	10,976,369	10,976,369
Funding Sources									
Federal Revenue 4000020	14,249,726	10,999,468		10,975,637	10,975,637	10,975,637	10,976,369	10,976,369	10,976,369
Total Funding	14,249,726	10,999,468		10,975,637	10,975,637	10,975,637	10,976,369	10,976,369	10,976,369
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	14,249,726	10,999,468		10,975,637	10,975,637	10,975,637	10,976,369	10,976,369	10,976,369

Analysis of Budget Request

Appropriation: 58B - College Access Challenge Grant

Funding Sources: FCP - Dept. of Higher Education - Federal

The College Access Challenge Grant Program (CACGP) is designed to foster partnerships among federal, state, and local governments and philanthropic organizations through matching challenge grants that are aimed at increasing the number of low-income students who are prepared to enter and succeed in postsecondary education. Projects funded by the CACGP are designed to: provide information to students and families regarding postsecondary education and career preparation; promote financial literacy and debt management; conduct outreach activities; assist students in completing the Free Application for Federal Student Financial Aid (FAFSA); provide need-based grant aid; conduct professional development for guidance counselors at middle and secondary schools, financial aid administrators, and college admissions counselors; and offer student loan cancellation or repayment or interest rate reductions for borrowers who are employed in a high-need geographical area or a high need profession. This program is federally funded.

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

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 58B - College Access Challenge Grant
Funding Sources: FCP - Dept. of Higher Education - Federal

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2013-2014			2014-2015		
		2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	591,552	595,000	595,000	595,000	595,000	595,000	595,000	595,000	595,000
Conference & Travel Expenses	5050009	154	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Professional Fees	5060010	641,162	880,000	880,000	880,000	880,000	880,000	880,000	880,000	880,000
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		1,232,868	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Funding Sources										
Federal Revenue	4000020	1,232,868	1,500,000		1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Total Funding		1,232,868	1,500,000		1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		1,232,868	1,500,000		1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000

Analysis of Budget Request

Appropriation: 59B - ADHE-Scholarship Admn

Funding Sources: HEG - Higher Education Grants

The Arkansas Department of Higher Education (ADHE) provides for the administration of the Arkansas Academic Challenge Scholarship program through Scholarship Administration appropriation. The Arkansas Lottery Commission provides funding for this appropriation with proceeds from the Arkansas Scholarship Lottery.

Base Level Regular Salaries and Personal Services Matching includes Career Service payments for eligible employees. Personal Services Matching also includes a \$20 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$410 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 \$968,695 each year of the biennium with \$48,293 in general revenue funding, six (6) budgeted base level positions and nine (9) budgeted extra help positions.

The agency Change Level request for is \$95,258 each year of the biennium in appropriation and \$415,660 in new general revenue funding. The requests are outlined as follows:

- \$60,258 each year of the biennium in appropriation and general revenue funding for Regular Salaries and Personal Services Matching associated with the restoration of one (1) Program Coordinator position.
- \$35,000 each year in appropriation and general revenue funding for Capital Outlay to provide for data integration and identity resolution solutions for the Arkansas Higher Education Information System. These items are located in the agency's IT plan.
- \$320,402 in additional general revenue to fully fund base level appropriation.

The Executive Recommendation provides for Agency Request.

Appropriation Summary

Appropriation: 59B - ADHE-Scholarship Admn
Funding Sources: HEG - Higher Education Grants

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	2013-2014			2014-2015		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	218,429	280,330	287,857	280,330	325,707	325,707	280,330	325,707	325,707
#Positions		6	6	6	6	7	7	6	7	7
Extra Help	5010001	10,347	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
#Extra Help		1	9	9	9	9	9	9	9	9
Personal Services Matching	5010003	72,190	91,739	88,272	93,365	108,246	108,246	93,365	108,246	108,246
Operating Expenses	5020002	116,444	165,000	165,000	165,000	165,000	165,000	165,000	165,000	165,000
Conference & Travel Expenses	5050009	0	0	0	0	0	0	0	0	0
Professional Fees	5060010	178,700	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	35,000	35,000	0	35,000	35,000
Total		596,110	967,069	971,129	968,695	1,063,953	1,063,953	968,695	1,063,953	1,063,953
Funding Sources										
Gen Rev Higher Ed Grants	4000258	119,121	48,293		48,293	463,953	463,953	48,293	463,953	463,953
Inter-agency Fund Transfer	4000316	476,989	918,776		600,000	600,000	600,000	600,000	600,000	600,000
Total Funding		596,110	967,069		648,293	1,063,953	1,063,953	648,293	1,063,953	1,063,953
Excess Appropriation/(Funding)		0	0		320,402	0	0	320,402	0	0
Grand Total		596,110	967,069		968,695	1,063,953	1,063,953	968,695	1,063,953	1,063,953

FY13 Budget amount in Personal Services Matching exceeds the authorized amount due to matching rate adjustments during the 2011-2013 Biennium.

Change Level by Appropriation

Appropriation: 59B - ADHE-Scholarship Admn
Funding Sources: HEG - Higher Education Grants

Agency Request

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	968,695	6	968,695	100.0	968,695	6	968,695	100.0
C01	Existing Program	35,000	0	1,003,695	103.6	35,000	0	1,003,695	103.6
C06	Restore Position/Approp	60,258	1	1,063,953	109.8	60,258	1	1,063,953	109.8

Executive Recommendation

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	968,695	6	968,695	100.0	968,695	6	968,695	100.0
C01	Existing Program	35,000	0	1,003,695	103.6	35,000	0	1,003,695	103.6
C06	Restore Position/Approp	60,258	1	1,063,953	109.8	60,258	1	1,063,953	109.8

Justification

C01	Pursuant to Act 1195 of 2011, the Arkansas Department of Higher Education (ADHE) was directed to develop and maintain the Arkansas Higher Education Information System. This project will provide for a data integration and identity resolution solution. ADHE is starting a data warehousing and business intelligence project. The new data integration and identity resolution tools will require additional database tools and hardware. This capital request is to fund the tools needed to comply with Act 1195 of 2011.
C06	ADHE is requesting \$45,377 in salary and \$14,881 in personal services matching each year of the biennium for the restoration of 1 Program Coordinator position.

Analysis of Budget Request

Appropriation: 772 - Technical Education-Federal Programs

Funding Sources: FCP - Dept. of Higher Education - Federal

The Teacher Education-Federal Programs appropriation is designed to utilize federal funding awarded by the Carl D. Perkins Vocational and Technical Act. This Act focuses on the academic achievement of career and technical education students, strengthening the connections between secondary and postsecondary education, and improving state and local accountability.

The Arkansas Department of Workforce Education has been designated as the agency eligible to receive federal Perkins funds from the Office of Vocational and Adult Education in the U.S. Department of Education. Through a Memorandum of Understanding, the Arkansas Department of Workforce Education makes funds available to the Arkansas Department of Higher Education (ADHE) to administer the postsecondary portion of the Perkins Act.

Base Level Regular Salaries and Personal Services Matching includes Career Service payments for eligible employees. Personal Services Matching also includes a \$20 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$410 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 \$371,827 each year of the biennium and two (2) budgeted base level positions.

The agency Change Level request for this appropriation is \$66,000 each year of the biennium and reflects the following:

- \$27,000 each year in Operating Expenses for conference and seminar fees related to Perkins-sponsored training seminars
- \$39,000 each year in Professional Fees for multiple model project/pilot projects to be implemented to meet state leadership requirements.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 772 - Technical Education-Federal Programs

Funding Sources: FCP - Dept. of Higher Education - Federal

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	2013-2014			2014-2015		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	153,675	137,051	219,585	137,751	137,751	137,751	137,751	137,751	137,751
#Positions		3	2	2	2	2	2	2	2	2
Personal Services Matching	5010003	46,666	54,470	58,190	40,076	40,076	40,076	40,076	40,076	40,076
Operating Expenses	5020002	59,487	93,000	95,000	93,000	120,000	120,000	93,000	120,000	120,000
Conference & Travel Expenses	5050009	47,384	20,000	69,000	20,000	20,000	20,000	20,000	20,000	20,000
Professional Fees	5060010	74,500	81,000	90,000	81,000	120,000	120,000	81,000	120,000	120,000
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	0	15,000	0	0	0	0	0	0
Total		381,712	385,521	546,775	371,827	437,827	437,827	371,827	437,827	437,827
Funding Sources										
Federal Revenue	4000020	381,712	385,521		371,827	437,827	437,827	371,827	437,827	437,827
Total Funding		381,712	385,521		371,827	437,827	437,827	371,827	437,827	437,827
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		381,712	385,521		371,827	437,827	437,827	371,827	437,827	437,827

Change Level by Appropriation

Appropriation: 772 - Technical Education-Federal Programs
Funding Sources: FCP - Dept. of Higher Education - Federal

Agency Request

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	371,827	2	371,827	100.0	371,827	2	371,827	100.0
C01	Existing Program	66,000	0	437,827	117.8	66,000	0	437,827	117.8

Executive Recommendation

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	371,827	2	371,827	100.0	371,827	2	371,827	100.0
C01	Existing Program	66,000	0	437,827	117.8	66,000	0	437,827	117.8

Justification

C01	The Carl D. Perkins Vocational and Technical Education Act require each state to "establish a state performance accountability system to assess the effectiveness of vocational and technical education." This request includes support for multiple model project/pilot projects to be implemented to meet state leadership requirements. The purpose of the model projects is to encourage the implementation of new and innovative programs for career and technical education. The Department requests Change Levels of \$27,000 for Operating Expenses and \$39,000 for Professional Fees and Services related to these projects. The request is for each fiscal year of the biennium. The Program is federally funded and this request is for appropriation only.
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Analysis of Budget Request

Appropriation: 921 - Dept Higher Education - Cash in Treasury

Funding Sources: NHE - Cash in Treasury

This appropriation is for Cash Operations of The Arkansas Department of Higher Education (ADHE) as defined by Arkansas Code §19-4-801. This appropriation assists in the administration of grant awards related to the "Achieving the Dream", "Non-Traditional No More", and "College Goal Sunday" programs. "Achieving the Dream: Community Colleges Count" program receives private foundation funding to provide participating community colleges with resources to assist minority and low income students earn degrees and to facilitate transfers of credits to other institutions of higher education for continuing their studies. "Non-Traditional No More: Policy Solutions for Adult Learners" program is a Western Interstate Commission for Higher Education (WICHE) private foundation grant used to stimulate and guide policy changes to create a more navigable path to degree attainment for adults. "College Goal Sunday" uses funding provided via planning grant from the Lumina Foundation for Education, Inc. to provide low income families access to financial aid professionals and free assistance in completing the Free Application for Student Financial Aid (FAFSA), as well as helping those targeted students identify all financial aid available.

The agency Base Level request for this appropriation is \$945,000 each year of the biennium.

The agency Change Level request for this appropriation is \$750,000 each year of the biennium and reflects the following:

- \$500,000 each year in Operating Expenses for assistance grants and aid.
- \$150,000 each year in Professional Fees for increased costs associated with the grants.
- \$100,000 each year in Capital Outlay to purchase equipment related to the administration of the private grants.

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

Appropriation Summary

Appropriation: 921 - Dept Higher Education - Cash in Treasury

Funding Sources: NHE - Cash in Treasury

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	2013-2014			2014-2015		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	155,086	378,070	378,070	378,070	878,070	878,070	378,070	878,070	878,070
Conference & Travel Expenses	5050009	14,193	60,620	60,620	60,620	60,620	60,620	60,620	60,620	60,620
Professional Fees	5060010	66,385	401,310	401,310	401,310	551,310	551,310	401,310	551,310	551,310
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Scholarships	5100030	3,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Refunds/Reimbursements	5110014	0	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Capital Outlay	5120011	0	0	0	0	100,000	100,000	0	100,000	100,000
Total		238,664	945,000	945,000	945,000	1,695,000	1,695,000	945,000	1,695,000	1,695,000
Funding Sources										
Fund Balance	4000005	442,109	554,373		359,373	359,373	359,373	0	0	0
Cash Fund	4000045	350,928	750,000		945,000	945,000	945,000	945,000	945,000	945,000
Total Funding		793,037	1,304,373		1,304,373	1,304,373	1,304,373	945,000	945,000	945,000
Excess Appropriation/(Funding)		(554,373)	(359,373)		(359,373)	390,627	390,627	0	750,000	750,000
Grand Total		238,664	945,000		945,000	1,695,000	1,695,000	945,000	1,695,000	1,695,000

Change Level by Appropriation

Appropriation: 921 - Dept Higher Education - Cash in Treasury
Funding Sources: NHE - Cash in Treasury

Agency Request

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	945,000	0	945,000	100.0	945,000	0	945,000	100.0
C01	Existing Program	750,000	0	1,695,000	179.4	750,000	0	1,695,000	179.4

Executive Recommendation

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	945,000	0	945,000	100.0	945,000	0	945,000	100.0
C01	Existing Program	750,000	0	1,695,000	179.4	750,000	0	1,695,000	179.4

Justification

C01	ADHE periodically receives grants from various state, federal programs as well as private foundations. Current programs include Achieving the Dream, The Western Interstate Commission for Higher Education (WICHE) Non-traditional No More: Policy Solutions for Adult Learners, Lumina Foundation for Education, Inc. and College Goal Sunday event in Arkansas. College Goal Sunday. ADHE is requesting appropriation increase (\$750,000) each year for the administration of these programs as well as new programs we are anticipating. This request is for appropriation only.
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Analysis of Budget Request

Appropriation: 97E - Complt Coll Amer Grt

Funding Sources: NHE - Cash in Treasury

This appropriation is for Cash Operations of The Arkansas Department of Higher Education (ADHE) for the operation of the Complete College America Grant. This grant will be used to enhance state efforts to boost college completion and close attainment gaps for traditionally underrepresented populations. Nine colleges and universities will participate in the initiative and will address transforming remediation and reducing time-to-degree and accelerating success.

The agency request for this appropriation is for \$1,000,000 each year of the 2013-2015 biennium and reflects the following:

- \$100,000 each year in Operating Expenses for employee travel costs associated with the administration of this program
- \$100,000 each year in Professional Fees.
- \$800,000 each year in Grants.

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

Appropriation Summary

Appropriation: 97E - Complt Coll Amer Grt

Funding Sources: NHE - Cash in Treasury

Historical Data

Agency Request and Executive Recommendation

Commitment Item	Historical Data			2013-2014			2014-2015		
	2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses 5020002	0	0	0	0	100,000	100,000	0	100,000	100,000
Professional Fees 5060010	0	0	0	0	100,000	100,000	0	100,000	100,000
Grants and Aid 5100004	280,998	0	0	0	800,000	800,000	0	800,000	800,000
Total	280,998	0	0	0	1,000,000	1,000,000	0	1,000,000	1,000,000
Funding Sources									
Fund Balance 4000005	0	219,002		219,002	219,002	219,002	219,002	219,002	219,002
Cash Fund 4000045	500,000	0		0	1,000,000	1,000,000	0	1,000,000	1,000,000
Total Funding	500,000	219,002		219,002	1,219,002	1,219,002	219,002	1,219,002	1,219,002
Excess Appropriation/(Funding)	(219,002)	(219,002)		(219,002)	(219,002)	(219,002)	(219,002)	(219,002)	(219,002)
Grand Total	280,998	0		0	1,000,000	1,000,000	0	1,000,000	1,000,000

Change Level by Appropriation

Appropriation: 97E - Complt Coll Amer Grt
Funding Sources: NHE - Cash in Treasury

Agency Request

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
C01	Existing Program	1,000,000	0	1,000,000	100.0	1,000,000	0	1,000,000	100.0

Executive Recommendation

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
C01	Existing Program	1,000,000	0	1,000,000	100.0	1,000,000	0	1,000,000	100.0

Justification

C01	The Arkansas Department of Higher Education (ADHE) requests change levels for appropriation of \$1,000,000 for each fiscal year of the biennium. Of this amount, \$100,000 is requested for Operating Expenses, \$100,000 for Professional Fees, and \$800,000 for Grants. This increase is requested due to the receipt by ADHE of a grant from the Complete College America. The grant will be used to inspire and enhance state efforts to significantly boost college completion and close attainment gaps for traditionally underrepresented populations. This project will be a comprehensive partnership that will focus the state's tremendous opportunity to change the way we deliver higher education. Nine colleges and universities will participate in the proposed initiative and will address transforming remediation and reducing time-to-degree and accelerating success.								
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Analysis of Budget Request

Appropriation: HEG - Health Education Grants & Loans

Funding Sources: HEG - Higher Education Grants

The Health Professions Financial Assistance Program of the Arkansas Department of Higher Education (ADHE) is responsible for developing rules and regulations for the Arkansas Health Education Grants (ARHEG) Program. ARHEG provides Arkansas residents financial assistance to attend certain out-of-state health and medical professional schools for graduate or professional programs not available in Arkansas. Education programs not offered in Arkansas are facilitated through contractual arrangements negotiated through the Southern Regional Education Board (SREB), of which Arkansas is a member. The State also contracts directly with out-of-state institutions for additional spaces or student slots at Non-SREB institutions. Such assistance is typically amounts sufficient to help offset the difference in the resident and non-resident tuition fees at participating institutions. Assistance is currently available for attendance at any accredited school of dentistry, veterinary medicine, optometry, osteopathy medicine, podiatric and chiropractic medicine. ARHEG is funded by general revenue payable from the Higher Education Grants (HEG) Fund.

Base Level appropriation and general revenue funding for the various health education fields totals \$5,391,670 each year of the 2013-2015 biennium for all Health Education Grants and Loan Programs.

In order to fully fund the pipeline of Arkansas students already enrolled, Change Level requests for appropriation and new general revenue funding are requested as follows:

- Veterinary Aid: \$35,000 in FY14 and \$100,000 in FY15.
- Dental Aid Grants: \$166,100 in FY14 and \$311,00 in FY15.
- Optometry Aid Grants: \$20,000 in FY14 and \$40,000 in FY15.

The Executive Recommendation provides for Base Level.

Appropriation Summary

Appropriation: HEG - Health Education Grants & Loans

Funding Sources: HEG - Higher Education Grants

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2013-2014			2014-2015		
		2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Osteopathy Aid	5100004	87,200	230,000	230,000	230,000	230,000	230,000	230,000	230,000	230,000
Podiatry Aid	5100004	34,400	130,400	130,400	130,400	130,400	130,400	130,400	130,400	130,400
Veterinary Aid	5100004	1,044,638	1,100,000	1,100,000	1,100,000	1,135,000	1,100,000	1,100,000	1,200,000	1,100,000
Chiropractic Aid	5100004	185,010	260,000	260,000	260,000	260,000	260,000	260,000	260,000	260,000
Dental Aid Grants	5100004	1,935,200	2,133,900	2,133,900	2,133,900	2,300,000	2,133,900	2,133,900	2,445,000	2,133,900
Optometry Aid Grants	5100004	371,800	410,000	410,000	410,000	430,000	410,000	410,000	450,000	410,000
Optometry Aid Loans	5120029	90,000	140,000	140,000	140,000	140,000	140,000	140,000	140,000	140,000
Dental Aid Loans	5120029	987,370	987,370	987,370	987,370	987,370	987,370	987,370	987,370	987,370
Total		4,735,618	5,391,670	5,391,670	5,391,670	5,612,770	5,391,670	5,391,670	5,842,770	5,391,670
Funding Sources										
Gen Rev Higher Ed Grants	4000258	4,735,618	5,391,670		5,391,670	5,612,770	5,391,670	5,391,670	5,842,770	5,391,670
Total Funding		4,735,618	5,391,670		5,391,670	5,612,770	5,391,670	5,391,670	5,842,770	5,391,670
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		4,735,618	5,391,670		5,391,670	5,612,770	5,391,670	5,391,670	5,842,770	5,391,670

Change Level by Appropriation

Appropriation: 135 - Dental Aid Grant & Loans
Funding Sources: HEG - Higher Education Grants

Agency Request

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	3,121,270	0	3,121,270	100.0	3,121,270	0	3,121,270	100.0
C01	Existing Program	166,100	0	3,287,370	105.3	311,100	0	3,432,370	110.0

Executive Recommendation

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	3,121,270	0	3,121,270	100.0	3,121,270	0	3,121,270	100.0
C01	Existing Program	0	0	3,121,270	100.0	0	0	3,121,270	100.0

Justification

C01	Arkansas contracts through the Southern Regional Education Board (SREB) to ensure that Arkansas residents can secure seats in participating institutions in the SREB Compact Program. The fee for each seat is established by SREB and the ARHEG grant or loan amount is typically an amount sufficient to help offset the difference in the resident and non-resident tuition amounts at participating institutions. The current increase is five percent each year requiring the change levels below to continue to fund the current number of students.
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Change Level by Appropriation

Appropriation: 137 - Optometry Aid Grants & Loans
Funding Sources: HEG - Higher Education Grants

Agency Request

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	550,000	0	550,000	100.0	550,000	0	550,000	100.0
C01	Existing Program	20,000	0	570,000	103.6	40,000	0	590,000	107.3

Executive Recommendation

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	550,000	0	550,000	100.0	550,000	0	550,000	100.0
C01	Existing Program	0	0	550,000	100.0	0	0	550,000	100.0

Justification

C01	Arkansas contracts through the Southern Regional Education Board (SREB) to ensure that Arkansas residents can secure seats in participating institutions in the SREB Compact Program. The fee for each seat is established by SREB and the ARHEG grant or loan amount is typically an amount sufficient to help offset the difference in the resident and non-resident tuition amounts at participating institutions. The current increase is five percent each year requiring the change levels below to continue to fund the current number of students.
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Change Level by Appropriation

Appropriation: 138 - Veterinary Aid
Funding Sources: HEG - Higher Education Grants

Agency Request

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	1,100,000	0	1,100,000	100.0	1,100,000	0	1,100,000	100.0
C01	Existing Program	35,000	0	1,135,000	103.2	100,000	0	1,200,000	109.1

Executive Recommendation

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	1,100,000	0	1,100,000	100.0	1,100,000	0	1,100,000	100.0
C01	Existing Program	0	0	1,100,000	100.0	0	0	1,100,000	100.0

Justification

C01	Arkansas contracts through the Southern Regional Education Board (SREB) to ensure that Arkansas residents can secure seats in participating institutions in the SREB Compact Program. The fee for each seat is established by SREB and the ARHEG grant or loan amount is typically an amount sufficient to help offset the difference in the resident and non-resident tuition amounts at participating institutions. The current increase is five percent each year requiring the change levels below to continue to fund the current number of students.
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DEPARTMENT OF LABOR

Enabling Laws

Act 144 of 2012(appropriation) ;

Ark. Code Ann. §§ 11-2-101 *et. seq.* and 25-12-101(creation and general powers). Ark. Code Ann. §§ 8-7-1001 *et. seq.*(Public Employee Chemical Right to Know Act).

Ark. Code Ann. §§ 11-2-201 *et. seq.* (Mediation & Conciliation Service Nondisclosure Act).

Ark. Code Ann. §§ 11-4-201 through 11-4-612 (Wage & Hour).

Ark. Code Ann. §§ 11-11-201 *et. seq.*(Private Employment Agency Act).

Ark. Code Ann. §§ 17-28-101 *et. seq.*(electrician licensing).

Ark. Code Ann. §§ 20-20-301 *et. seq.*(child labor-hand harvesting crops).

Ark. Code Ann. §§ 20-23-101 *et. seq.*(Boiler Safety Law).

Ark. Code Ann. §§ 20-24-101 *et. seq.*(Elevator Safety Law).

Ark. Code Ann. §§ 20-27-1101 through -1103 and 20-27-1301 *et seq.*(regulation of blasting).

Ark. Code Ann. §§ 20-31-101 *et seq.*(Electrical Code Authority Act).

Ark. Code Ann. §§ 22-9-301 *et. seq.*(Prevailing Wage Law).

Ark. Code Ann. §§ 23-89-501 *et. seq.*(Amusement Ride and Amusement Attraction Safety Insurance Act).

History and Organization

The predecessor of the Arkansas Department of Labor (hereinafter referred to as "the Agency") was established in 1913. In 1937, the Agency received its current name and much of its current structure. Its statutory mission is "to promote and develop the welfare of the wage earners of Arkansas, to improve their working conditions, and to advance their opportunities for profitable employment" (A.C.A. § 11-2-101).

The following describes the Agency's four (4) major program areas which encompass 14 functional work units.

OCCUPATIONAL SAFETY AND HEALTH:

This division is the largest within the Agency with four (4) functional units. In addition to its regulatory authority, this division recognizes individuals and companies who have made outstanding strides in the field of industrial safety through its safety award program, and all units work collaboratively to present safety conferences and seminars throughout the state. OSHA Consultation is 90% federally funded and assists employers in complying with federal OSHA regulations. The primary role of this unit is to provide consultation and training to employers and

industries, with preference given to small, high hazard businesses. The Arkansas Occupational Safety and Health (AOSH) unit is supported by general revenue and enforces the state's safety and health laws, primarily with respect to public employment, an area not covered by federal OSHA. AOSH employees provide a variety of safety training courses to general industry, civic, and employee groups, as well as blasting training and certification. Another major responsibility of this unit is the enforcement and regulation of state law regarding the operation of amusement rides. AOSH works in conjunction with the Amusement Ride Safety Advisory Board. Fees collected for amusement ride inspections and blasting certification provide additional revenue for the Agency. Mine Safety and Health (MSHA) is 80% federally funded and assists miners in complying with federal safety and health laws by providing free on-site consultation and training to Arkansas' mining industry. The Occupational Safety and Health/Census of Fatal Occupational Injuries (OSH/CFOI) unit is responsible for conducting surveys of businesses and compiling and reporting statistics related to occupational injuries, illnesses and fatalities to facilitate and focus services. Two grants from the U. S. Department of Labor, one funded by 50% federal funds and one by 100% federal funds, support these business functions. Funding the state matching portion for each of these federal grants is provided by general revenue.

LABOR STANDARDS:

The Labor Standards program is responsible for enforcement of the state's wage and hour laws, child labor laws, and for licensing private employment agencies. This program also provides dispute resolution services for certain small wage disputes.

The division is organized into four (4) work units: Wage and Hour provides enforcement of Arkansas law relating to minimum wage, overtime, child labor, equal pay, and wage collections. The Private Employment Agency unit licenses private employment agencies and otherwise administers and enforces the provisions of the Private Employment Agency Act. The Prevailing Wage unit is responsible for administering and enforcing the Arkansas Prevailing Wage Law. This unit works under advice of a 12-member Prevailing Wage Advisory Committee created by Executive Order in 1994. Mediation Services provides voluntary intervention in collective bargaining situations. This is strictly a mediatory or conciliatory service to assist in the resolution of a labor dispute in an effort to avoid lockouts, boycotts and strikes.

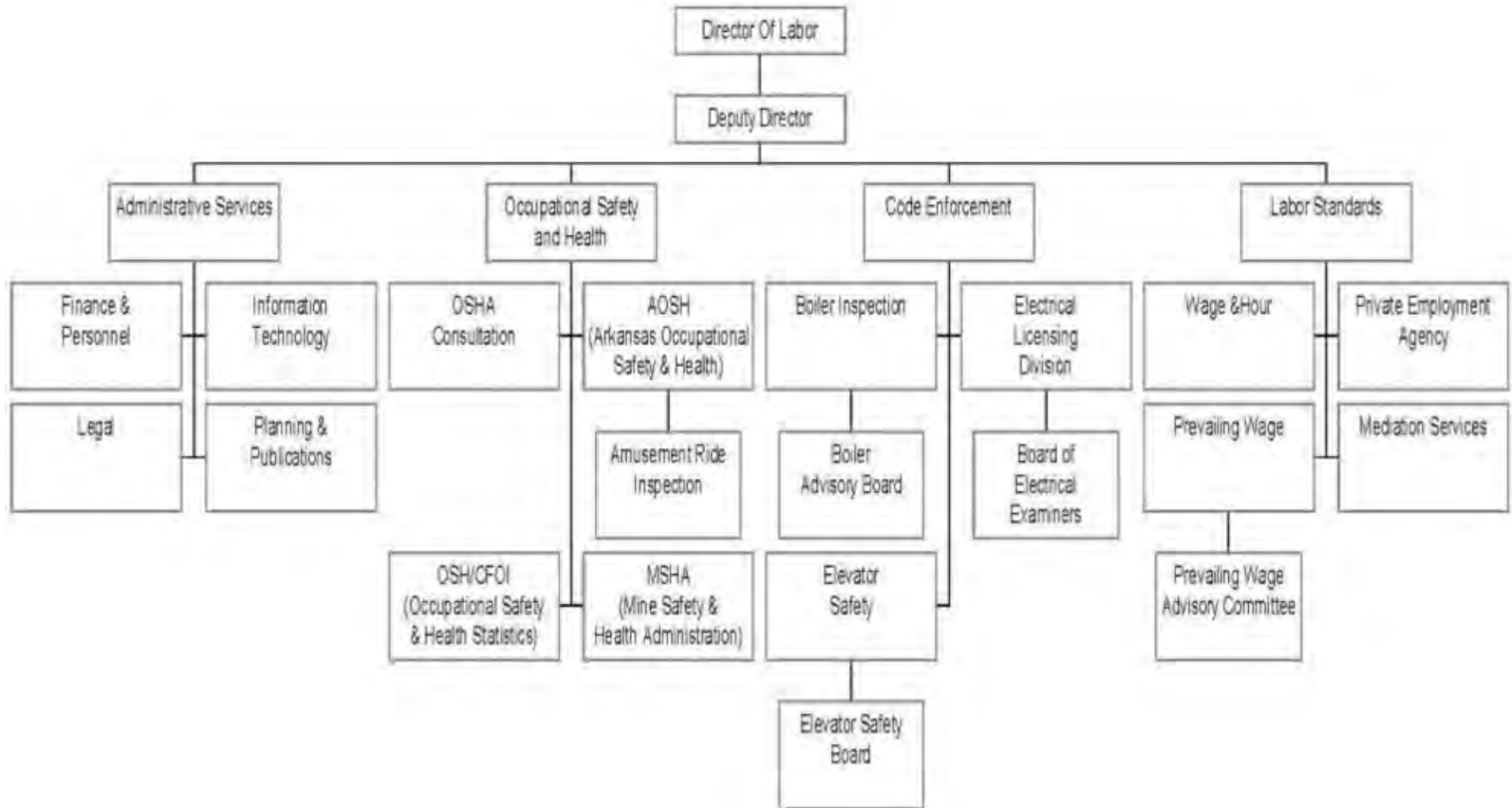
CODE ENFORCEMENT AND PUBLIC SAFETY:

Organizationally, there are three (3) functional work units within the Code Enforcement division. Their purpose is to protect the public from inherent dangers with respect to the installation, use and operation of certain specialized devices and functions. This is primarily accomplished through licensing, permitting and inspections.

Boiler Inspection is responsible for enforcement, administration and regulation of state law regarding the operation of boilers and pressure vessels. These responsibilities include inspections, permits, and licensing. This unit works cooperatively with the Boiler Safety Advisory Board, and is funded 100% by special revenue from collection of established fees. Elevator Safety is responsible for inspecting and permitting elevators and escalators, and it works with the Elevator Safety Board. Fees collected by this unit substantially subsidize the Agency's general revenue distribution. The Electrical Division works with the Board of Electrical Examiners and is responsible for licensing electricians and for enforcing the State Electrical Code. This unit is funded 100% by special revenue from collection of fees.

ADMINISTRATIVE SERVICES:

This division has four (4) functional work units: Finance & Personnel; Information Technology; Legal; and Planning and Publications. Each unit provides in-house support for all Agency programs and is primarily funded by general revenue with appropriate direct and indirect charges to the federal and special revenue funded programs. Planning and Publications also handles Agency press releases, board meeting announcements, publicity for Agency seminars, training programs and safety award presentations.



Agency Commentary

The Arkansas Department of Labor's biennial budget requests are minimal and are needed to provide necessary managerial flexibility with regard to the use of the Agency's authorized positions.

It takes approximately 18 months to two years of on-the-job training before an AOSH inspector is minimally qualified to become certified by the National Association of Amusement Ride Safety Officials to independently conduct amusement ride inspections. The same is true for a new inspector to become certified as a Qualified Elevator Inspector (QEI certification). Additionally, the current market has made it increasingly necessary to hire less experienced persons as boiler inspectors and provide training until they can obtain their commission. Similarly, this process can take up to 18 months. As a result, in Funds Center 149, the Agency is requesting salary appropriation for and retention of one Labor Inspector position (22134003) to allow the flexibility to hire a non-commissioned boiler inspector. This would allow time for sufficient on-the job training with a commissioned inspector based on our anticipated attrition rate. The Agency is also requesting appropriation and retention of another Labor Inspector position (22093985) in Funds Center 148 for the same purpose as stated above. This position could be utilized for amusement ride inspections or elevator inspections.

Additionally, the Agency is requesting retention of one Administrative Specialist III position (22093942) which is being reallocated from Funds Center 149 (Boiler Inspection) to Funds Center 2CT (Board of Electrical Examiners). This reallocation will increase the number of positions in 2CT by one as well as provide appropriation to allow additional administrative support for the Electrical Board. Both are Special Revenue divisions within the Agency.

The Agency is also requesting appropriation and retention of one Labor Standards Investigator position in the event workload demands in the future make it necessary to hire another investigator.

Finally, the Agency has requested the permanent continuation of a previously approved downgrade for position 22094018 from an Attorney Specialist classification (Grade C126) to a Labor Division Manager (C122).

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
ARKANSAS DEPARTMENT OF LABOR
FOR THE YEAR ENDED JUNE 30, 2010

Findings	Recommendations
<p>The Agency entered into an information technology contract with FOCUS-Computer Management & Consulting, Inc. (FOCUS), for the installation of a new receipting, invoicing, and licensing computer software system for the following divisions of the Agency: Boiler Inspection, Licensing, and Permits; Electrical Inspection and Licensing; and Elevator Inspection and Permits. FOCUS was paid a total of \$384,976.</p>	<p>Implement a fully operational receipting, invoicing, and licensing system to ensure proper recording of accounts receivable and the related receipt of licensing fees.</p>
<p>The Department of Finance and Administration (DFA) Office of Procurement approved sole source purchase orders totaling \$174,005 that listed FOCUS as the vendor to pay. However, the Agency did not obtain from DFA an information technology outline agreement approving the additional payments of \$210,971. Also, the contract did not require acquisition of the software computer source code to ensure the continued use of the FOCUS system in the event of vendor default. The vendor did not complete the terms of the contract and, subsequently, went out of business. As a result, the following deficiencies were noted based on our review of the various functions of the FOCUS system for the three-year period ended June 30, 2010:</p>	
<ul style="list-style-type: none">· Gaps in the receipt numbers issued by the system, indicating missing receipts.· Receipts issued in the wrong fiscal year.· Inaccurate accounts receivable amounts recorded for the Elevator Inspection and Permits Division.	
<p>Without accurate records, state assets are at an increased risk for misappropriation.</p>	
<p>The Labor Standards Division of the Agency processes wage claims for citizens (i.e., wage claimants). Wage and hour claimant checks are generated and sent to the Agency as a result of routine workplace inspections by the Labor Standards Division. The Agency maintains a control</p>	<p>Strengthen controls to ensure claimant checks are properly and promptly receipted, safeguarded, and processed.</p>

DIVISION OF LEGISLATIVE AUDIT
 AUDIT OF :
 ARKANSAS DEPARTMENT OF LABOR
 FOR THE YEAR ENDED JUNE 30, 2010

Findings

Recommendations

report that lists the status of checks received and payable to claimants for wage and hour violations. This report was not reviewed to ensure claimants were promptly paid. As a result, checks that had been distributed to claimants were still listed on the report.

Without timely updating of the report, Management cannot ensure the accurate and timely receipting and processing of claimant checks.

State Contracts Over \$25,000 Awarded To Minority Owned Businesses Fiscal Year 2012

None

Employment Summary

	Male	Female	Total	%
White Employees	37	36	73	79 %
Black Employees	7	12	19	21 %
Other Racial Minorities	0	0	0	0 %
Total Minorities			19	21 %
Total Employees			92	100 %

Publications

A.C.A. 25-1-204

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
Arkansas Department of Labor Annual Report	A.C.A. 11-2-120	Y	Y	300	Keeps citizens of the state, businesses, industries, trade associations, and the Governor aware of Department activities and Legislative and regulatory changes affecting business and labor conditions.

Department Appropriation Summary

Historical Data

Agency Request and Executive Recommendation

Appropriation	2011-2012		2012-2013		2012-2013		2013-2014					2014-2015						
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
148 State Operations	3,849,277	57	3,940,129	57	4,329,106	59	4,040,722	57	4,131,376	59	4,131,376	59	4,042,079	57	4,132,733	59	4,132,733	59
149 Boiler Inspection	853,206	14	926,721	12	1,110,985	14	930,181	12	978,460	13	978,460	13	930,426	12	978,705	13	978,705	13
151 Federal Programs	1,130,189	15	1,267,230	15	1,403,730	15	1,270,256	15	1,270,256	15	1,270,256	15	1,270,256	15	1,270,256	15	1,270,256	15
2CT Board of Electrical Examiners	642,060	10	689,232	10	712,576	10	692,961	10	728,696	11	728,696	11	692,961	10	728,696	11	728,696	11
940 Wage and Hour - Cash	193,440	0	200,000	0	200,000	0	200,000	0	200,000	0	200,000	0	200,000	0	200,000	0	200,000	0
942 Seminar & Conference Expenses - Cash	32,037	0	53,000	0	53,000	0	53,000	0	53,000	0	53,000	0	53,000	0	53,000	0	53,000	0
Total	6,700,209	96	7,076,312	95	7,809,397	99	7,187,120	95	7,361,788	99	7,361,788	99	7,188,722	95	7,363,390	99	7,363,390	99

Funding Sources		%		%		%		%		%		%		%		%	
Fund Balance	4000005	2,215,271	25.3	2,061,068	23.2	1,792,314	20.6	1,792,314	20.5	1,792,314	20.6	1,495,439	17.6	1,391,484	16.4	1,338,408	16.0
General Revenue	4000010	3,049,969	34.8	3,005,407	33.9	3,256,989	37.5	3,327,702	38.0	3,256,989	37.5	3,258,346	38.3	3,329,059	39.3	3,258,346	39.0
Federal Revenue	4000020	1,250,318	14.3	1,342,230	15.1	1,395,256	16.1	1,395,256	15.9	1,395,256	16.1	1,395,256	16.4	1,395,256	16.5	1,395,256	16.7
Special Revenue	4000030	2,005,089	22.9	2,139,010	24.1	1,985,000	22.9	1,985,000	22.7	1,985,000	22.9	2,103,000	24.7	2,103,000	24.8	2,103,000	25.2
Cash Fund	4000045	240,630	2.7	253,000	2.9	253,000	2.9	253,000	2.9	253,000	2.9	253,000	3.0	253,000	3.0	253,000	3.0
Merit Adjustment Fund	4000055	0	0.0	67,911	0.8	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Total Funds		8,761,277	100.0	8,868,626	100.0	8,682,559	100.0	8,753,272	100.0	8,682,559	100.0	8,505,041	100.0	8,471,799	100.0	8,348,010	100.0
Excess Appropriation/(Funding)		(2,061,068)		(1,792,314)		(1,495,439)		(1,391,484)		(1,320,771)		(1,316,319)		(1,108,409)		(984,620)	
Grand Total		6,700,209		7,076,312		7,187,120		7,361,788		7,361,788		7,188,722		7,363,390		7,363,390	

Variance in Fund Balance is due to unfunded appropriation in (148) State Operations.

Agency Position Usage Report

FY2010 - 2011						FY2011 - 2012						FY2012 - 2013					
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	
104	91	4	95	9	12.50 %	99	89	6	95	4	10.10 %	99	90	5	95	4	9.09 %

Analysis of Budget Request

Appropriation: 148 - State Operations

Funding Sources: HSA - Dept. of Labor Fund Account

The Department of Labor was created by A.C.A. §11-2-106 under the supervision and direction of the Director of the Department of Labor. The Director is appointed by the Governor and is subject to confirmation by the Senate. The Director is authorized in A.C.A. §11-2-108 to enforce all labor laws, not otherwise specified in law; administer and enforce all laws, rules and regulations under the purview of the Department; ensure all inspections are conducted as required by rules and regulations of the Department; conduct investigations; and collect and compile statistical information regarding labor in the State.

This appropriation is utilized to support the State Operations of the Agency and to provide the matching requirements for the Federal Occupational Safety Health Administration (OSHA), Mine Safety Health and Administration (MSHA), Revised Occupational Safety and Health Statistics (ROSH), and Census of Fatal Occupational Injuries (CFOI) grants. Funding is derived from general revenue and special revenue from fees collected by the Elevator Inspection Program; as well as non-revenue receipts from blasting certification fees and amusement ride inspections.

Base Level Regular Salaries and Personal Services Matching includes Career Service payments for eligible employees. Personal Services Matching also includes a \$20 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$410 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases.

The Agency's Change Level Request reflects the following:

An increase in Regular Salaries and Personal Services Matching in each year of \$90,654 for restoration of two positions, Labor Inspector and Labor Standards Investigator. This is to satisfy workload demands, as well as allow flexibility to hire new employees to work alongside veteran employees who will be retiring in the future, allowing the new employees time to meet qualification standards for certification. A permanent downgrade of a position, Attorney Specialist (C126) to a Labor Division Manager (C122).

A reallocation of \$9,750 in each year between General Ledger codes to better reflect anticipated expenditures.

The Executive Recommendation provides for the Agency Request, with the exception of general revenue funding for the two position restoration requests.

Appropriation Summary

Appropriation: 148 - State Operations
Funding Sources: HSA - Dept. of Labor Fund Account

Historical Data

Agency Request and Executive Recommendation

Commitment Item		2011-2012	2012-2013	2012-2013	2013-2014			2014-2015		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	2,472,061	2,414,615	2,734,979	2,484,734	2,551,001	2,551,001	2,485,634	2,551,901	2,551,901
#Positions		57	57	59	57	59	59	57	59	59
Personal Services Matching	5010003	793,162	795,165	863,778	825,639	850,026	850,026	826,096	850,483	850,483
Operating Expenses	5020002	568,836	704,599	704,599	704,599	704,599	704,599	704,599	704,599	704,599
Conference & Travel Expenses	5050009	13,706	22,750	22,750	22,750	22,750	22,750	22,750	22,750	22,750
Professional Fees	5060010	1,512	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
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		3,849,277	3,940,129	4,329,106	4,040,722	4,131,376	4,131,376	4,042,079	4,132,733	4,132,733
Funding Sources										
Fund Balance	4000005	10,607	6,750		6,750	6,750	6,750	73,017	53,076	0
General Revenue	4000010	3,049,969	3,005,407		3,256,989	3,327,702	3,256,989	3,258,346	3,329,059	3,258,346
Federal Revenue	4000020	120,129	75,000		125,000	125,000	125,000	125,000	125,000	125,000
Special Revenue	4000030	675,322	791,811		725,000	725,000	725,000	725,000	725,000	725,000
Merit Adjustment Fund	4000055	0	67,911		0	0	0	0	0	0
Total Funding		3,856,027	3,946,879		4,113,739	4,184,452	4,113,739	4,181,363	4,232,135	4,108,346
Excess Appropriation/(Funding)		(6,750)	(6,750)		(73,017)	(53,076)	17,637	(139,284)	(99,402)	24,387
Grand Total		3,849,277	3,940,129		4,040,722	4,131,376	4,131,376	4,042,079	4,132,733	4,132,733

Change Level by Appropriation

Appropriation: 148 - State Operations
Funding Sources: HSA - Dept. of Labor Fund Account

Agency Request

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	4,040,722	57	4,040,722	100.0	4,042,079	57	4,042,079	100.0
C01	Existing Program	90,654	2	4,131,376	102.2	90,654	2	4,132,733	102.2
C04	Reallocation	0	0	4,131,376	102.2	0	0	4,132,733	102.2
C10	Reclass	0	0	4,131,376	102.2	0	0	4,132,733	102.2

Executive Recommendation

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	4,040,722	57	4,040,722	100.0	4,042,079	57	4,042,079	100.0
C01	Existing Program	90,654	2	4,131,376	102.2	90,654	2	4,132,733	102.2
C04	Reallocation	0	0	4,131,376	102.2	0	0	4,132,733	102.2
C10	Reclass	0	0	4,131,376	102.2	0	0	4,132,733	102.2

Justification

C01	The Agency is requesting an increase of \$48,279 in Regular Salaries and Personal Services Matching in each year of the biennium for the restoration of 1 position (Labor Inspector). This position would be utilized for amusement ride inspections or elevator inspections. The Agency is also requesting an increase of \$42,375 in Regular Salaries and Personal Services Matching in each year of the biennium for the restoration of 1 position (Labor Standards Investigator), to satisfy workload demands in the future. These restorations will allow the necessary flexibility to hire new employees to work alongside veteran employees who will be retiring in the near future. It takes approximately 18 months to 2 years of on-the-job training before an AOSH inspector is minimally qualified to become certified by the National Association of Amusement Ride Safety Officials to independently conduct amusement ride inspections. The same is true for a new inspector to become certified as a Qualified Elevator Inspector (QEI certification).
C04	The Agency has reallocated Operating Expense appropriation between General Ledger codes to more accurately reflect anticipated expenses.
C10	The Agency is requesting the permanent continuation of a previously approved downgrade for an Attorney Specialist classification (Grade C126) to a Labor Division Manager (C122).

Analysis of Budget Request

Appropriation: 149 - Boiler Inspection

Funding Sources: MLS - Dept. of Labor Special Fund

The Boiler Inspection Program is established in ACA §20-23-101 et seq. and is funded by special revenue collected by the Department from permits and inspection of all boilers used by private and public industries. In addition, fees are collected for annual and biennial inspections of all boilers and pressure vessels, the examination and licensing of boiler operators, quality control assurance surveys, ASME code shop service, licensing of firms to install and repair boilers and pressure vessels, consultation regarding boiler installation, maintenance, operation and repair.

Base Level Regular Salaries and Personal Services Matching includes Career Service payments for eligible employees. Personal Services Matching also includes a \$20 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$410 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases.

The Agency's Change Level Request reflects the following:

An increase in Regular Salaries and Personal Services Matching in each year of \$48, 279 for restoration of 1 position, Labor Inspector. This would allow flexibility in hiring a noncommissioned boiler inspector.

An increase in Regular Salaries and Personal Services Matching in each year of \$35,735 for restoration of 1 position, Administrative Specialist III. The Agency is also requesting the reallocation of this position from this appropriation to the Board of Electrical Examiners appropriation, to provide administrative support for the Board. This would transfer the Regular Salaries and Personal Services Matching increase of \$35,735 in each year to that appropriation.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 149 - Boiler Inspection

Funding Sources: MLS - Dept. of Labor Special Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2013-2014			2014-2015		
		2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	531,494	506,641	650,494	506,792	542,346	542,346	506,992	542,546	542,546
#Positions		14	12	14	12	13	13	12	13	13
Personal Services Matching	5010003	176,401	168,232	208,643	171,541	184,266	184,266	171,586	184,311	184,311
Operating Expenses	5020002	143,049	237,804	237,804	237,804	237,804	237,804	237,804	237,804	237,804
Conference & Travel Expenses	5050009	2,262	14,044	14,044	14,044	14,044	14,044	14,044	14,044	14,044
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		853,206	926,721	1,110,985	930,181	978,460	978,460	930,426	978,705	978,705
Funding Sources										
Fund Balance	4000005	378,816	332,131		221,084	221,084	221,084	150,903	102,624	102,624
Special Revenue	4000030	806,521	815,674		860,000	860,000	860,000	878,000	878,000	878,000
Total Funding		1,185,337	1,147,805		1,081,084	1,081,084	1,081,084	1,028,903	980,624	980,624
Excess Appropriation/(Funding)		(332,131)	(221,084)		(150,903)	(102,624)	(102,624)	(98,477)	(1,919)	(1,919)
Grand Total		853,206	926,721		930,181	978,460	978,460	930,426	978,705	978,705

Change Level by Appropriation

Appropriation: 149 - Boiler Inspection
Funding Sources: MLS - Dept. of Labor Special Fund

Agency Request

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	930,181	12	930,181	100.0	930,426	12	930,426	100.0
C01	Existing Program	84,014	2	1,014,195	109.0	84,014	2	1,014,440	109.0
C07	Agency Transfer	(35,735)	(1)	978,460	105.2	(35,735)	(1)	978,705	105.2

Executive Recommendation

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	930,181	12	930,181	100.0	930,426	12	930,426	100.0
C01	Existing Program	84,014	2	1,014,195	109.0	84,014	2	1,014,440	109.0
C07	Agency Transfer	(35,735)	(1)	978,460	105.2	(35,735)	(1)	978,705	105.2

Justification

C01	The Agency is requesting an increase of \$48,279 in Regular and Personal Services Matching in each year of the biennium for restoration of 1 position (Labor Inspector). This would allow the flexibility to hire a non-commissioned boiler inspector. This would allow time for sufficient on-the job training with a commissioned inspector based on our anticipated attrition rate. The current market has made it increasingly necessary to hire less experienced persons as boiler inspectors and provide training until they can obtain their commission. This process can take up to 18 months. The Agency is requesting an increase of \$35,735 in Regular Salaries and Personal Services Matching in each year of the biennium for the restoration of 1 position (Administrative Specialist III). This position would be reallocated to provide administrative support for the Electrical Board (Appropriation 2CT) upon its restoration.
C07	The Agency is requesting the reallocation of 1 restored position (Administrative Specialist III), from Appropriation 149 to Appropriation 2CT to provide administrative support for the Electrical Board.

Analysis of Budget Request

Appropriation: 151 - Federal Programs

Funding Sources: FNA - Dept. of Labor-Federal Programs

Arkansas Code Annotated §11-2-121 authorizes the Director of the Department of Labor to enter into agreements with the United States Government for assistance and cooperation in enforcing and implementing state and federal laws. This appropriation is 100% federally funded and is utilized for the receipt of grant funds for conducting OSHA Consultation, Mine Safety and Health Consultation and Training, and the Occupational Injuries and Fatalities Surveys.

Base Level Regular Salaries and Personal Services Matching includes Career Service payments for eligible employees. Personal Services Matching also includes a \$20 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$410 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases.

The Agency is requesting Base Level in each year of the biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 151 - Federal Programs
Funding Sources: FNA - Dept. of Labor-Federal Programs

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2013-2014			2014-2015		
		2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	652,631	686,064	791,503	684,943	684,943	684,943	684,943	684,943	684,943
#Positions		15	15	15	15	15	15	15	15	15
Personal Services Matching	5010003	216,785	222,333	253,394	226,480	226,480	226,480	226,480	226,480	226,480
Operating Expenses	5020002	229,479	314,883	314,883	314,883	314,883	314,883	314,883	314,883	314,883
Conference & Travel Expenses	5050009	23,078	43,950	43,950	43,950	43,950	43,950	43,950	43,950	43,950
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	8,216	0	0	0	0	0	0	0	0
Total		1,130,189	1,267,230	1,403,730	1,270,256	1,270,256	1,270,256	1,270,256	1,270,256	1,270,256
Funding Sources										
Federal Revenue	4000020	1,130,189	1,267,230		1,270,256	1,270,256	1,270,256	1,270,256	1,270,256	1,270,256
Total Funding		1,130,189	1,267,230		1,270,256	1,270,256	1,270,256	1,270,256	1,270,256	1,270,256
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		1,130,189	1,267,230		1,270,256	1,270,256	1,270,256	1,270,256	1,270,256	1,270,256

Analysis of Budget Request

Appropriation: 2CT - Board of Electrical Examiners

Funding Sources: MLS - Dept. of Labor Special Fund

Arkansas Code Annotated §17-28-201 created the Board of Electrical Examiners consisting of the Director of the Department of Labor and eight (8) other members appointed by the Governor with the advice and consent of the Senate. The Board is authorized to adopt rules and regulations; conduct examinations for licensure; register electrical apprentices and issue certificates; and revoke or suspend licenses or certificates. This appropriation is funded by special revenues from fees collected for license issuance and renewal of electrical contractors and the examination, licensure and renewal of master, journeyman, and industrial maintenance electricians as well as residential master and journeyman electricians and air conditioning electricians.

Base Level Regular Salaries and Personal Services Matching includes Career Service payments for eligible employees. Personal Services Matching also includes a \$20 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$410 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases.

The Agency's Change Level Request consists of an increase in Regular Salaries and Personal Services Matching in each year of \$35,735 for the transfer of 1 position, Administrative Specialist III, from the Boiler Inspector appropriation to this appropriation to provide administrative support to the Board of Electrical Examiners.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 2CT - Board of Electrical Examiners

Funding Sources: MLS - Dept. of Labor Special Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	2013-2014			2014-2015		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	369,060	383,789	405,205	384,563	409,831	409,831	384,563	409,831	409,831
#Positions		10	10	10	10	11	11	10	11	11
Personal Services Matching	5010003	128,345	131,275	133,203	134,230	144,697	144,697	134,230	144,697	144,697
Operating Expenses	5020002	141,504	167,738	167,738	167,738	167,738	167,738	167,738	167,738	167,738
Conference & Travel Expenses	5050009	3,151	6,430	6,430	6,430	6,430	6,430	6,430	6,430	6,430
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		642,060	689,232	712,576	692,961	728,696	728,696	692,961	728,696	728,696
Funding Sources										
Fund Balance	4000005	1,717,445	1,598,631		1,440,924	1,440,924	1,440,924	1,147,963	1,112,228	1,112,228
Special Revenue	4000030	523,246	531,525		400,000	400,000	400,000	500,000	500,000	500,000
Total Funding		2,240,691	2,130,156		1,840,924	1,840,924	1,840,924	1,647,963	1,612,228	1,612,228
Excess Appropriation/(Funding)		(1,598,631)	(1,440,924)		(1,147,963)	(1,112,228)	(1,112,228)	(955,002)	(883,532)	(883,532)
Grand Total		642,060	689,232		692,961	728,696	728,696	692,961	728,696	728,696

Change Level by Appropriation

Appropriation: 2CT - Board of Electrical Examiners
Funding Sources: MLS - Dept. of Labor Special Fund

Agency Request

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	692,961	10	692,961	100.0	692,961	10	692,961	100.0
C07	Agency Transfer	35,735	1	728,696	105.2	35,735	1	728,696	105.2

Executive Recommendation

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	692,961	10	692,961	100.0	692,961	10	692,961	100.0
C07	Agency Transfer	35,735	1	728,696	105.2	35,735	1	728,696	105.2

Justification

C07	The Agency is requesting the reallocation of 1 restored position (Administrative Specialist III), from Appropriation 149 to Appropriation 2CT to provide administrative support for the Electrical Board.
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Analysis of Budget Request

Appropriation: 940 - Wage and Hour - Cash

Funding Sources: NDW - Cash in Treasury

The Department of Labor utilizes this appropriation as a "pass through" account to disburse cash funds collected from employers when it is determined an employer owes compensation to an employee resulting from wage and hour investigations and legal actions pursued by the Agency. Payments made to the Department of Labor by employers for this purpose are then disbursed to the employee.

The Agency is requesting Base Level in each year of the biennium.

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

Appropriation Summary

Appropriation: 940 - Wage and Hour - Cash

Funding Sources: NDW - Cash in Treasury

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2013-2014			2014-2015		
		2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Wages Due	5900046	193,440	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Total		193,440	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Funding Sources										
Fund Balance	4000005	100,128	115,229		115,229	115,229	115,229	115,229	115,229	115,229
Cash Fund	4000045	208,541	200,000		200,000	200,000	200,000	200,000	200,000	200,000
Total Funding		308,669	315,229		315,229	315,229	315,229	315,229	315,229	315,229
Excess Appropriation/(Funding)		(115,229)	(115,229)		(115,229)	(115,229)	(115,229)	(115,229)	(115,229)	(115,229)
Grand Total		193,440	200,000		200,000	200,000	200,000	200,000	200,000	200,000

Analysis of Budget Request

Appropriation: 942 - Seminar & Conference Expenses - Cash

Funding Sources: NDW - Cash in Treasury

The Department utilizes this appropriation to cover seminar and conference related costs. Cash funds collected from participants attending safety seminars and conferences hosted by the Department fund this appropriation.

The Agency is requesting Basel Level in each year of the biennium.

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

Appropriation Summary

Appropriation: 942 - Seminar & Conference Expenses - Cash

Funding Sources: NDW - Cash in Treasury

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	2013-2014			2014-2015		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	7,515	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Conference & Travel Expenses	5050009	24,522	43,000	43,000	43,000	43,000	43,000	43,000	43,000	43,000
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		32,037	53,000	53,000	53,000	53,000	53,000	53,000	53,000	53,000
Funding Sources										
Fund Balance	4000005	8,275	8,327		8,327	8,327	8,327	8,327	8,327	8,327
Cash Fund	4000045	32,089	53,000		53,000	53,000	53,000	53,000	53,000	53,000
Total Funding		40,364	61,327		61,327	61,327	61,327	61,327	61,327	61,327
Excess Appropriation/(Funding)		(8,327)	(8,327)		(8,327)	(8,327)	(8,327)	(8,327)	(8,327)	(8,327)
Grand Total		32,037	53,000		53,000	53,000	53,000	53,000	53,000	53,000

ARKANSAS STATE BOARD OF NURSING

Enabling Laws

Act 88 of 12
A.C.A. §17-87-203 & 205

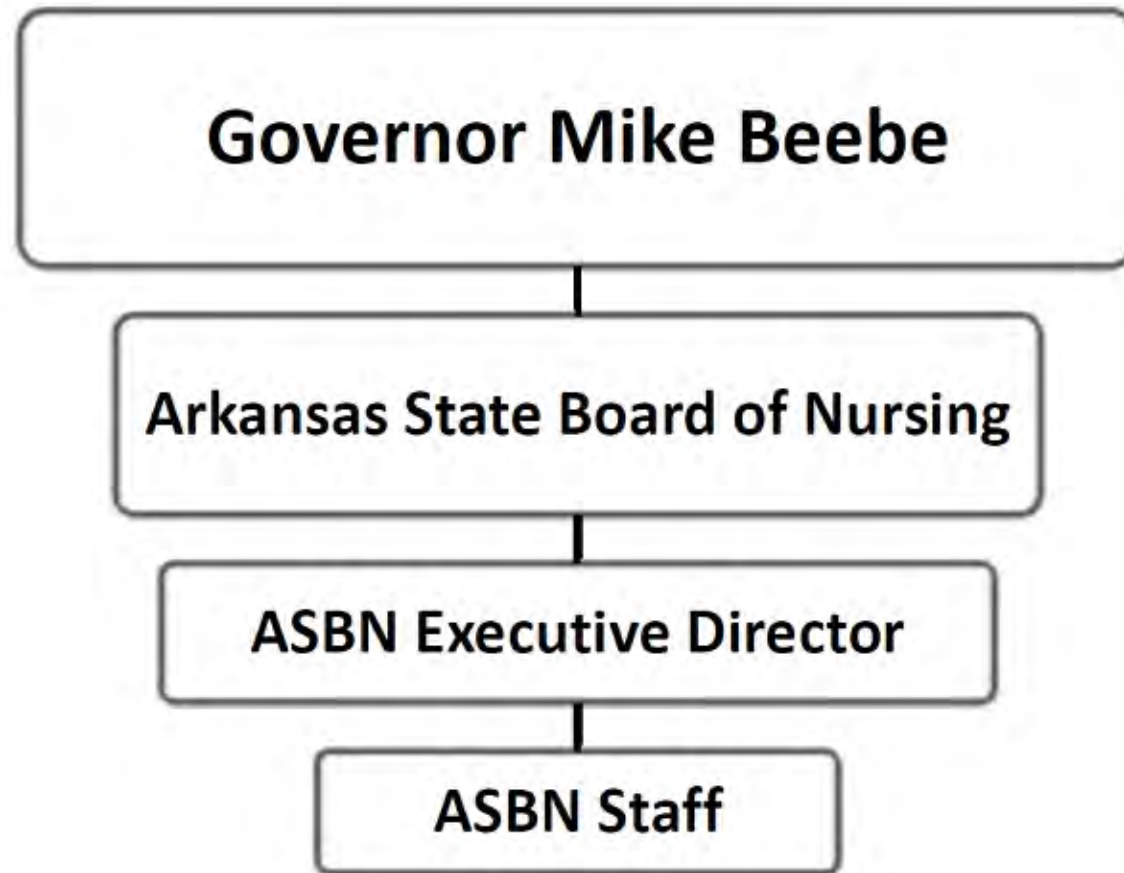
History and Organization

The "State Board of Nurse Examiners" was created by Act 128 of 1913. The Board is composed of thirteen members, appointed by the Governor, subject to confirmation by the Senate. The mission of the Arkansas State Board of Nursing is to protect the public and act as their advocate by effectively regulating the practice of nursing.

Statutory Responsibility & Primary Activities: Pursuant to A.C.A. §17-87-203, the Board of Nursing carries out the following responsibilities in the interest of public protection: (1) Cause the prosecution of persons violating the nurse practice act; (2) Employ personnel necessary for carrying out its functions; (3) Study, review, develop and recommend role levels of technical classes of nursing service and practice to state and federal health agencies and to public and private administrative bodies; (4) Prescribe minimum standards and approve curricula for educational programs preparing persons for licensure as registered nurses, advanced practice nurses, registered nurse practitioners, licensed practical nurses, licensed psychiatric technician nurses and preparing persons for certification as medication assistants; (5) Provide for surveys of such programs at such times as it deems necessary, or at the request of the schools; (6) Approve programs that meet the requirements of the law; (7) Deny or withdraw approval from educational programs for failure to meet prescribed standards; (8) Examine, certify, and renew the certifications of qualified applicants for medication assistants; (9) Examine, license and renew the licenses of duly qualified applicants for professional nursing, practical nursing, and psychiatric technician nursing; (10) License and renew the licenses of qualified applicants for registered nurse practitioner and advanced practice nursing; (11) Grant certificates of prescriptive authority to qualified advanced practice nurses; (12) Convene an advisory committee as provided for in the law to assist with oversight of prescriptive authority and medication assistants; and (13) Conduct disciplinary proceedings as provided for in the law. There are currently 50,263 licenses, 1,022 certificates and 744 temporary permits issued by the Board.

Advisory Board or Commission: A.C.A. §17-87-205 created a Prescriptive Authority Advisory Committee to assist the Board in implementing the provisions for prescriptive authority, which was authorized by Act 409 of 1995. This is a five (5) member multidisciplinary committee, which meets as needed to deal with prescriptive issues. A.C.A. §17-87-710 created a Medication Assistive Persons Advisory Committee to assist the Board in implementing the provisions of the medication assistant legislation passed in 2005.

In addition, the Board has an advisory group comprised of directors of each nursing education program in the State. The Nurse Administrators of Nursing Education Programs is a fifty-eight (58) member advisory group, composed of the deans of nursing education programs, which advises the Board on nursing educational issues in the State.



Agency Commentary

Receipts from license fees finance the Board of Nursing's operations. The Board is responsible for licensing, examination, endorsement, education and discipline of over 50,000 nurses and has sufficient revenue and fund balance to accommodate the requests described herein. In order to execute the Board's responsibilities and fulfill the public protection mission, the following change requests are imperative.

The Board of Nursing requests Base Level for the 2013-2015 Biennium plus the following Change Level request:

IT related Capital Outlay of \$17,995 in FY2014 and \$26,495 in FY2015 is requested by the Board to cover expenses of IT equipment. The IT equipment request is to add two (2) production scanners, and to replace the renewals scanner equipment that is too expensive to maintain. The hardware items are include in the Board's IT plan as follows: 1) Hardware-Insight 2 Scanner (renewals scanner) 2) Hardware-Production Scanners (DR-X10C). These purchases would assist the agency in moving toward more paperless processing and to maintain efficient operations.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
ARKANSAS STATE BOARD OF NURSING
FOR THE YEAR ENDED JUNE 30, 2011

Findings

Recommendations

None

None

State Contracts Over \$25,000 Awarded To Minority Owned Businesses Fiscal Year 2012

None

Employment Summary

	Male	Female	Total	%
White Employees	1	20	21	81 %
Black Employees	1	4	5	19 %
Other Racial Minorities	0	0	0	0 %
Total Minorities			5	19 %
Total Employees			26	100 %

Publications

A.C.A. 25-1-204

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
Annual Report	17-87-203(4)	Y	N	200	Statutory requirement and public information for workforce data

Department Appropriation Summary

Historical Data

Agency Request and Executive Recommendation

Appropriation	2011-2012		2012-2013		2012-2013		2013-2014						2014-2015					
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
286 Board of Nursing-Operations	2,676,207	27	2,545,034	27	2,636,928	27	2,533,286	27	2,551,281	27	2,551,281	27	2,534,261	27	2,560,756	27	2,560,756	27
2MA Nursing Education Workshops	10,362	0	35,000	0	35,000	0	35,000	0	35,000	0	35,000	0	35,000	0	35,000	0	35,000	0
56K Background Check Fee	82,695	0	156,750	0	156,750	0	156,750	0	156,750	0	156,750	0	156,750	0	156,750	0	156,750	0
58J Scholar Loans	71,100	0	387,065	0	500,000	0	387,065	0	387,065	0	387,065	0	387,065	0	387,065	0	387,065	0
Total	2,840,364	27	3,123,849	27	3,328,678	27	3,112,101	27	3,130,096	27	3,130,096	27	3,113,076	27	3,139,571	27	3,139,571	27

Funding Sources		%		%		%		%		%		%		%		%	
Fund Balance	4000005	3,265,393	56.3	2,959,457	52.9	2,468,640	49.0	2,468,640	49.0	2,468,640	49.0	2,303,544	47.2	2,285,549	47.1	2,285,549	47.1
Special Revenue	4000030	2,426,626	41.8	2,446,820	43.8	2,393,368	47.5	2,393,368	47.5	2,393,368	47.5	2,393,368	49.1	2,393,368	49.3	2,393,368	49.3
Cash Fund	4000045	107,802	1.9	186,212	3.3	178,426	3.5	178,426	3.5	178,426	3.5	178,426	3.7	178,426	3.7	178,426	3.7
Total Funds		5,799,821	100.0	5,592,489	100.0	5,040,434	100.0	5,040,434	100.0	5,040,434	100.0	4,875,338	100.0	4,857,343	100.0	4,857,343	100.0
Excess Appropriation/(Funding)		(2,959,457)		(2,468,640)		(1,928,333)		(1,910,338)		(1,910,338)		(1,762,262)		(1,717,772)		(1,717,772)	
Grand Total		2,840,364		3,123,849		3,112,101		3,130,096		3,130,096		3,113,076		3,139,571		3,139,571	

Variance in fund balance due to unfunded appropriation in appropriation (58J) Scholar Loans.

Agency Position Usage Report

FY2010 - 2011						FY2011 - 2012						FY2012 - 2013					
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	
26	27	0	27	-1	-3.85 %	27	27	0	27	0	0.00 %	27	27	0	27	0	0.00 %

Budgeted Positions exceeds Authorized in due to the addition of one supplemental position.

Analysis of Budget Request

Appropriation: 286 - Board of Nursing-Operations

Funding Sources: SBN - State Board of Nursing Fund

The State Board of Nursing is funded from the receipt of fees charged by the Agency, as authorized by Arkansas Code Annotated §17-87-306. The mission of the Board is to protect the public and act as their advocate by effectively regulating the practice of nursing.

Base Level Regular Salaries and Personal Services Matching includes Career Service payments for eligible employees. Personal Services Matching also includes a \$20 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$410 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases. The Base Level request for Regular Salaries includes board member stipend payments.

This is the operations appropriation for the Board of Nursing and supports 27 full-time positions as well as maintenance and operation expenses totaling \$2,533,286 in FY14 and \$2,534,261 in FY15.

The Agency is requesting Capital Outlay appropriation of \$17,995 in FY14 and \$26,495 in FY15 to purchase two production scanners and a renewals scanner.

The Executive Recommendation provides for Agency Request.

Appropriation Summary

Appropriation: 286 - Board of Nursing-Operations

Funding Sources: SBN - State Board of Nursing Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item		2011-2012	2012-2013	2012-2013	2013-2014			2014-2015		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	1,383,001	1,377,219	1,462,153	1,381,122	1,381,122	1,381,122	1,381,922	1,381,922	1,381,922
#Positions		27	27	27	27	27	27	27	27	27
Personal Services Matching	5010003	423,781	424,415	431,375	432,564	432,564	432,564	432,739	432,739	432,739
Operating Expenses	5020002	598,115	632,075	632,075	632,075	632,075	632,075	632,075	632,075	632,075
Conference & Travel Expenses	5050009	23,538	29,048	29,048	29,048	29,048	29,048	29,048	29,048	29,048
Professional Fees	5060010	23,455	57,477	57,477	57,477	57,477	57,477	57,477	57,477	57,477
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Grants and Aid	5100004	50,000	0	0	0	0	0	0	0	0
Refunds/Reimbursements	5110014	900	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Capital Outlay	5120011	173,417	23,800	23,800	0	17,995	17,995	0	26,495	26,495
Total		2,676,207	2,545,034	2,636,928	2,533,286	2,551,281	2,551,281	2,534,261	2,560,756	2,560,756
Funding Sources										
Fund Balance	4000005	2,773,094	2,523,513		2,425,299	2,425,299	2,425,299	2,285,381	2,267,386	2,267,386
Special Revenue	4000030	2,426,626	2,446,820		2,393,368	2,393,368	2,393,368	2,393,368	2,393,368	2,393,368
Total Funding		5,199,720	4,970,333		4,818,667	4,818,667	4,818,667	4,678,749	4,660,754	4,660,754
Excess Appropriation/(Funding)		(2,523,513)	(2,425,299)		(2,285,381)	(2,267,386)	(2,267,386)	(2,144,488)	(2,099,998)	(2,099,998)
Grand Total		2,676,207	2,545,034		2,533,286	2,551,281	2,551,281	2,534,261	2,560,756	2,560,756

Change Level by Appropriation

Appropriation: 286 - Board of Nursing-Operations
Funding Sources: SBN - State Board of Nursing Fund

Agency Request

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	2,533,286	27	2,533,286	100.0	2,534,261	27	2,534,261	100.0
C08	Technology	17,995	0	2,551,281	100.7	26,495	0	2,560,756	101.0

Executive Recommendation

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	2,533,286	27	2,533,286	100.0	2,534,261	27	2,534,261	100.0
C08	Technology	17,995	0	2,551,281	100.7	26,495	0	2,560,756	101.0

Justification

C08	IT related Capital Outlay of \$17,995 in FY2014 and \$26,495 in FY2015 is requested by the Board to cover expenses of IT equipment. The IT equipment request is to add two (2) production scanners, and to replace the renewals scanner equipment that is too expensive to maintain. The hardware items are include in the Board's IT plan as follows: 1) Hardware-Insight 2 Scanner (renewals scanner) 2) Hardware-Production Scanners (DR-X10C). These purchases would assist the Agency in moving toward more paperless processing and to maintain efficient operations.
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Analysis of Budget Request

Appropriation: 2MA - Nursing Education Workshops

Funding Sources: NNB - Cash in Treasury

The Board conducts Continuing Education Workshops as mandated by A.C.A. §17-87-207. Currently, the Board is conducting onsite workshops as well as online courses for nurses. Funding for this appropriation is from registration fees.

The Board is requesting Base Level appropriation of \$35,000 each year of the 2013-2015 Biennium.

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

Appropriation Summary

Appropriation: 2MA - Nursing Education Workshops

Funding Sources: NNB - Cash in Treasury

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	2013-2014			2014-2015		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	9,862	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
Conference & Travel Expenses	5050009	0	0	0	0	0	0	0	0	0
Professional Fees	5060010	500	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
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		10,362	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000
Funding Sources										
Fund Balance	4000005	39,152	43,730		28,114	28,114	28,114	10,790	10,790	10,790
Cash Fund	4000045	14,940	19,384		17,676	17,676	17,676	17,676	17,676	17,676
Total Funding		54,092	63,114		45,790	45,790	45,790	28,466	28,466	28,466
Excess Appropriation/(Funding)		(43,730)	(28,114)		(10,790)	(10,790)	(10,790)	6,534	6,534	6,534
Grand Total		10,362	35,000		35,000	35,000	35,000	35,000	35,000	35,000

Analysis of Budget Request

Appropriation: 56K - Background Check Fee

Funding Sources: NNB - Cash in Treasury

The appropriation allows the Board to continue online criminal background check services provided by Information Network of Arkansas (INA). The INA bills the Board \$22 for each state criminal background check and \$16.50 for each federal background check conducted online. This appropriation will allow the Board to process 3,800 requests each year. During the current biennium online processing of federal background checks was made available. The Board received additional appropriation from the DFA Cash Holding Account for this processing.

The Board is requesting Base Level appropriation of \$156,750 each year of the 2013-2015 Biennium.

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

Appropriation Summary

Appropriation: 56K - Background Check Fee

Funding Sources: NNB - Cash in Treasury

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2013-2014			2014-2015		
		2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	82,695	156,750	156,750	156,750	156,750	156,750	156,750	156,750	156,750
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		82,695	156,750	156,750	156,750	156,750	156,750	156,750	156,750	156,750
Funding Sources										
Fund Balance	4000005	7,139	7,373		7,373	7,373	7,373	7,373	7,373	7,373
Cash Fund	4000045	82,929	156,750		156,750	156,750	156,750	156,750	156,750	156,750
Total Funding		90,068	164,123		164,123	164,123	164,123	164,123	164,123	164,123
Excess Appropriation/(Funding)		(7,373)	(7,373)		(7,373)	(7,373)	(7,373)	(7,373)	(7,373)	(7,373)
Grand Total		82,695	156,750		156,750	156,750	156,750	156,750	156,750	156,750

Analysis of Budget Request

Appropriation: 58J - Scholar Loans

Funding Sources: NNB - Cash In Treasury

Initially authorized for the current biennium, this appropriation is used by the Board to provide loans to persons studying to become a registered or licensed practical nurse and nurse educator. In FY10, Act 656 of 2009 authorized the transfer of funds from the State Board of Nursing Fund and the Nursing Student Loan Revolving Fund for the loan program. The Board contracts with the Department of Higher Education to review applications.

The Board is requesting Base Level appropriation of \$387,065 each year of the 2013-2015 Biennium.

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

Appropriation Summary

Appropriation: 58J - Scholar Loans

Funding Sources: NNB - Cash In Treasury

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2011-2012	2012-2013	2012-2013	2013-2014			2014-2015		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Nursing Student Loan Program 5900046	71,100	387,065	500,000	387,065	387,065	387,065	387,065	387,065	387,065
Total	71,100	387,065	500,000	387,065	387,065	387,065	387,065	387,065	387,065
Funding Sources									
Fund Balance 4000005	446,008	384,841		7,854	7,854	7,854	0	0	0
Cash Fund 4000045	9,933	10,078		4,000	4,000	4,000	4,000	4,000	4,000
Total Funding	455,941	394,919		11,854	11,854	11,854	4,000	4,000	4,000
Excess Appropriation/(Funding)	(384,841)	(7,854)		375,211	375,211	375,211	383,065	383,065	383,065
Grand Total	71,100	387,065		387,065	387,065	387,065	387,065	387,065	387,065

AR PUBLIC EMPLOYEE RETIREMENT SYSTEM

Enabling Laws

Act 25 of 2012 - Appropriation Act for FY 2013

Public Employees Retirement System:

A.C.A. §24-1-101 through §24-2-704; §24-4-101 through §24-4-1109; §24-7-501; §24-7-1001 through §24-7-1101; §24-8-901 through §24-8-904; §24-12-126

State Police Retirement System:

A.C.A. §24-2-101 through §24-2-704; §24-2-401 through §24-2-704; §24-6-101 through §24-6-508

Judicial Retirement System:

A.C.A. §24-2-401 through §24-2-704; §24-8-201 through §24-8-228; §24-8-701 through §24-8-717

District Judges Retirement System:

A.C.A. §24-8-801 through §24-8-824 (Abolished and transferred to Public Employees Retirement System by Act 177 of 2007).

History and Organization

ARKANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM:

General - The Arkansas Public Employees Retirement System (APERS) administers a statewide public employee retirement program for certain state (including members of the General Assembly and State Constitutional Officers), municipal, school district employees (cafeteria workers, bus drivers, and janitors enrolled before July 1, 1989) and all county employees (including county constitutional officers). A nine member Board of Trustees appointed by the Governor controls APERS.

The Executive Director also serves as State Social Security Administrator and is responsible for coverage-related issues for state and local government employers.

Mission Statement - The mission of the Agency is to play an integral role in the future financial security of the APERS, Arkansas State Police Retirement System (ASPRS), and Arkansas Judicial Retirement System (AJRS) members by promptly and courteously delivering quality benefits and information which members value and trust through professional plan administration and prudent management of System assets.

Retirement Programs - Retirement Programs provide coverage and benefits under both "contributory" and "non-contributory" provisions.

Act 177 of 1956, as amended, established APERS as a contributory plan.

Act 793 of 1977, as amended, established the "non-contributory" provisions for APERS. Additionally, this Act provided for a "list of permissible investments" for the System. The investment provision was later amended by Act 412 of 1985, which replaced the "permissible list" with the Prudent Investor Rule.

Act 653 of 1989 places all newly hired after July 1, 1989, school district employees in the AR Teacher Retirement System.

Act 339 of 2003 allowed the Board of Trustees to consider implementation of a new contributory plan for covered employees hired after July 1, 2005.

Act 2084 of 2005 established a new contributory plan for all members first hired on or after July 1, 2005, or returning members with a break in service of over six months. Members are required to contribute 5% of pretax earnings.

Act 558 of 2011 requires participating employers to pay matching on retired members who have returned to work under §24-4-520, as well as members who have entered the Deferred Retirement Option Plan (DROP) under §24-4-802(d). The rate(s) of percentage are set by the board as provided for by §24-2-701.

ARKANSAS STATE POLICE RETIREMENT SYSTEM:

Act 311 of 1951, as amended, established the "contributory" provisions of the Arkansas State Police Retirement System and provides for the retirement of uniformed troopers of the Arkansas State Police. A seven member Board of Trustees consists of an active vested member enrolled in the Tier 1 benefit program, the Chief Fiscal Officer of the State, one state police commissioner and three citizens at large who shall be appointed by the governor.

Act 647 of 1969 transferred the administration of the Arkansas State Police Retirement System (ASPRS) on July 1, 1969, to the Executive Director and staff of APERS.

Act 793 of 1977, as amended, established the "non-contributory" provisions for the State Police Retirement System. Additionally, this Act provided for a "list of permissible investments" for the System. The investment provision was later amended by Act 412 of 1985, which replaced the "permissible list" with the Prudent Investor Rule.

Act 1071 of 1997 established a Tier II Plan for State Police Retirement.

ARKANSAS JUDICIAL RETIREMENT SYSTEM:

Act 365 of 1953 created the Arkansas Judicial Retirement System, which provides for the retirement of all Chancery, Circuit, Court of Appeals Judges and Supreme Court Justices. A five member Board of Trustees appointed by the Arkansas Judicial Council controls AJRS.

Act 922 of 1983 transferred the administration of the Arkansas Judicial Retirement System (AJRS) on July 1, 1983, to the Executive Director and staff of APERS.

Act 399 of 1999 established a Tier II Plan for Judicial Retirement.

ARKANSAS DISTRICT JUDGES RETIREMENT SYSTEM:

Act 1374 of 2003 created the Arkansas District Judge Retirement System, which provides for the retirement of all district judges. The same act closed the Municipal Judges and Clerks Retirement System. A five member Board of Trustees controls ADJRS. The trustees are appointed as follows: Two members are appointed by the Arkansas District Judges Council; Three members are appointed by the Governor, one of whom must not have previous service in the judicial system.

Act 177 of 2007 abolished the Arkansas District Judge Retirement System and transferred all powers, duties and plan liabilities to the Arkansas Public Employees Retirement System via a type 3 transfer as prescribed in A.C.A. §25-2-106.



Agency Commentary

APERS Budget Requests (2014 - 2015 Biennium)

C01 Request - APERS Cash Fund-Retiree Benefits (C22/CI 510:00:23)

APERS requests an increase of \$15,000,000 in FY14 and \$25,000,000 in FY15 to accommodate payment of retiree benefits via direct deposit.

C01 Request - Capital Outlay (2QR/CI 512:00:11)

APERS requests \$20,000 in FY14 to replace the 1999 Dodge Caravan used daily to deliver and pick up documents, reports and correspondence to the State Capitol complex. We intend to replace the van with a smaller, more fuel-efficient vehicle.

C08 Request - Technology Request (2QR/CI 506:00:10) **Replacement of Pension Administration System**

The Past and Present

In 1993, APERS undertook a project to develop a new pension administration system. By 1997, we went live with the Membership Administration and Retirement Support System (MARSS). MARSS is a mainframe application, hosted by the Department of Information Systems (DIS).

As our retirement system becomes more complex, there are many IT limitations that are becoming more apparent. As we continue to see legislative changes to our plan with every session, reflecting these changes in MARSS becomes more of a challenge every two years. MARSS is unable to complete complex calculations; many of our more difficult benefit calculations still have to be performed by hand, or using spreadsheet software to assist staff in calculations.

We must also consider system constraints. Our workflow solution (ImagePlus) is nearing the end of its support life with IBM. DIS has provided day-to-day support. While this has worked for many years, the lack of depth in personnel at DIS to support this function is often cause for concern, especially to Legislative Auditors examining our system.

The Future

In order to put in place a new system, we anticipate a six year project with an estimated total cost in excess of \$14 million. This will be an extensive project, and touch essentially every business process at APERS. To that end, we released an RFQ in 2012 to retain a consultant that works exclusively in the public pension arena, to guide us through this process. We believe the use of their services will help us avoid many of the pitfalls that plague other large implementations. The consultant will assist us with a Feasibility Study, RFP creation for new pension administration system (PAS), Business Process Reengineering (BPR), Oversight Project Management (OPM), and Independent Validation and Verification (I, V & V). We have selected a vendor and will be signing a contract and sending it for legislative review in August.

We expect to improve automation of many more processes. We will also replace our current workflow solution with a new Enterprise Content Manager (ECM) that will allow us to store and route documents going to and from members and employers. We intend to add a new piece called Customer Relationship Management (CRM) software that will allow us to log each contact we have with a member, either by phone or email, and make it part of that member's file, giving us a complete history of contact with that member or employer. We expect this new application will allow us to more easily make information available online, so members can see their contributions, service history, and salary history. We also expect to lower our total cost of ownership by moving away from the mainframe fee-per-transaction billing structure.

The amount requested for the 2014 -2015 biennium is \$10,000,000 (\$5,000,000 in each fiscal year). This project will impact virtually all of our business processes. It is imperative that we have adequate appropriation available to insure success.

AJRS Budget Requests (2014 - 2015 Biennium)

C01 Request - AJRS Refunds/Reimbursements Paid Via Warrant (2QT/CI 511:00:14)

AJRS requests an increase of \$1,000,000 in each fiscal year of the biennium to accommodate payment of retiree benefits via state warrant.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
ARKANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM
FOR THE YEAR ENDED JUNE 30, 2011

Findings

Recommendations

None

None

State Contracts Over \$25,000 Awarded To Minority Owned Businesses Fiscal Year 2012

None

Employment Summary

	Male	Female	Total	%	
White Employees	18	20	38	54 %	
Black Employees	4	24	28	39 %	
Other Racial Minorities	1	4	5	7 %	
			Total Minorities	33	46 %
			Total Employees	71	100 %

Cash Fund Balance Description as of June 30, 2012

Fund Account	Balance	Type	Location
1310100	\$10,200	Checking/Direct Deposit Account (Trust fund revenue)	Bank of America - Little Rock, AR

Statutory/Other Restrictions on use:

Payment of monthly annuities to retirees via direct deposit.

Statutory Provisions for Fees, Fines, Penalties:

None

Revenue Receipts Cycle:

None

Fund Balance Utilization:

Issue manual checks to retirees whose direct deposit fails.

Fund Account	Balance	Type	Location
1310200	\$23	Checking/Direct Deposit Account (Trust fund revenue)	Bank of America - Little Rock, AR

Statutory/Other Restrictions on use:

Payment of monthly annuities to retirees via direct deposit.

Statutory Provisions for Fees, Fines, Penalties:

None

Revenue Receipts Cycle:

None

Fund Balance Utilization:

Issue manual checks to retirees whose direct deposit fails.

Fund Account	Balance	Type	Location
1310300	\$3,805	Checking/Direct Deposit Account (Trust fund revenue)	Bank of America - Little Rock, AR

Statutory/Other Restrictions on use:

Payment of monthly annuities to retirees via direct deposit.

Statutory Provisions for Fees, Fines, Penalties:

None

Revenue Receipts Cycle:

None

Fund Balance Utilization:

Issue manual checks to retirees whose direct deposit fails.

Publications

A.C.A. 25-1-204

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
Annual Financial Report-AJRS	N	N	N	100	Ordinary prudence requires that financial disclosure be made to participating employers and state officials.
Annual Financial Report-APERS	N	N	N	75	Ordinary prudence requires that financial disclosure be made to participating employers and state officials.
Annual Financial Report-ASPRS	N	N	N	100	Ordinary prudence requires that financial disclosure be made to participating employers and state officials.
APERSpective Newsletter-Active/Retired Members	N	N	N	75,000	Published and mailed quarterly to all active/retired members.
APERSpective Newsletter-Employers	N	N	N	1,000	Published and mailed quarterly to all participating employers.
Employer Guide-APERS	N	N	N	1,000	Published when significant legislative changes to retirement statutes and/or procedures occur.
Member Handbook-AJRS	N	N	N	125	Published when significant legislative changes to retirement statutes occur.
Member Handbook-APERS	N	N	N	10,000	Published when significant legislative changes to retirement statutes occur.
Member Handbook-ASPRS	N	N	N	500	Published when significant legislative changes to retirement statutes occur.

Department Appropriation Summary

Historical Data

Agency Request and Executive Recommendation

Appropriation	2011-2012		2012-2013		2012-2013		2013-2014						2014-2015					
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
2QR Public Employee Retirement-Operations	69,012,842	78	127,092,684	82	127,041,282	82	127,137,267	82	132,157,267	82	132,157,267	82	127,141,796	82	132,141,796	82	132,141,796	82
2QS St Police Retirement-Operations	16,864,415	0	30,343,560	0	30,343,560	0	30,343,560	0	30,343,560	0	30,343,560	0	30,343,560	0	30,343,560	0	30,343,560	0
2QT Judicial Retirement-Operations	3,536,110	0	9,163,389	0	9,163,389	0	9,163,389	0	10,163,389	0	10,163,389	0	9,163,389	0	10,163,389	0	10,163,389	0
C22 Public Employee Retirement-Cash	307,497,424	0	425,000,000	0	425,000,000	0	425,000,000	0	440,000,000	0	440,000,000	0	425,000,000	0	450,000,000	0	450,000,000	0
C23 St Police Retirement-Cash	15,835,022	0	30,000,000	0	30,000,000	0	30,000,000	0	30,000,000	0	30,000,000	0	30,000,000	0	30,000,000	0	30,000,000	0
C24 Judicial Retirement-Cash	8,954,254	0	20,000,000	0	20,000,000	0	20,000,000	0	20,000,000	0	20,000,000	0	20,000,000	0	20,000,000	0	20,000,000	0
Total	421,700,067	78	641,599,633	82	641,548,231	82	641,644,216	82	662,664,216	82	662,664,216	82	641,648,745	82	672,648,745	82	672,648,745	82

Funding Sources		%		%		%		%		%		%		%		%
Trust Fund 4000050	421,700,067	100.0	641,599,633	100.0			641,644,216	100.0	662,664,216	100.0	662,664,216	100.0	641,648,745	100.0	672,648,745	100.0
Total Funds	421,700,067	100.0	641,599,633	100.0			641,644,216	100.0	662,664,216	100.0	662,664,216	100.0	641,648,745	100.0	672,648,745	100.0
Excess Appropriation/(Funding)	0		0				0		0		0		0		0	
Grand Total	421,700,067		641,599,633				641,644,216		662,664,216		662,664,216		641,648,745		672,648,745	

Agency Position Usage Report

FY2010 - 2011						FY2011 - 2012						FY2012 - 2013					
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	74	2	76	0	2.63 %	80	70	10	80	0	12.50 %	82	70	12	82	0	14.63 %

Analysis of Budget Request

Appropriation: 2QR - Public Employee Retirement-Operations

Funding Sources: TSR-APERS Fund

The Administration Program of the Arkansas Public Employees Retirement System (APERS) administers the Public Employees Retirement System, the State Police Retirement System, the Judicial Retirement System, and the District Judges Retirement System. Each retirement system has a separate Board of Trustees. The Public Employees Retirement System and the State Police Retirement System have both contributory and non-contributory provisions. The Judicial Retirement System is a contributory system.

The main goal of this Program is to provide members and retirees with the highest level of benefits, customer service and accurate, timely information.

Base Level Regular Salaries and Personal Services Matching includes Career Service payments for eligible employees. Personal Services Matching also includes a \$20 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$410 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases. The Base Level salary of unclassified positions reflects the FY13 line item maximum.

In addition to Base Level of \$127,137,267 in FY14 and \$127,141,796 in FY15, the Agency Change Level requests of \$5,020,000 in FY14 and \$5,000,000 in FY15 reflects the following:

- Professional Fees of \$5,000,000 each year to provide additional authority to contract for professional services as needed to develop and implement a new pension administration system.
- Capital Outlay of \$20,000 in FY14 to replace a 1999 van with a smaller fuel-efficient vehicle. The vehicle will be used to deliver and pickup documents at the State Capitol complex.
- Reclassification of one (1) position: Retirement Counselor to an Accountant II.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 2QR - Public Employee Retirement-Operations

Funding Sources: TSR-APERS Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	2013-2014			2014-2015		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	3,265,544	3,608,406	3,608,406	3,627,453	3,627,453	3,627,453	3,630,953	3,630,953	3,630,953
#Positions		78	82	82	82	82	82	82	82	82
Extra Help	5010001	7,961	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000
#Extra Help		2	6	6	6	6	6	6	6	6
Personal Services Matching	5010003	1,047,117	1,175,660	1,124,258	1,201,196	1,201,196	1,201,196	1,202,225	1,202,225	1,202,225
Operating Expenses	5020002	1,426,568	1,607,473	1,607,473	1,607,473	1,607,473	1,607,473	1,607,473	1,607,473	1,607,473
Conference & Travel Expenses	5050009	21,142	42,500	42,500	42,500	42,500	42,500	42,500	42,500	42,500
Professional Fees	5060010	1,088,950	5,583,645	5,583,645	5,583,645	10,583,645	10,583,645	5,583,645	10,583,645	10,583,645
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Benefits-Non Employee	5100023	22,857,737	40,000,000	40,000,000	40,000,000	40,000,000	40,000,000	40,000,000	40,000,000	40,000,000
Refunds/Reimbursements	5110014	39,297,823	75,000,000	75,000,000	75,000,000	75,000,000	75,000,000	75,000,000	75,000,000	75,000,000
Capital Outlay	5120011	0	0	0	0	20,000	20,000	0	0	0
Total		69,012,842	127,092,684	127,041,282	127,137,267	132,157,267	132,157,267	127,141,796	132,141,796	132,141,796
Funding Sources										
Trust Fund	4000050	69,012,842	127,092,684		127,137,267	132,157,267	132,157,267	127,141,796	132,141,796	132,141,796
Total Funding		69,012,842	127,092,684		127,137,267	132,157,267	132,157,267	127,141,796	132,141,796	132,141,796
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		69,012,842	127,092,684		127,137,267	132,157,267	132,157,267	127,141,796	132,141,796	132,141,796

FY13 Budget amount in Personal Services Matching exceeds the authorized amount due to matching rate adjustments during the 2011-2013 Biennium.

Change Level by Appropriation

Appropriation: 2QR - Public Employee Retirement-Operations
Funding Sources: TSR-APERS Fund

Agency Request

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	127,137,267	82	127,137,267	100.0	127,141,796	82	127,141,796	100.0
C01	Existing Program	20,000	0	127,157,267	100.0	0	0	127,141,796	100.0
C08	Technology	5,000,000	0	132,157,267	103.9	5,000,000	0	132,141,796	103.9
C10	Reclass	0	0	132,157,267	103.9	0	0	132,141,796	103.9

Executive Recommendation

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	127,137,267	82	127,137,267	100.0	127,141,796	82	127,141,796	100.0
C01	Existing Program	20,000	0	127,157,267	100.0	0	0	127,141,796	100.0
C08	Technology	5,000,000	0	132,157,267	103.9	5,000,000	0	132,141,796	103.9
C10	Reclass	0	0	132,157,267	103.9	0	0	132,141,796	103.9

Justification

C01	Capital Outlay Request: APERS requests \$20,000 in FY14 to replace the 1999 Dodge Caravan used daily to deliver and pick up documents, reports and correspondence to the State Capitol complex. We intend to replace the van with a smaller, more fuel-efficient vehicle.
C08	Technology Request: APERS requests \$5,000,000 in Professional Fees for each fiscal year of the biennium to pursue development of a new pension administration system. This request is contingent with the agency's IT plan.
C10	Reclass Request: APERS requests reclassification of one position from a Retirement Counselor A078C to an Accountant II C082C. The new classification matches the new assigned duties. Both positions are grade C117, so there is no monetary component to this request.

Analysis of Budget Request

Appropriation: 2QS - St Police Retirement-Operations

Funding Sources: TMR - State Police Retirement Fund

The Arkansas Public Employees Retirement System (APERS) administers the Arkansas State Police Retirement System (ASPRS) under the authority of A.C.A. §24-6-204. The administration, management, and control of the System are the responsibility of the Board of Trustees of the State Police Retirement System. The Board meets at least once each quarter and consists of eleven members: the Chairman of the Arkansas State Police Commission, the Director of the Department of Arkansas State Police, the Director of the Arkansas Department of Finance and Administration or the Director's designee from that department, five members of the SPRS to be elected by the members of the system with at least two holding the rank of trooper, trooper first class or corporal, at least one holding a rank higher than the rank of corporal, and at least one whose retirement eligibility is covered under the Tier Two Benefit Plan of the ASPRS.

The Agency Request is for Base Level of \$30,343,560 each year.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 2QS - St Police Retirement-Operations

Funding Sources: TMR - State Police Retirement Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2011-2012	2012-2013	2012-2013	2013-2014			2014-2015		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses 5020002	31,058	77,610	77,610	77,610	77,610	77,610	77,610	77,610	77,610
Conference & Travel Expenses 5050009	0	0	0	0	0	0	0	0	0
Professional Fees 5060010	0	265,950	265,950	265,950	265,950	265,950	265,950	265,950	265,950
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Benefits-Non Employee 5100023	1,855,763	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000
Refunds/Reimbursements 5110014	14,977,594	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000
Capital Outlay 5120011	0	0	0	0	0	0	0	0	0
Total	16,864,415	30,343,560	30,343,560	30,343,560	30,343,560	30,343,560	30,343,560	30,343,560	30,343,560
Funding Sources									
Trust Fund 4000050	16,864,415	30,343,560		30,343,560	30,343,560	30,343,560	30,343,560	30,343,560	30,343,560
Total Funding	16,864,415	30,343,560		30,343,560	30,343,560	30,343,560	30,343,560	30,343,560	30,343,560
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	16,864,415	30,343,560		30,343,560	30,343,560	30,343,560	30,343,560	30,343,560	30,343,560

Analysis of Budget Request

Appropriation: 2QT - Judicial Retirement-Operations

Funding Sources: TAR - Judges Retirement Fund

The Arkansas Public Employees Retirement System (APERS) administers the Judicial Retirement System (JRS) under the authority of A.C.A. § 24-8-204. The administration and control of the JRS is the responsibility of the Board of Trustees of the Judicial Retirement System. The Board meets at least once each quarter and consists of five members appointed by the Arkansas Judicial Council. These members serve at the pleasure of the Council and one member is elected by the Board to serve as Chairman.

Pursuant to A.C.A. §24-8-207(a), all chancery judges, circuit judges, judges of the Arkansas Court of Appeals, and justices of the Arkansas Supreme Court, whether elected or appointed to office, shall participate in the Arkansas Judicial Retirement System (AJRS).

In addition to Base Level of \$9,163,389 each year, the Agency request Refunds/Reimbursements of \$1,000,000 each year to provide for disbursements of retiree benefits via state warrant.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 2QT - Judicial Retirement-Operations

Funding Sources: TAR - Judges Retirement Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2013-2014			2014-2015		
		2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	24,944	40,510	40,510	40,510	40,510	40,510	40,510	40,510	40,510
Conference & Travel Expenses	5050009	0	0	0	0	0	0	0	0	0
Professional Fees	5060010	48,410	122,879	122,879	122,879	122,879	122,879	122,879	122,879	122,879
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Benefits-Non Employee	5100023	325,844	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000
Refunds/Reimbursements	5110014	3,136,912	5,000,000	5,000,000	5,000,000	6,000,000	6,000,000	5,000,000	6,000,000	6,000,000
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Total		3,536,110	9,163,389	9,163,389	9,163,389	10,163,389	10,163,389	9,163,389	10,163,389	10,163,389
Funding Sources										
Trust Fund	4000050	3,536,110	9,163,389		9,163,389	10,163,389	10,163,389	9,163,389	10,163,389	10,163,389
Total Funding		3,536,110	9,163,389		9,163,389	10,163,389	10,163,389	9,163,389	10,163,389	10,163,389
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		3,536,110	9,163,389		9,163,389	10,163,389	10,163,389	9,163,389	10,163,389	10,163,389

Change Level by Appropriation

Appropriation: 2QT - Judicial Retirement-Operations
Funding Sources: TAR - Judges Retirement Fund

Agency Request

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	9,163,389	0	9,163,389	100.0	9,163,389	0	9,163,389	100.0
C01	Existing Program	1,000,000	0	10,163,389	110.9	1,000,000	0	10,163,389	110.9

Executive Recommendation

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	9,163,389	0	9,163,389	100.0	9,163,389	0	9,163,389	100.0
C01	Existing Program	1,000,000	0	10,163,389	110.9	1,000,000	0	10,163,389	110.9

Justification

C01	AJRS requests an increase of \$1,000,000 in each fiscal year of the biennium to accommodate payment of retiree benefits via state warrant.								
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Analysis of Budget Request

Appropriation: C22 - Public Employee Retirement-Cash

Funding Sources: 131 - Arkansas Public Employees Retirement System-Cash

The Arkansas Public Employees Retirement System cash fund is utilized for payments to beneficiaries by check or wire transfer.

In addition to Base Level of \$425,000,000 each year, the Agency is requesting an increase of \$15,000,000 in FY14 and \$25,000,000 in FY14 to accommodate payment of retiree benefits via direct deposit.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: C22 - Public Employee Retirement-Cash
Funding Sources: 131 - Arkansas Public Employees Retirement System-Cash

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2011-2012	2012-2013	2012-2013	2013-2014			2014-2015		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Benefits-Non Employee 5100023	307,497,424	425,000,000	425,000,000	425,000,000	440,000,000	440,000,000	425,000,000	450,000,000	450,000,000
Total	307,497,424	425,000,000	425,000,000	425,000,000	440,000,000	440,000,000	425,000,000	450,000,000	450,000,000
Funding Sources									
Trust Fund 4000050	307,497,424	425,000,000		425,000,000	440,000,000	440,000,000	425,000,000	450,000,000	450,000,000
Total Funding	307,497,424	425,000,000		425,000,000	440,000,000	440,000,000	425,000,000	450,000,000	450,000,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	307,497,424	425,000,000		425,000,000	440,000,000	440,000,000	425,000,000	450,000,000	450,000,000

Change Level by Appropriation

Appropriation: C22 - Public Employee Retirement-Cash

Funding Sources: 131 - Arkansas Public Employees Retirement System-Cash

Agency Request

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	425,000,000	0	425,000,000	100.0	425,000,000	0	425,000,000	100.0
C01	Existing Program	15,000,000	0	440,000,000	103.5	25,000,000	0	450,000,000	105.9

Executive Recommendation

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	425,000,000	0	425,000,000	100.0	425,000,000	0	425,000,000	100.0
C01	Existing Program	15,000,000	0	440,000,000	103.5	25,000,000	0	450,000,000	105.9

Justification

C01	APERS Cash Fund Retiree Benefits Request: APERS requests an increase of \$15,000,000 in FY14 and \$25,000,000 in FY15 to accommodate payment of retiree benefits via direct deposit.								
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Analysis of Budget Request

Appropriation: C23 - St Police Retirement-Cash

Funding Sources: 131 - Arkansas State Police Retirement-Cash

The Arkansas State Police Retirement cash fund is utilized for payments to beneficiaries of the State Police Retirement System by wire transfer.

The Agency Request is for Base Level of \$30,000,000 each year.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: C23 - St Police Retirement-Cash

Funding Sources: 131 - Arkansas State Police Retirement-Cash

Historical Data

Agency Request and Executive Recommendation

Commitment Item	Historical Data			2013-2014			2014-2015		
	2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Benefits-Non Employee 5100023	15,835,022	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000
Total	15,835,022	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000
Funding Sources									
Trust Fund 4000050	15,835,022	30,000,000		30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000
Total Funding	15,835,022	30,000,000		30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	15,835,022	30,000,000		30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000

Analysis of Budget Request

Appropriation: C24 - Judicial Retirement-Cash

Funding Sources: 131 - Arkansas Judicial Retirement-Cash

The Arkansas Judicial Retirement cash fund is utilized for payments to beneficiaries of the Judicial Retirement System by direct deposit.

The Agency Request is for Base Level of \$20,000,000 each year.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: C24 - Judicial Retirement-Cash

Funding Sources: 131 - Arkansas Judicial Retirement-Cash

Historical Data

Agency Request and Executive Recommendation

Commitment Item	Historical Data			2013-2014			2014-2015		
	2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Benefits-Non Employee 5100023	8,954,254	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000
Total	8,954,254	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000
Funding Sources									
Trust Fund 4000050	8,954,254	20,000,000		20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000
Total Funding	8,954,254	20,000,000		20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	8,954,254	20,000,000		20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000

ARKANSAS TEACHER RETIREMENT SYSTEM

Enabling Laws

Act 97 of 2012
A.C.A. §24-7-101 et seq.

History and Organization

MISSION:

The Arkansas Teacher Retirement System (ATRS) is a cost sharing, multiple-employer, combination contributory/non-contributory defined benefit pension plan. ATRS provides age and service retirement benefits, Teacher Deferred Retirement Option Plan benefits, disability retirement benefits, survivor benefits, and lump sum death benefits for public school teachers and other educationally related employees as defined by Act 427 of 1973, as amended. ATRS is committed to providing high quality member services (including education and counseling), effectively and prudently managing the investment of the assets of the System, and making accurate and timely benefit payments to retired members or beneficiaries.

As of June 30, 2011, ATRS had 72,293 active members; 32,099 retired members and beneficiaries receiving benefits; 4,487 T-DROP participants; and 12,439 terminated plan members entitled to but not yet receiving benefits. The monthly benefits payroll averaged over \$54,000,000. The System had 337 participating employers. As of June 30, 2011, total assets were over \$13,000,000,000 with net assets available for benefits of over \$11,800,000,000. The System's revenue sources consist of employer and employee contributions and investment earnings.

HISTORY OF THE AGENCY:

The Teacher Retirement System of the State of Arkansas was established by authority of the Arkansas General Assembly on March 17, 1937 pursuant to Act 266 of 1937. Numerous changes were made to the teacher retirement laws over the next 20 years. Act 93 of 1957 combined the existing laws and made further refinements. Act 93 of 1957 was superseded by Act 42 of 1971, which included the changes made since 1957. The teacher retirement laws were rewritten in entirety by Act 427 of 1973. Subsequent changes have been made in the form of amendments to Act 427. Statutes covering the Teacher Retirement System are primarily located in Title 24 of the Arkansas Code, particularly Chapter 7.

Act 541 of 1977 placed the system on the level-percent of payroll funding method and for the first time provided that the employer contribution rate is determined by the most recent actuarial valuation of the System. Act 472 of 1989 exercised the General Assembly's prerogative to set the employer contribution rate. Act 340 of 2003 authorized the ATRS Board of Trustees to set the employer contribution rate beginning July 1, 2003 subject to legislative maximums. The current employer contribution rate is set at 14% of active member payroll.

Act 776 of 1979 provided for an alternate benefit formula multiplier of 1.125% of the final average salary times total years of service. Act 435 of 1981 increased the multiplier to 1.4% and Act 127 of 1983 increased it to 1.5% effective July 1, 1983, and to 1.59% effective July 1, 1984. Act 802 of 1987 increased the contributory multiplier of 1.59% to 1.65% effective July 1, 1987, to 1.70% effective July 1, 1988, and to 1.75% effective July 1, 1989. This act also set the multiplier for non-contributory service for the same effective dates at 1.0%, 1.0378%, 1.07% and 1.10% respectively. Act 44 of 1991 increased the 1.75% contributory multiplier to 1.85% effective July 1, 1991, 1.95% effective July 1, 1992, and provided certain financial conditions were met, to 2.05% effective July 1, 1993. This act also set the non-contributory multiplier for the same effective dates at 1.17%, 1.23% and 1.29% respectively. Act 992 of 1997 again increased the contributory multiplier to 2.065% and 1.305% for non-contributory service. Act 396 of 1999 authorized the Board of Trustees to raise the multipliers for contributory and non-contributory service to 2.125% and 1.365% respectively, which was implemented by the Board effective January 1, 2000. On July 1, 2001, the Board of Trustees raised the multipliers for contributory and non-contributory service to 2.15% and 1.39% respectively under the provisions of Act 396 of 1999. Beginning in 1997, ATRS is prohibited by various statutes from implementing any benefit enhancement if (1) it would cause ATRS' unfunded actuarial accrued liabilities to exceed a thirty-year amortization or (2) ATRS has unfunded actuarial accrued liabilities being amortized over a period exceeding thirty years until the unfunded actuarial accrued liability is reduced.

Act 504 of 1985 established a non-contributory plan for members of the system in addition to the contributory plan. Members were allowed to elect to be contributory or non-contributory and could change that election one time. Beginning July 1, 1993, the law was amended by Act 435 of 1993 to allow any member to change his/her election concerning member contributions once each fiscal year. Under Act 14 of 1991, effective July 1, 1991, all new members of the Teacher Retirement System automatically became members of the non-contributory plan but could elect to become contributory members prior to the preparation of the first payroll of the fiscal year. Act 435 of 1993, effective July 1, 1993, provided that any former active member who returns to service also automatically becomes a non-contributory member, with the option to become a contributory member, and must make the election in the same manner as a new member. Act 81 of 1999, amended by Act 907 of 1999, provided that new members who enter covered service after July 1, 1999 will be automatically enrolled in the contributory plan. Act 907 also provided that members who were working in a covered position prior to July 1, 2000 must before June 30, 2000 make an irrevocable election to be in either the contributory or non-contributory plan and that this election would remain in effect for the remainder of the member's covered service. In addition, this Act provided former active members who entered covered service after June 30, 1999, one year to make an irrevocable election of the contributory or non-contributory plan. In both cases of active and former active members, if no election was made by the prescribed deadline, the member was permanently enrolled in the plan in which he/she was enrolled on the deadline.

Act 653 of 1989 provided that any person employed full-time by a school district after July 1, 1989, must become a member of the Teacher Retirement System. Act 43 of 1991 removed the right of a part-time employee to be excluded from membership in the Teacher Retirement System. Act 1026 of 1993 provided that part-time school personnel who accumulate less than 30 days of service within a fiscal year are not eligible for membership in the Teacher Retirement System.

Act 1096 of 1995 established the Teacher Deferred Retirement Option Plan (T-DROP), which allows members to defer receipt of benefit payments, and to continue to work in a position covered by Teacher Retirement. In order to make T-DROP more cost neutral, Acts 991 and 992 of 2003 made changes in the methods for determining plan contributions for new members in the T-DROP on or after September 1, 2003 and required that employer contributions recommence for members whose effective date in T-DROP is before September 1, 2003. Act 298 of 2007, effective July 1, 2007, changes the date for entering T-DROP to July 1; provides for the extension of employer contribution requirement for pre-September 2003 T-DROP members beyond July 1, 2011 and causes it to be the same as the regular employer contribution rate after July 1, 2013.

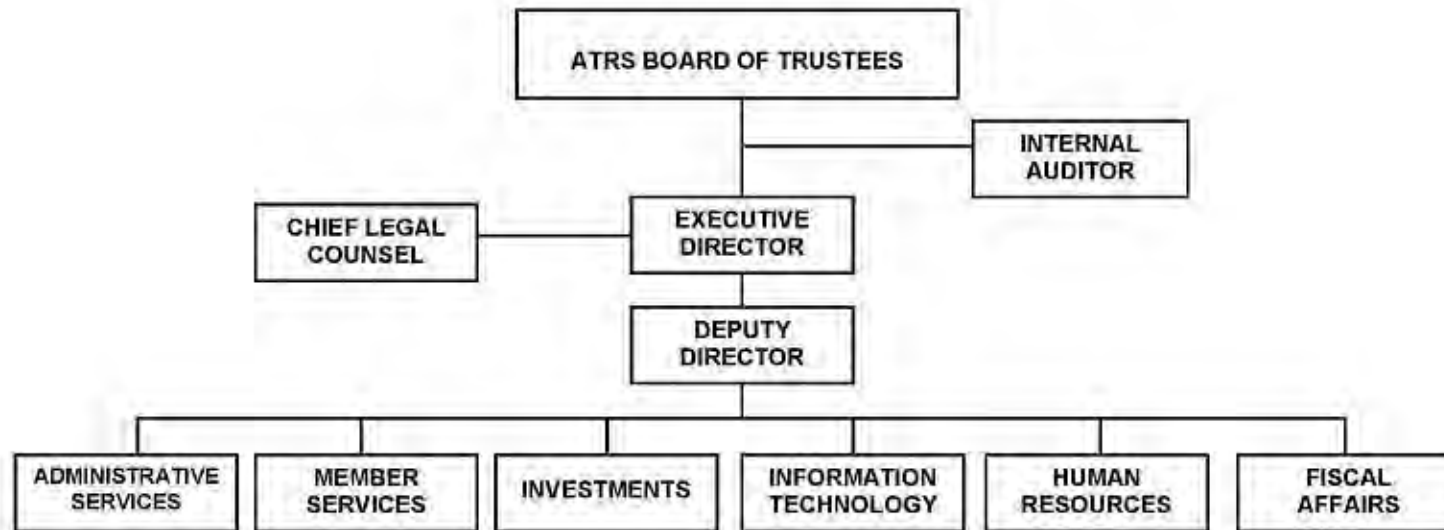
Act 461 of 2001 defined "Normal Retirement Age" as age 65, thus allowing members who reach that age to apply for retirement benefits without termination of employment. This Act also designates that members under age 65 must terminate employment for a minimum of 30 days to be eligible for retirement benefits.

Act 23 of the Second Extraordinary Session of 2003, as amended by Act 47, provides that effective July 1, 2005 and each July 1 thereafter, active members of ATRS who have previously elected to eliminate members' contributions to make an irrevocable election to become contributory. The Acts further mandate that, effective July 1, 2005, any active member whose status changes from nonteacher status to teacher status under contract for 181 days or more shall become contributory. Act 93 of 2007, effective July 1, 2007, provides that beginning July 1, 2007, and each July 1 thereafter, active noncontributory members may make an irrevocable election to become contributory; inactive or rescinding members may make an irrevocable election to become contributory at the time of reemployment regardless of a previous noncontributory status; new members who are not under contract or are contracted less than 181 days enter the system as non-contributory but may make an irrevocable election to become contributory.

ADMINISTRATION:

The general administration and responsibility for the proper operation of the system and for making effective the provisions of the teacher retirement laws is vested in the 15-member Board of Trustees. The State Bank Commissioner, State Treasurer, State Auditor and the Commissioner of the Department of Education serve as ex-officio members on the Board. Eleven (11) members are elected to the Board; eight (8) are active members and three (3) represent retirees. The Board believes that its paramount purpose is to provide an adequate and equitable retirement plan for the members of the System, to protect its members in the event of total and permanent disability, and to provide in part for their dependents upon their deaths.

The trustees serve without compensation except reimbursement for any necessary expenses incurred in attending meetings of the Board or in performing other official duties as defined by the Board. The Board appoints the Executive Director for the system as well as an actuarial firm to serve as technical advisor on matters regarding the operation of the system on an actuarial basis. The Board has the authority to employ professional investment counsel and to appoint a medical board to advise the Board on disability claims. The Board meets at least quarterly and must have eight (8) members present for a quorum. At least eight (8) concurring votes are needed to reach a decision.



Agency Commentary

Over the next ten (10) years Arkansas Teacher Retirement System (ATRS) forecast a 60% increase of retirees. This increase reflects a tremendous turnover in our current active membership. To provide for the expected growth in retirees, deluge of new members along with the compounding of challenges to the System by longer life expectancies, ATRS will need to systematically step up its manpower to meet the anticipated growing demand for services.

Nevertheless, in light of current economic conditions, ATRS makes every effort to maintain a tight rein while also attempting to keep pace with fluctuating markets, retiree/member increases, and the impact these challenges have on member behavior.

The ATRS budget request was created to best prepare ATRS to address the nation's economic health and expected growing demands in member services.

C01/C08 Request - Regular Salaries and Staffing

It is imperative that ATRS be adequately staffed, trained and prepared to provide the high quality services that our members have come to expect. From maintaining years of historical data on each member to providing an exact benefit estimate, it is incumbent upon ATRS to provide knowledgeable, accurate and timely information to each individual to assist them in making the right decisions towards their retirement.

ATRS requests a total of 13 positions for the 2013-2015 Biennium: Ten (10) new positions for FY14 (Regular Salaries \$391,957; Matching \$149,424) and an additional three (3) new positions for FY15 (Regular Salaries \$489,011; Matching \$189,002).

FISCAL YEAR 2014 PERSONNEL REQUESTS (2QW/CI 501:00:00 & CI 501:00:03):

(1) ATRS Associate Director of Information Technology (N908) (C08 Change Level) - Based on the increasing demands on the ATRS custom developed and maintained in house financial programs/systems. ATRS requests a position to oversee the activities of our Information Technology section. This position will be responsible for making recommendations for the overall planning, formulation, and administration of policies and programs including the strategic direction and development of information systems and overall management of associated electronically stored information to meet the agency's needs.

(1) Senior Investment Manager (C126) - This position will act as the overall coordinator of Money Manager and Custodian Bank relations and assist with litigation monitoring. This position will conduct on-going evaluations of investment performance to ensure productivity, cost effectiveness, and strategic fit within the overall portfolio and will oversee the areas of ATRS Real Estate, Private Equity, and Public Markets.

(3) Retirement Coordinator (C119) - First and foremost these positions are requested to meet the succession needs of ATRS. Current statistics show that ATRS could lose 25% of its management staff immediately due to age or service retirement and, within the next four (4) to six (6) years, and additional 25% of management staff is eligible for age or service retirement. Simply said - ATRS could lose up to 50% of its management staff by 2018. It is critical that ATRS aligns its personnel to provide adequate training and experience and to allow a continuity of knowledge throughout the ranks. These three (3) positions would be placed in our Payroll/Disbursement Department, Benefits

and Counseling Department and Membership Department. These positions will provide a mid-level supervisor to assist each department manager with the day-to-day operations thus freeing up the department manager to address the more complex issues. This "hands-on" experience is key to the transference of historical knowledge and experience. In addition, these positions will assist in making the day-to-day operations and special projects flow much more smoothly as ATRS operations become more complex due to accounting changes (GASB) and the increasing numbers of retirees.

(2) Retirement Counselor (C117) - In preparation for the increasing volume of new retirees, new members, and the increase in ongoing maintenance of active members' files, ATRS is requesting additional Retirement Counselors to ensure that our members' needs are met.

(1) Human Resources Recruiter (C116) - Due to turnover, internal promotions, and personnel growth, the Human Resources Department is hard pressed to adequately meet, in a timely manner, the personnel needs of the agency. This additional position would handle all aspects of posting, screening, and interviews (scheduling, preparing interview packets, processing new employee, etc.) for vacant positions which would greatly increase the efficiency of the department. This position would allow the current Human Resources staff to address more demanding personnel issues and to focus on the development and training of employees and supervisors to insure compliance with state and federal employment laws.

(1) Administrative Analyst (C115) - As ATRS membership continues to grow and new members come in to the system, it is imperative that there is sufficient staff to establish and maintain records. This position will be utilized in the Membership Department to evaluate, verify, request, and post information to the membership system. As a new member, the first step with ATRS is the entry of accurate member information and, the maintenance of this information throughout the member's "life" with ATRS. The Membership Department works daily with ATRS employers to verify the ATRS status of potential hires. Through this process ATRS and ATRS Employers have significantly decreased the number of retiree termination/separation violations. This position will assist with the status verification process.

(1) Administrative Analyst III (C112) - This position will be utilized in the ATRS Call Center to assist with the flow of requested paperwork and to provide administrative assistance to the Call Center Manager and staff. The Call Center has greatly increased the number of calls and member contact since being established January of 2011. In addition to answering calls, the Call Center also process the requested forms and information to the members. This position will also serve as a backup for two (2) front desk receptionists to provide coverage during breaks and absences. Currently ATRS utilizes an extra help position but, due to the limited hours (1,000) per fiscal year it is impossible to provide backup coverage for two (2) full-time positions for an entire year. This arrangement is extremely inefficient because it requires continual training of additional extra help each time the 1,000 hour limit is reached.

FISCAL YEAR 2015 PERSONNEL REQUESTS (2QW/CI 501:00:00 & CI 501:00:03):

(1) Retirement Coordinator (C119) - As addressed in the 2014 personnel request, this positions is needed meet the succession needs of ATRS. Current statistics show that ATRS could lose 25% of its management staff immediately due to age or service retirement and, within the next four (4) to six (6) years, and additional 25% of management staff is eligible for age or service retirement. Simply said - ATRS could lose up to 50% of its management staff by 2018. It is critical that ATRS aligns its personnel to provide adequate training and experience and to allow a continuity of knowledge throughout the ranks. This position would be placed in our newest department, the ATRS Call Center. This position will provide a mid-level supervisor to assist the Call Center manager with the day-to-day operations thus freeing up the manager to address the more complex issues. This "hands-on" experience is key to the transference of historical knowledge and experience.

(1) Retirement Counselor (C117) - In preparation for the increasing volume of new retirees, new members, and the increase in ongoing maintenance of active members' files, ATRS is requesting additional Retirement Counselors to ensure that our members' needs are met.

(1) Administrative Analyst (C115) - As ATRS membership continues to grow and new members come in to the system, it is imperative that there is sufficient staff to establish and maintain records. This position will be utilized in the Membership Department to evaluate, verify, request, and post information to the membership system. As a new member, the first step with ATRS is the entry of accurate member information and, the maintenance of this information throughout the member's "life" with ATRS. The Membership Department works daily with ATRS employers to verify the ATRS status of potential hires. Through this process ATRS and ATRS Employers have significantly decreased the number of retiree termination/separation violations. This position will assist with the status verification process.

C01 Request - Benefits-NonEmployee - Refunds/Reimbursements (C26/CI 501:00:23 & CI 501:00:14):

Expected normal growth in the number of retirees as noted above and the potential effect on member behavior due to potential legislative changes and market performance compels ATRS to request a "safety-net" appropriation. This appropriation will ensure that ATRS is prepared for any action that triggers a significant reaction. Therefore, ATRS request an increase of \$72,000,000 in each fiscal year of the biennium to accommodate retiree benefits. ATRS also request an increase of \$2,331,559 in FY14 and \$2,931,559 in FY15 to address an increase in taxes and refunds.

C01 Request - Benefits-NonEmployee - Refunds/Reimbursements (2QW/CI 501:00:23 & CI 501:00:14):

Expected normal growth in the number of retirees as noted above and the potential effect on member behavior due to potential legislative changes and market performance compels ATRS to request a "safety-net" appropriation for all areas of Pension and Retirement Benefits. This appropriation will ensure that ATRS is prepared for any action that triggers a significant reaction. Therefore, ATRS request an increase of

\$60,300,000 in each fiscal year of the biennium to accommodate retiree benefits and T-Drop payments. ATRS also request an increase of \$7,858,645 in FY14 and \$9,858,645 in FY15 to address an increase in taxes and refunds. Additional appropriation is requested to address a new program the ATRS Board is offering to our retiring T-DROP members titled CBA (Cash Balance Account). Members will have the option of not only annuitizing all or part of their T-DROP balance with ATRS for an enhancement to their monthly benefit, but will also be able to leave all or part of their T-DROP account in an interest bearing account at ATRS that pays very competitive interest rates without putting the principal at risk. The interest rates will vary between 2% and 4% with a provision in the rules that states the minimum interest rates cannot be lowered by ATRS for entrants that enter under the existing rates. The initial rate begins at 2% and increases to 4% over eight years. ATRS will allow quarterly withdrawals and additional hardship withdrawals if needed. ATRS looks forward to this new program designed to assist members by providing them with a quality new program to enhance their retirement planning. ATRS is requesting \$75,000,000 for FY14 and \$125,000,000 for FY15 to allow for adequate appropriation to address quarterly CBA withdrawals.

C01 Request - Legal Fees (2QW/CI 506:00:10):

As noted above, member behavior due to potential legislative changes and fluctuating market performance could lead to possible unexpected litigation. ATRS request an increase of \$214,465 in each fiscal year of the biennium to address any unexpected increase in legal fees.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
 AUDIT OF :
 ARKANSAS TEACHER RETIREMENT SYSTEM
 FOR THE YEAR ENDED JUNE 30, 2011

Findings	Recommendations
None	None

State Contracts Over \$25,000 Awarded To Minority Owned Businesses Fiscal Year 2012

None

Employment Summary

	Male	Female	Total	%
White Employees	19	42	61	77 %
Black Employees	5	8	13	16 %
Other Racial Minorities	1	4	5	7 %
Total Minorities			18	23 %
Total Employees			79	100 %

Cash Fund Balance Description as of June 30, 2012

Fund Account	Balance	Type	Location
3750000	\$0	Checking	First Security Bank

Statutory/Other Restrictions on use:

ACA 1-4-801 establishes that the agency can use a cash fund. ACA 24-7-403 restricts the use to benefits, refunds and other disbursements in accordance with ACA 24-7 et seq.

Statutory Provisions for Fees, Fines, Penalties:

None

Revenue Receipts Cycle:

Monthly

Fund Balance Utilization:

Fund balance is returned to the Trust Fund at the end of the year.

Publications

A.C.A. 25-1-204

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
Agency Comprehensive Annual Financial Report	24-7-305(e)(1), 24-2-702	Y	Y	500	Reports on the financial health of ATRS; provides necessary information to ATRS board; required by GFOA and other entities

Department Appropriation Summary

Historical Data

Agency Request and Executive Recommendation

Appropriation	2011-2012		2012-2013		2012-2013		2013-2014					2014-2015						
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
2QV Property Management	0	0	500,000	0	500,000	0	500,000	0	500,000	0	500,000	0	500,000	0	500,000	0	500,000	0
2QW Teacher Retirement System-Operations	134,091,953	88	182,640,918	92	182,904,257	92	182,794,025	92	326,708,516	102	326,665,030	101	182,799,685	92	378,850,808	105	378,807,322	104
C26 Teacher Retirement System-Cash	669,687,937	0	831,068,441	0	831,068,441	0	831,068,441	0	905,400,000	0	905,400,000	0	831,068,441	0	906,000,000	0	906,000,000	0
Total	803,779,890	88	1,014,209,359	92	1,014,472,698	92	1,014,362,466	92	1,232,608,516	102	1,232,565,030	101	1,014,368,126	92	1,285,350,808	105	1,285,307,322	104

Funding Sources		%		%		%		%		%		%		%		%		%
Cash Fund 4000045	669,687,937	83.3	831,068,441	81.9			831,068,441	81.9	905,400,000	73.5	905,400,000	73.5	831,068,441	81.9	906,000,000	70.5	906,000,000	70.5
Trust Fund 4000050	134,091,953	16.7	183,140,918	18.1			183,294,025	18.1	327,208,516	26.5	327,165,030	26.5	183,299,685	18.1	379,350,808	29.5	379,307,322	29.5
Total Funds	803,779,890	100.0	1,014,209,359	100.0			1,014,362,466	100.0	1,232,608,516	100.0	1,232,565,030	100.0	1,014,368,126	100.0	1,285,350,808	100.0	1,285,307,322	100.0
Excess Appropriation/(Funding)	0		0				0		0		0		0		0		0	
Grand Total	803,779,890		1,014,209,359				1,014,362,466		1,232,608,516		1,232,565,030		1,014,368,126		1,285,350,808		1,285,307,322	

Agency Position Usage Report

FY2010 - 2011						FY2011 - 2012						FY2012 - 2013					
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	
89	84	5	89	0	5.62 %	92	78	14	92	0	15.22 %	92	78	14	92	0	15.22 %

Analysis of Budget Request

Appropriation: 2QV - Property Management

Funding Sources: TER - Teacher Retirement Fund

The Property Management Program of the Arkansas Teacher Retirement System pays for the necessary expenses to maintain properties that the System holds as investments. These expenses include, but are not limited to, attorney fees, foreclosure expenses, selling expenses, audit costs, appraisal expenses, property management fees, property rehabilitation costs, travel expenses related to property management, property repairs, property maintenance, advertising expenses, and property operating expenses.

The Agency Request is for Base Level of \$500,000 each year.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 2QV - Property Management

Funding Sources: TER - Teacher Retirement Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item	Historical Data			2013-2014			2014-2015		
	2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Property Management 5900046	0	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Total	0	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Funding Sources									
Trust Fund 4000050	0	500,000		500,000	500,000	500,000	500,000	500,000	500,000
Total Funding	0	500,000		500,000	500,000	500,000	500,000	500,000	500,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	0	500,000		500,000	500,000	500,000	500,000	500,000	500,000

Analysis of Budget Request

Appropriation: 2QW - Teacher Retirement System-Operations

Funding Sources: TER - Teacher Retirement Fund

The Arkansas Teacher Retirement System provides age, service, survivor, and disability benefits for public school teachers and other covered employees. This appropriation is funded by trust funds of the Teacher Retirement System.

Base Level Regular Salaries and Personal Services Matching includes Career Service payments for eligible employees. Personal Services Matching also includes a \$20 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$410 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases. The Base Level salary of unclassified positions reflects the FY13 line item maximum.

In addition to Base Level of \$182,794,025 in FY14 and \$182,799,685 in FY15, the Agency Change Level requests of \$143,914,491 in FY14 and \$196,0511,123 in FY15 reflects the following:

- Regular Salaries and Personal Services Matching of \$541,381 in FY14 to support ten (10) positions: one (1) ATRS Associate Director of Information Technology, one (1) Senior Investment Manager, three (3) Retirement Coordinators, two (2) Retirement Counselors, one (1) Human Resources Recruiter, one (1) Administrative Analyst and one (1) Administrative Analyst II; and \$678,013 in FY15 to support thirteen (13) positions - one (1) ATRS Associate Director of Information Technology, one (1) Senior Investment Manager, four (4) Retirement Coordinators, three (3) Retirement Counselors, one (1) Human Resources Recruiter, two (2) Administrative Analyst and one (1) Administrative Analyst II. These positions will be used to provide high quality member services to an increasing number of retirees.
- Reclassification of two (2) positions: Reclassify an Accounting Coordinator to a Public Information Coordinator and a Fiscal Support Supervisor to an Accountant II.
- Professional Fees of \$214,465 each year to provide for a potential increase in legal fees due to legislative changes and fluctuating market performance.
- Benefits Non-employee of \$135,300,000 in FY14 and \$185,300,000 in FY15 to implement the new Cash Balance Account(CBA) Program which offers enhanced investment options to retiring T-Drop members; to provide for (CBA) quarterly withdrawals and to respond to potential legislative and market changes.
- Refunds/Reimbursements of \$7,858,645 in FY14 and \$9,858,645 in FY15 to address increases in disbursements for taxes and refunds of contributions to terminating active members.

The Executive Recommendation provides for the Agency Request with the exception of the request for the Human Resources Recruiter (C116).

Appropriation Summary

Appropriation: 2QW - Teacher Retirement System-Operations

Funding Sources: TER - Teacher Retirement Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	2013-2014			2014-2015		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	3,811,082	4,003,345	4,255,441	4,042,589	4,434,546	4,403,833	4,046,889	4,535,900	4,505,187
#Positions		88	92	92	92	102	101	92	105	104
Extra Help	5010001	160,999	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
#Extra Help		14	16	16	16	16	16	16	16	16
Personal Services Matching	5010003	1,332,939	1,400,139	1,411,382	1,514,002	1,663,426	1,650,653	1,515,362	1,704,364	1,691,591
Overtime	5010006	2,691	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Operating Expenses	5020002	2,032,444	2,934,889	2,934,889	2,934,889	2,934,889	2,934,889	2,934,889	2,934,889	2,934,889
Conference & Travel Expenses	5050009	9,796	30,759	30,759	30,759	30,759	30,759	30,759	30,759	30,759
Professional Fees	5060010	292,229	343,650	343,650	343,650	558,115	558,115	343,650	558,115	558,115
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Benefits-Non Employee	5100023	116,414,863	158,700,000	158,700,000	158,700,000	294,000,000	294,000,000	158,700,000	344,000,000	344,000,000
Refunds/Reimbursements	5110014	7,608,928	10,228,136	10,228,136	10,228,136	18,086,781	18,086,781	10,228,136	20,086,781	20,086,781
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Professional Sevices	5900043	0	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
Data Processing Services	5900044	0	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Investment Counsel	5900046	2,425,982	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
Total		134,091,953	182,640,918	182,904,257	182,794,025	326,708,516	326,665,030	182,799,685	378,850,808	378,807,322
Funding Sources										
Trust Fund	4000050	134,091,953	182,640,918		182,794,025	326,708,516	326,665,030	182,799,685	378,850,808	378,807,322
Total Funding		134,091,953	182,640,918		182,794,025	326,708,516	326,665,030	182,799,685	378,850,808	378,807,322
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		134,091,953	182,640,918		182,794,025	326,708,516	326,665,030	182,799,685	378,850,808	378,807,322

Change Level by Appropriation

Appropriation: 2QW - Teacher Retirement System-Operations
Funding Sources: TER - Teacher Retirement Fund

Agency Request

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	182,794,025	92	182,794,025	100.0	182,799,685	92	182,799,685	100.0
C01	Existing Program	143,802,162	9	326,596,187	178.7	195,938,794	12	378,738,479	207.2
C08	Technology	112,329	1	326,708,516	178.7	112,329	1	378,850,808	207.2
C10	Reclass	0	0	326,708,516	178.7	0	0	378,850,808	207.2

Executive Recommendation

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	182,794,025	92	182,794,025	100.0	182,799,685	92	182,799,685	100.0
C01	Existing Program	143,758,676	8	326,552,701	178.6	195,895,308	11	378,694,993	207.2
C08	Technology	112,329	1	326,665,030	178.7	112,329	1	378,807,322	207.2
C10	Reclass	0	0	326,665,030	178.7	0	0	378,807,322	207.2

Justification

C01	ATRS request a total of 13 positions for the 13-15 Biennium: Ten (10) positions for FY14 and an additional three (3) positions for FY15. This will increase Regular Salaries and Personal Matching by \$541,381 in FY14 and \$678,013 in FY15. (totals include C08 request) ATRS membership and retiree numbers increase yearly. These positions will allow ATRS to meet the increased demands that have occurred over the past years and prepare for future projected increases. Current forecast project a 60% increase in retirees over the next ten(10) years. As members move to retirement, new members take their place and it is important that ATRS has adequate staff to provide quality service as members make life time decisions. ATRS Statistics reflect that a large number, approximately 50%, of knowledgeable management staff will have the ability to retire due to age or service within the next 4 - 6 years. It is imperative that ATRS looks at succession and many of these positions will be placed in various departments though out the agency as mid-level supervisors. This hands-on experience is key to the transference of historical knowledge and experience.Expected normal growth in the number of retirees, approximate 60% over the next ten (10) years, and the potential effect on member behavior due to potential legislative changes and market performance compels ATRS to request a "safety-net" appropriation for all areas of Pension and Retirement Benefits. This appropriation will ensure that ATRS is prepared for any action that triggers a significant reaction. Therefore, ATRS request an increase of \$60,300,000 in each fiscal year of the biennium to accommodate retiree benefits and T-Drop payments. ATRS also request an increase of \$7,858,645 in FY14 and \$9,858,645 in FY15 to address an increase in taxes and refunds. Also, as noted above, member behavior due to potential legislative changes and fluctuating market performance could lead to possible unexpected litigation. ATRS also requests an increase of \$214,465 in each fiscal year of the biennium to address any unexpected increase in legal fees. Additional appropriation is requested to address a new program the ATRS Board is offering to our retiring T-DROP members titled CBA (Cash Balance Account). Members will have the option of not only annuitizing all or part of their T-DROP balance with ATRS for an enhancement to their monthly benefit, but will also be able to leave all or part of their T-DROP account in an interest bearing account at ATRS that pays very competitive interest rates without putting the principal at risk. ATRS will allow quarterly withdrawals and additional hardship withdrawals if needed. ATRS is requesting \$75,000,000 for FY14 and \$125,000,000 for FY15 to allow for adequate appropriation to address quarterly CBA withdrawals.
C08	ATRS request for an ATRS Associate Director of Information Technology (N908) position is based on the increasing demands on the ATRS custom developed and maintained in house financial programs/systems. This position will oversee the activities of our Information Technology section. This position will be responsible for making recommendations for the overall planning, formulation, and administration of policies and programs including the strategic direction and development of information systems and overall management of associated electronically stored information to meet the agency's needs.
C10	Reclassification of two (2) positions: Reclassify an Accounting Coordinator to a Public Information Coordinator and a Fiscal Support Supervisor to an Accountant II.

Analysis of Budget Request

Appropriation: C26 - Teacher Retirement System-Cash

Funding Sources: 375 - Arkansas Teacher Retirement Fund-Cash

The Arkansas Teacher Retirement System cash fund allows the Agency to make payments to beneficiaries by check or direct deposit.

In addition to Base Level of \$831,068,441 each year, the Agency is requesting the following Change Levels:

- Benefits Non-employee of \$72,000,000 each year to address the growth in the number of retirees and to respond to potential legislative and market changes.
- Refunds/Reimbursements of \$2,331,559 in FY14 and \$2,931,559 in FY15 each year to address increases in disbursements for taxes and refunds of contributions to terminating active members.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: C26 - Teacher Retirement System-Cash
Funding Sources: 375 - Arkansas Teacher Retirement Fund-Cash

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2011-2012	2012-2013	2012-2013	2013-2014			2014-2015		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Benefits-Non Employee 5100023	668,062,855	828,000,000	828,000,000	828,000,000	900,000,000	900,000,000	828,000,000	900,000,000	900,000,000
Refunds/Reimbursements 5110014	1,625,082	3,068,441	3,068,441	3,068,441	5,400,000	5,400,000	3,068,441	6,000,000	6,000,000
Total	669,687,937	831,068,441	831,068,441	831,068,441	905,400,000	905,400,000	831,068,441	906,000,000	906,000,000
Funding Sources									
Cash Fund 4000045	669,687,937	831,068,441		831,068,441	905,400,000	905,400,000	831,068,441	906,000,000	906,000,000
Total Funding	669,687,937	831,068,441		831,068,441	905,400,000	905,400,000	831,068,441	906,000,000	906,000,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	669,687,937	831,068,441		831,068,441	905,400,000	905,400,000	831,068,441	906,000,000	906,000,000

Change Level by Appropriation

Appropriation: C26 - Teacher Retirement System-Cash
Funding Sources: 375 - Arkansas Teacher Retirement Fund-Cash

Agency Request

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	831,068,441	0	831,068,441	100.0	831,068,441	0	831,068,441	100.0
C01	Existing Program	74,331,559	0	905,400,000	108.9	74,931,559	0	906,000,000	109.0

Executive Recommendation

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	831,068,441	0	831,068,441	100.0	831,068,441	0	831,068,441	100.0
C01	Existing Program	74,331,559	0	905,400,000	108.9	74,931,559	0	906,000,000	109.0

Justification

C01	Expected normal growth in the number of retirees, approximate 60% over the next ten (10) years, and the potential effect on member behavior due to potential legislative changes and market performance compels ATRS to request a "safety-net" appropriation. This appropriation will ensure that ATRS is prepared for any action that triggers a significant reaction. Therefore, ATRS request an increase of \$72,000,000 in each fiscal year of the biennium to accommodate retiree benefits. ATRS also request an increase of \$2,331,559 in FY14 and \$2,931,559 in FY15 to address an increase in taxes and refunds.
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DEPARTMENT OF WORKFORCE SERVICES

Enabling Laws

Act 282 of 2012
A.C.A. §11-10-101 et seq.

History and Organization

The Arkansas Department of Workforce Services (DWS) was created as the Arkansas Employment Security Department (AESD) a division of the Department of Labor (DOL) by Act 391 of 1941 to administer the Employment Security Law. Act 100 of 1991 made AESD independent of the State DOL and established it as a separate department. The Director is appointed by and serves at the pleasure of the Governor. The primary responsibilities of the Department are to promote employment security by increasing opportunities for placement through the maintenance of a system of public employment offices and to provide through the accumulation of funds from employer's contribution taxes for the payment of benefits to individuals who are involuntarily unemployed.

Act 391 of 1941 was enacted to conform to the state law requirements of the Federal Unemployment Tax Act (26 USCA 3301-3310), Title IX of the Social Security Act (42 USCA 501-504) and the Wagner-Peyser Act (29 USCA 49). The Workforce Investment Act, enacted by Congress as Public Law 105-220 of 1998 to replace the Job Training Partnership Act and other Federal job training laws with new workforce investment systems to induce local businesses to participate in the delivery of Workforce Development Services. Workforce Investment Boards were created by this Law and are chaired by private sector members in the local community. Other state acts, which govern the operations of the Department, include Act 35 of 1971, as amended; Act 1205 of 1975 (Extended Session of 1976); and Act 173 of 1935.

Act 1705 of 2005 changed the name of the agency to Arkansas Department of Workforce Services. This Act authorized the transfer of the Transitional Employment Assistance (TEA) program to this agency and receipt of Temporary Assistance for Needy Families (TANF) block grant funds from the U.S. Department of Health and Human Services.

Act 490 of 2007 changed the name of the unemployment insurance (UI) law from "Arkansas Employment Security Law" to "Department of Workforce Services Law".

Act 1487 of 2009 transferred the Arkansas Workforce Investment Board to ADWS and restructured the Workforce Investment Board to be in compliance with applicable federal law.

ADMINISTRATION

The Department of Workforce Services Law provides that the DWS shall be administered through a Director. The Director is appointed by the Governor and is directly responsible for the proper administration of the Department and the workforce services programs in conformity with state and federal law and regulations.

DWS operates through a central administrative office and local offices strategically located throughout the state, frequently in one-stop career development centers, known in Arkansas as "Arkansas Workforce Centers." Within the central administrative offices are located six main departments: Administration, Financial Management and Administrative Services, Unemployment Insurance, Employment Assistance, TANF, and New Hire Registry and Career Readiness Certification.

Administrative activities include: communication services by providing information in various formats within and outside the Agency; monitor the overall operation of the affirmative action program and promote equal employment opportunities; provide training for agency staff, handle legal agency affairs, and organize and control overall information technology activities.

Financial Management activities include preparation of budgets, disbursements of agency funds, preparation of payroll, maintenance of the agency accounting system, preparation of financial reports, and forecasting expenditures. Additional activities include monitoring the fiscal affairs of the agency and subgrantees; conducting audits, studies and investigations to prevent waste, theft, and undesirable practices; and making recommendations for improvement of the operations of the agency. Financial Management Services also provides material support for leasing, records management, maintenance, printing, contracts, shipping/receiving, personnel administration and maintenance of the Agency's classification and compensation plan as well as develops and implements policies, programs, and services to meet agency needs.

APPEAL TRIBUNAL

An initial determination of eligibility for unemployment compensation benefits is made by the Agency. Any interested party may appeal this determination to the Appeal Tribunal, where the parties are afforded fair hearings before appeals referees. Either party may then appeal the decision of the Appeal Tribunal to the Board of Review.

When a potential issue related to an unemployment insurance claim is identified, a decision is rendered by the Department of Workforce Services based on the facts and the application of the Department of Workforce Services Law. Both the claimant and the employer are notified in writing of the decision. If either the claimant or employer objects to the decision, they may file an appeal as authorized by statute. The Appeal Tribunal is the first of two (2) administrative steps available to claimants and employers alike in resolving disputes related to unemployment insurance claims. Decisions of the Appeal Tribunal may be appealed by either party to the Board of Review.

BOARD OF REVIEW

The Board of Review provides the final level of administrative appeal in unemployment compensation cases and in employer coverage cases. The Board is composed of a full-time chairman and two part-time members, who are appointed by the Governor. The chairman is authorized to independently decide most cases. Appeals of the decision of the Board of Review are made to the Arkansas Court of Appeals.

The Board of Review will review the decision of the Appeal Tribunal when properly appealed by the claimant or employer. The Board of Review evaluates the facts of the record and the application of the Department of Workforce Services Law either affirms, reverses or remands the Appeal Tribunal decision. Claimants and employers may appeal decisions of the Board of Review through the Arkansas Court of Appeals.

ADVISORY COUNCIL

A.C.A. §11-10-305 was originally enacted to comply with the requirement in the Wagner-Peyser Act that states have advisory councils composed of men and women representing employers and employees. Though this requirement was removed by subsequent amendment to the Wagner-Peyser Act, the Council is a firmly fixed institution in Arkansas. The purpose of the Council is to advise and assist the Director of the Department in the administration of ADWS Law.

UNEMPLOYMENT INSURANCE

The Division of Unemployment Insurance is responsible for planning, directing, and coordinating tax collections and payment of benefit claims; interpreting laws, rules and regulations which affect the unemployment insurance program; evaluating the effectiveness of the programs and conferring with the Deputy Director concerning operating needs or changes necessary for more effective operations; and exercising functional responsibility for procedures, policies and guidelines for the claims taking and adjudication process.

The Arkansas Unemployment Insurance Program provides workers with protection against temporary loss of income during periods of involuntary unemployment. Tax rated employers subject to the Arkansas Department of Workforce Services law presently pay a quarterly payroll tax on the first \$12,000 of wages paid to each employee during the calendar year or, if the employer is a reimbursable employer, the employer repays the UI Trust Fund for all unemployment insurance benefits paid to their former employees. Tax rates for tax rated employers are determined by an experience rating system, which measures each employer's benefit risk and history of contributions and benefit payments. The tax rate calculation considers taxes paid in, benefits paid and charged to the employer's account and the average annual taxable payroll. In addition, a Stabilization Tax of up to 0.80% is added to the calculated tax rate based on the overall balance of the UI Trust Fund as compared to total payrolls for covered employment during the preceding calendar year. Depending on the balance of the UI Trust Fund an additional Extended Benefit Tax of 0.1% may also be in effect. All tax rates are re-calculated each year. For calendar year 2012, the Stabilization Tax at 0.8% and the Extended Benefit Tax at 0.1% are both in effect. It is anticipated at this time, that both taxes will still be in effect for calendar year 2013.

As of July 1, 2012, an individual may qualify for a maximum weekly benefit of \$451, with the minimum weekly benefit being \$81 for up to 25 weeks of total unemployment. The maximum and minimum weekly benefit amounts are currently frozen at these amounts per Section 1 of Act 861 of 2011, (A.C.A. §11-10-502). As of March 2012, an individual's weekly benefit amount in Arkansas represents on average, approximately 40% of his/her average weekly wage.

During periods of high unemployment, individuals who have exhausted their regular benefits may be eligible for additional weeks of extended benefits under a program jointly funded by the State's Unemployment Insurance Trust Fund and the federal government; or under programs resulting entirely from special federal legislation. Special federal programs for extended benefits, when authorized, are 100% federally funded. As of July 1, 2012, the Emergency Unemployment Compensation Act of 2008 is still in effect and effective September 8, 2012, provides up to 37 weeks of additional compensation for qualified claimants. This program is currently slated to end January 5, 2013, unless further extended by the US Congress.

In addition to the regular and extended unemployment compensation programs, unemployment compensation is paid to former federal employees and ex-military personnel. Federal employee and ex-military unemployment benefits are funded entirely by federal funds.

Special benefits administered by DWS Unemployment Insurance Division are paid to workers whose jobs or hours of work and wages have been adversely affected by foreign imports and/or the transfer of jobs to foreign countries. These benefits are paid by authority of the Trade Act of 1974, as amended. When approved these benefits afford individual workers opportunities for retraining and relocation to a more favorable labor market area. Benefits paid under this program are funded entirely by federal funds.

Another federal program is Disaster Unemployment Assistance (DUA), which provides special benefits for workers whose jobs are temporarily closed due to a natural disaster upon proclamation by the President. When DUA benefits are authorized, they are 100% federally funded.

Unemployment Insurance fraud detection (both internal and external), overpayment prevention, and recovery are inherently important aspects of the Unemployment Insurance program. A toll-free "hotline" is available for anyone who wishes to report a suspected case of fraud or abuse and callers are not required to reveal their identity. A special computer software program cross-matches wages reported by employers with benefits paid to claimants. Unemployment Insurance investigators conduct on-site investigations of potentially fraudulent claims, and a close working relationship is maintained with county officials in order to prosecute persons fraudulently claiming benefits. Department of Workforce Services participates in the Benefit Accuracy Measures Program (BAM), as mandated by the US Department of Labor, which is based on comprehensive reviews for randomly sampled claims made statewide to determine the precise nature of any improper payments. The audit performed under the BAM program produces estimates of overpayment rates, underpayment rates and total error rates while identifying the source of the errors, whether it is the agency, the claimant, the employer or some other action. Department of Workforce Services also participates in the Benefit Payment Control Program (BPC) designed to identify overpayments by administrative and/or legal action. Finally, Department of Workforce Services also participates in the Tax Performance System (TPS) intended to ensure full and proper reporting of all wage items and the accurate and timely payment of taxes due from employers.

EMPLOYMENT ASSISTANCE

The Office of Employment Assistance plans, directs, coordinates, and evaluates activities relevant to labor exchange functions, employment services to military veterans, Workforce Investment Act programs, Reemployment Services, and services to dislocated workers, and administers several programs including the Governor's Dislocated Worker Task Force, Trade Adjustment Assistance, Work Opportunity Tax Credit, Alien Labor Certification, and Labor Market Information. It provides technical assistance to and training for DWS staff engaged in these activities. The Office of Employment Assistance programmatically oversees and administers several discretionary grant programs such as national emergency grants, Arkansas Energy Sector Partnership grant, and the Arkansas Partnership for Nursing's Future grant.

The Office of Employment Assistance provides staff support to the Arkansas Workforce Investment Board and technical assistance for the operation of the Arkansas Workforce Centers statewide. Arkansas Workforce Centers provide locally developed and operated services linking employers and jobseekers through a statewide delivery system. Convenient "one-stop" centers are designed to eliminate the need to visit different locations. The Centers integrate multiple workforce development programs into a single system, making the resources much more accessible and user friendly to jobseekers as well as expanding services to employers. Arkansas Workforce Centers are designed "by employers for employers" to find and train qualified workers and help jobseekers find new opportunities.

Workforce Investment Act Title I Programs; Adult, Youth and Dislocated Worker Employment Assistance

The Department of Workforce Services serves as the Governor's Administrative Entity (GAE) for Arkansas programs funded by Title I of the federal Workforce Investment Act (WIA) of 1998. WIA seeks to provide needed employment and preparation services for adults, youth and dislocated workers through programs operated by organizations in the ten local workforce investment areas (LWIAs). Each area's Local Workforce Investment Board (LWIB) selects their operation entities. WIA program activities include core (e.g. employment information, employment self-service centers, etc.), intensive (e.g., comprehensive assessments, employment planning, and counseling, etc.) and training (e.g. classroom instruction, on-the-job training, etc.) activities. DWS monitors the fiscal and performance integrity of the Title I programs and provides technical assistance on the program, fiscal, and governance aspects of Title I.

The Workforce Investment Act (WIA) authorizes the nation's public workforce development system; a state-local system helping businesses increase productivity, strengthen competitiveness and meet skill and hiring needs, as it helps Americans gain skills, attain jobs, improve earnings and advance their careers. Governors are required by statute to conduct certain activities with WIA set-aside funding and are given the authority to use any remaining funding for initiatives and innovations that address state-specific needs.

DWS acts as the lead agency for the Governor's Dislocated Worker Task Force. Composed of DWS, the Department of Economic Development and the Arkansas American Federation of Labor and Congress of Industrial Organizations (AFL-CIO), this group provides on-site rapid response assistance in the event of a business closing or major layoff. The assistance ranges from help in securing a replacement company for a vacated building to help for laid off individuals to find new employment or training for employment. The Task Force also helps the community and the individuals cope with the loss of employment.

DWS also serves as the staff of the State Workforce Investment Board. DWS serves as the fiscal agency for Title I of WIA. Workforce Investment Act dollars are distributed by formula under direction of the State WIB.

Through contract or financial agreement, DWS:

- Administers the Trade Adjustment Act to provide re-employment assistance and re-training to workers dislocated as a result of production moving to another country;

- Administers the Work Opportunity Tax Credit Program;
- Administers the Alien Labor Certification Program to certify foreign workers for existing employer needs based on a market survey;
- Inspects housing of agricultural workers who are legally eligible to work in the United States (as part of the agricultural Alien Labor Certification Program);
- Operates the Hope Migrant Farm Labor Center. HMFLC provides overnight accommodations, employment, health, and education services in cooperation with other agencies to legal immigrants. These immigrants provide agricultural services throughout the Midwest corridor from Rio Grande Valley Texas to Michigan and as far north as upstate New York.

The Labor Market Information (LMI) program is administered by the U.S. Department of Labor through three (3) organizations: the Employment and Training Administration (ETA), the Bureau of Labor Statistics (BLS), and the State Workforce Agency (SWA). By Governor's proclamation through the recommendation of the Arkansas Department of Workforce Education and its Board, DWS also carries out the LMI functions of Section 118 of the Carl Perkins Act.

- The ETA is responsible for funding, monitoring, and evaluating the LMI activities relating to the development of state and local market information.
- The BLS is responsible for developing methods and procedures for federal-state programs. The Bureau is authorized to collect labor market information and reimburse SWA's to provide national statistical information. More specifically, BLS is responsible for funding, administering, and providing technical guidance for the Current Employment Statistics (CES), Local Area Unemployment Statistics (LAUS), Occupational Employment Statistics (OES), Quarterly Census of Employment and Wages (QCEW), and the Mass Layoff Statistics (MLS) programs.
- SWA's Occupational-Career Information/BLS sections carry out the basic work in compliance with the ETA's policies and the BLS technical directives.
- Section 118 of the Carl Perkins Act provides language to the states to develop and distribute LMI through a State Career Resource Network. Upon recommendation of the Arkansas Department of Workforce Education, the Governor has designated DWS to handle this responsibility.

The Labor Market Information program in Arkansas provides six (6) basic types of information output services:

- Occupational employment projections, employment supply and demand data, labor force statistics on employment and unemployment, and employment estimates by industry are produced for the state and many of its labor market areas. This information, with other

instant industry, occupational, career, and workforce information to its many customers including counselors, employers, planners, job seekers, and others needing occupational, career, and workforce information.

- Computerized provision of a career information delivery system (CIDS) provides career guidance personnel, students, training program participants, and other job seekers access to the Career Resource Network of Information. The Arkansas Occupation and Skill Computer-Assisted Researcher (ARKOSCAR) are available online and the system is updated as needed.
- A computerized delivery of educational training provider services provided is found in the Arkansas Consumer Reporting System (ACRS). This system is designed for two different but complimentary purposes. First, it is intended to be a reference for any Arkansan wishing to pursue post-secondary education. Secondly, it is intended to assist in the automation of applications submitted by education providers who wish to become or remain eligible training providers under the Workforce Investment Act. DWS has attempted to include all Arkansas postsecondary educational institutions, as well as out-of-state post-secondary educational institutions that are certified by the Arkansas Board of Private Career Education.
- A computerized Lifestyle Budget Calculator program that serves as a learning tool for students and jobseekers. It shows how education impacts earnings, how living expenses add up, and which careers can support a preferred type of lifestyle. The site uses Labor Market Information data from the Occupational Employment Statistics (OES) Wage survey and the Short and Long Term Projections Programs. It also uses information from the American Chamber of Commerce Researchers Association Cost of Living Index, and Department of Labor's America's Career Info Net.
- Publications that provide the following type of labor market information on the Internet and in hard copy format are produced on a regular basis: monthly analyses of total employment, unemployment, industrial employment, and hours and earnings statistics for the state and major labor areas; monthly labor force estimates and unemployment rates for the state and 75 counties; annual affirmative action information for the state and its 75 counties; annual planning information for the state, local workforce investment areas (LWIAs) and metropolitan statistical areas (MSAs); projections by industry and occupation for the state and LWIAs; and wage data for manufacturing industries and occupations within those industries for the state, LWIAs and 75 counties. A directory of labor market information publications is also available.
- Technical assistance and training in the availability and use of labor market information are offered. Additionally, materials are distributed for pre-service and in-service counselor education and training needs. Also, training on the availability and uses of LMI, occupational and career information is now being offered through the LMI training seminars conducted by DWS LMI professionals.
- Research and special projects are conducted to update labor market information techniques and output, particularly those that streamline programs through computerization.

Labor Market Information is needed by planners and administrators who decide which programs best develop and use the state's human resources. The LMI Program allows DWS to place current occupational and industrial labor market information in Arkansas schools through the delivery of both hard copy publication and data via the Internet, as well as through customized personal visits by LMI staff. These delivery techniques provide educational administrators, teachers, and counselors with the information needed to assist education officials in establishing specific training to meet labor shortages, and to assist students in selecting appropriate careers. Through these vital program linkages, students, counselors, job seekers, planners, and administrators develop a better knowledge of the state's economic conditions and labor needs.

Labor Market Information is used by Congress to allocate billions of dollars for employment and training programs, economic development and public work projects conducted by local, state, and national governments. Also, LMI development and use is an integral part of the Arkansas Workforce Center operations. Many new pamphlets, flyers, publications, internet and CD-ROM materials, and other additions to the career and planning information systems are being developed primarily for use in these centers and Arkansas' educational institutions.

WORKFORCE INVESTMENT BOARD

The Arkansas Workforce Investment Board (AWIB), an advisory board to the Governor, coordinates and establishes policy for conducting employment and training activities in the state, including all activities within the Arkansas Workforce Centers. The AWIB was created by Arkansas Act 1125 of 1999, which implements the federal Workforce Investment Act in Arkansas. The Board is comprised of a majority of business and industry leaders from throughout Arkansas, including representatives from local chief elected officials, organized labor, legislative appointments, and the state agency directors of Workforce Services, Workforce Education, Economic Development, Higher Education, Human Services, Rehabilitation Services, and Services for the Blind.

TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF)

The TANF Division provides assistance to TEA and Work Pays participants in preparing them for gainful employment through skills assessment, career counseling, work search techniques, job training, and provides supportive services. TANF contracts with various community and faith-based providers in Arkansas for services to low-income families to assist them in reaching self-sufficiency.

TANF provides technical assistance related to the delivery of TANF program services to agency staff in the statewide network of Arkansas Workforce Centers and DWS Local Offices. TANF Division staff also provides technical assistance to the community and faith-based contractors across the state.

Arkansas Act 514 of 2007 created the Temporary Assistance for Needy Families Oversight Board to provide program oversight for the delivery of effective services to the Transitional Employment Assistance (TEA) and Work Pays Program recipients. The nine-member TANF Oversight Board is required to meet no less than one time every three months and is responsible for the development of a vision and blueprint for the state's TANF Program. The Board provides recommendations to the Governor, the General Assembly, DWS, and other state agencies on a variety of topics. The main focus of the TANF Oversight Board is the provision of effective program services to clients, improved performance in client outcomes, and increased integration of TEA and Work Pays Program services into local workforce offices. The Director of the Department of Workforce Services is required to designate a senior manager of DWS as staff director for the board. Additional staff support to the board is provided by DWS and DHS.

The Temporary Assistance for Needy Families (TANF) program provides a wide variety of employment and training activities, supportive services, and benefits that will enable clients to get a job, keep a job, and improve their economic circumstances. The four purposes of TANF are to 1) provide assistance to needy families; 2) end dependence of needy parents by promoting job preparation, work and marriage; 3) prevent and reduce out-of-wedlock pregnancies; and 4) encourage the formation and maintenance of two-parent families.

State Maintenance of Effort Requirements - The TANF block grant program has an annual cost-sharing requirement referred to as "maintenance of effort" or "MOE." Every fiscal year each state must spend a certain minimum amount of its own money to help eligible families in ways that are consistent with the purposes of the TANF program. The required MOE amount is based on an "applicable percentage" of the state's (nonfederal) expenditure on Aid to Families with Dependent Children (AFDC) and the AFDC-related programs in 1994.

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 initiatives and organizational changes prescribed by Act 1705 of 2005 and Act 514 of 2007.

NEW HIRE REGISTRY/ARKANSAS CAREER READINESS CERTIFICATE PROGRAM

The New Hire Registry was created to compile an automated state registry of newly hired and re-hired employees. Information shall be entered into the registry database maintained by the Department of Workforce Services or its designated contractor within five (5) business days of receipt from an employer. This information shall be furnished to the National Directory of New Hires. The New Hire Registry is required by the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, Pub. L. No. 104-193.

The Governor's Workforce Cabinet, which consists of seven state agencies and the 22 Two-Year Colleges, launched the Arkansas Certificate Program in January 2008. The Career Readiness Certificate (CRC) is a portable credential that confirms to employers that an individual possesses the basic workplace skills in reading for Information, Applied Mathematics, and Locating Information - skills that all jobs require.

Upon completing the program, job seekers receive either a Platinum, Gold, Silver, or Bronze certificate that is signed by the governor. Employers who use the program as part of their hiring practices find that their turnover, overtime, and training dollars are dramatically reduced. Employers can rest assured that when they hire someone with a CRC, they are getting a qualified worker. Arkansas has received national attention with the success of the program, making Arkansas one of the top 15 states that have issued the most Career Readiness Certificates.

FIELD OPERATIONS

Field Operations, overseen by the Deputy Director, is responsible for the delivery of services to the public through 30 local workforce centers, 15 satellite offices, and six mobile offices. These services include: 1) job placement assistance to job seekers; 2) recruiting and screening

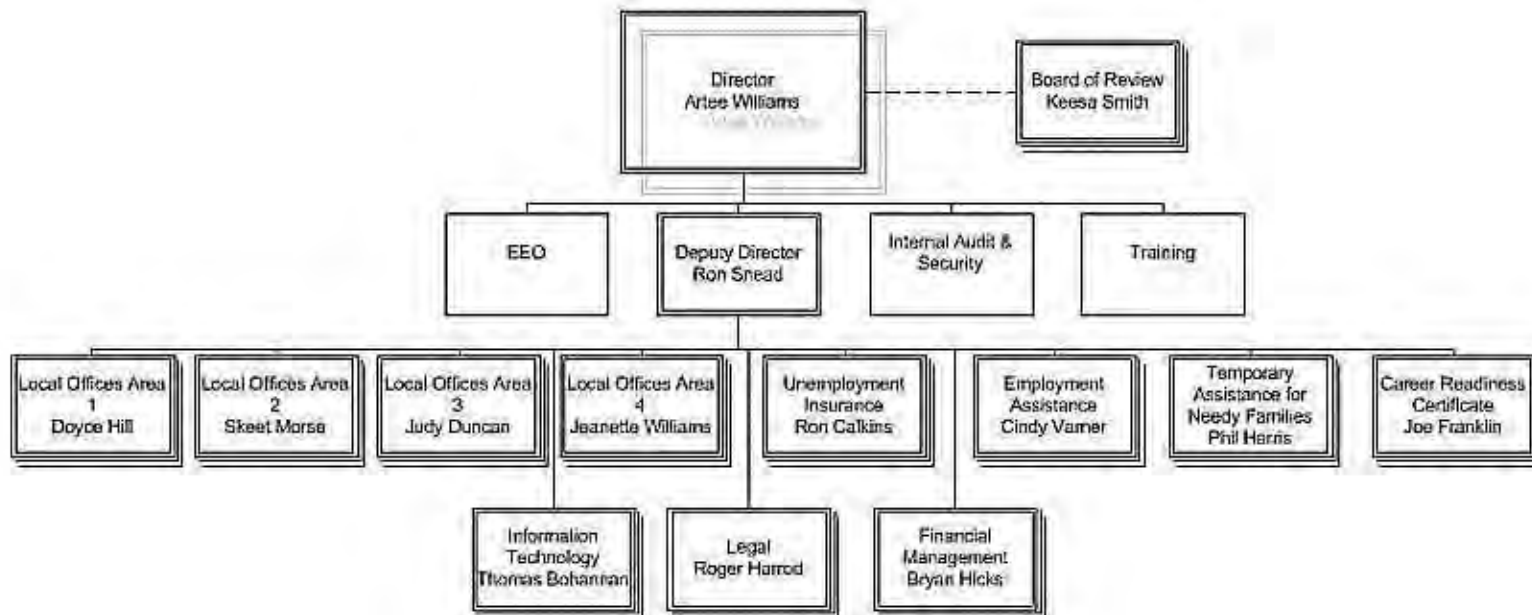
assistance to employers seeking workers or a central place to post job openings; 3) initial unemployment insurance claims processing for unemployed workers; 4) career readiness certificate preparation and issuance; 5) case management services to low-income families enrolled in TEA and Work Pays; 6) assistance to migrant seasonal farm workers; 7) other specialized services to applicants and employers through contractual agreements with other local, state, or federal agencies and organizations; and 8) coordinates all logistical support for all DWS workforce centers.

Applicant services include job finding assistance to all persons legally qualified to work; job referral, job development, and placement services for workers who are "job ready"; and assessment, counseling, and referral to available training for those not "job ready". Veteran's services are provided on a priority basis as required by federal statute. Other special applicant groups such as youth, older workers, handicapped and economically disadvantaged receive special attention and referral to services that help in the removal of barriers to employment. Unemployment insurance claimants are given special attention to encourage and assist their re-entry into the workforce.

Employer services include: Assessment, screening, selection of qualified applicants for job referrals, labor surveys, and recruitment of applicants in shortage occupations locally and nationwide, Career Readiness Certification, and conditionally certifying applicants for Work Opportunity Tax Credits.

Other services include: Cooperation with partner agencies providing services under the Workforce Investment Act (WIA), participation on workforce investment boards in local workforce investment areas to improve delivery of services, and provide Labor Market Information to educational and community-based organizations for use in preparing citizens for the world of work. The Agency also administers the Jobs for Veterans state grant provided by the Veterans Employment and Training Service to staff Local Veterans Employment Representatives and Disabled Veterans Outreach Program specialists in local offices dedicated to meeting the employment needs of veterans.

The delivery of service to both employers and applicants is enhanced by a computerized statewide job order sharing system to bring applicants and employers together, thereby speeding up the placement process. To increase efficiency and save staff time in the delivery of services, DWS uses a computerized file search system to match job applicants with employer openings. This computerized matching system, known as the Arkansas Job Link (AJL) is active in all local offices and workforce centers in Arkansas.



Agency Commentary

The Department of Workforce Services (DWS) requests the following changes in appropriation for the 2013 - 2015 Biennium.

- A. By June 30, 2013, all of DWS ARRA funding will be expended. ARRA appropriation was in ARRA-UI Special Administration (2SDX), ARRA-UI Benefits (C48), ARRA-UI Modernization (49), and Workforce Investment Act (2SE) all will be expended by June 30, 2013. DWS is requesting unfunded appropriations in 2SE in anticipation of the end-of-quarter reporting to DOL.
- B. In this biennium, DWS is requesting to restore previously authorized appropriation for Annual Assessments (2RF), Excess Unemployment Benefits/Expenses (2SC), the Temporary Assistance for Needy Families (TANF) Block Grant Paying (4KQ), UI Trust Fund Interest (2SF), UI Benefits Reimbursements- Employers (C30), the Workforce Investment Act (2SE), the Federal Employees Benefit Payments (C28), the Benefits - Taxable Employers - Cash (C29), the Reed Act (C31), the Loans to Local WIB's (C56), and the appropriation for the Maintenance and General Operations of the Department due to the uncertainty of the economy.
- C. DWS is requesting \$24 million of authorized appropriation for the UI Trust Fund Loan Interest (2SF).

- D. Unemployment Benefits and Expenses (C27) is requesting to increase appropriation by \$1,100,000 for Training Allowances (C27A), and to reduce Third Party Contractors (C27B) by \$1,500,000. DWS is further requesting that appropriation for Assistance to Grants and Aid be restored to \$5,000,000.
- E. DWS are authorized nine hundred and eighty three (979) positions. There are currently 960 budgeted positions. DWS is requesting to restore 14 administrative positions as well as continue appropriation for 3 TANF positions and 1 MFG. DWS is also requesting 11 reclassifications and to continue four hundred (400) Base Level Extra Help positions. These positions are requested based on the need to be able to provide prompt, quality service to Arkansans in a difficult labor market where both the need for unemployment and employment services is great. Should federal funding end, so will the additional requested positions.
- F. Requested appropriation for Operation (Appropriation 2SD) is requested to be restored to the previously authorized levels to ensure sufficient authority in the event the economy does not improve. When the economy is sluggish DWS receives more funding than during robust times in order to pay increased Unemployment Insurance benefits to promote training for the unemployed individuals. This will increase skill levels and additional administrative funds for the increased workload.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
 AUDIT OF :
 ARKANSAS DEPARTMENT OF WORKFORCE SERVICES
 FOR THE YEAR ENDED JUNE 30, 2010

Findings	Recommendations
None	None

Employment Summary

	Male	Female	Total	%
White Employees	138	293	431	51 %
Black Employees	84	318	402	47 %

Other Racial Minorities	9	11	20	2 %
Total Minorities			422	49 %
Total Employees			853	100 %

Cash Fund Balance Description as of June 30, 2012

Fund Account	Balance	Type	Location
1770200	\$155,039	Checking	Bank of America, Regions, US Bank

Statutory/Other Restrictions on use:

Title 11 Chapter 10 of the Arkansas Code and federal regulations require that funds in 1770200 can only be used for the payment of benefits. Funds are drawn from the appropriations Federal account in the US Treasury, including the Arkansas UITF (Unemployment Insurance Trust Fund) as benefit payments are authorized.

Statutory Provisions for Fees, Fines, Penalties:

Title 11 Chapter 10 Subchapter 3 of Arkansas Code addresses Administration and Enforcement.

Revenue Receipts Cycle:

Federal Revenue deposited as needed.

Fund Balance Utilization:

Funds in this account are disbursed normally within 24 hours, although there may be occasional 'lags' due to Federal/Bank holidays and rejected electronic payments.

Fund Account	Balance	Type	Location
1770300	\$0	Emergency Cash Fund for Local Workforce Investment Boards	Bank of America

Statutory/Other Restrictions on use:

Act 282 provides for this appropriation from FCG0100.

Statutory Provisions for Fees, Fines, Penalties:

Approved by Legislative Council for State Fiscal Years 2012 and 2013.

Revenue Receipts Cycle:

Federal Revenue deposited as needed.

Fund Balance Utilization:

Funds in this account are for loans to Local Workforce Investment Boards (WIB) for local WIB wire transfers by the Department of Workforce Services.

Publications

A.C.A. 25-1-204

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
Comprehensive Annual Program Report to the Arkansas Legislature	A.C.A. §20-76-106	Y	Y	10	Arkansas Act 817 of 2011 required this comprehensive TANF Program Report, as required by A.C.A. §20-76-106. This requirement replaced the various legislatively-mandate reports and consolidated all of the prior reporting requirements.

ARKANSAS PLANNING BUDGETING & ADMINISTRATIVE SYSTEM
STATE CONTRACTS OVER \$25,000 AWARDED TO MINORITY OWNED BUSINESSES
Fiscal Year 2012
Required by A.C.A. 25-36-104

AGENCY: 0810 DEPARTMENT OF WORKFORCE 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
Advantage Communication	\$140,840	X					
KRL Properties	\$292,933	X					
Sandra Fleming	\$37,057	X					
Southern Maid	\$69,636	X					

TOTAL NUMBER OF MINORITY CONTRACTS AWARDED	<u>4</u>
TOTAL EXPENDITURES FOR CONTRACTS AWARDED	<u>\$780,631</u>
% OF MINORITY CONTRACTS AWARDED	<u>8.58 %</u>

Department Appropriation Summary

Historical Data

Agency Request and Executive Recommendation

Appropriation	2011-2012		2012-2013		2012-2013		2013-2014					2014-2015						
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
2RF Annual Assessments	22,000	0	22,000	0	26,000	0	22,000	0	26,000	0	26,000	0	22,000	0	26,000	0	26,000	0
25C Excess Unemploy Benefits/Expenses	3,059,777	0	10,878,535	0	11,304,389	0	10,878,535	0	11,304,389	0	11,304,389	0	10,878,535	0	11,304,389	0	11,304,389	0
25D Operations	60,789,167	937	52,658,062	960	86,702,884	979	57,606,867	960	80,738,207	978	80,722,814	978	57,626,379	960	80,757,719	978	80,742,326	978
25E Workforce Investment Act	22,702,876	0	13,635,929	0	62,500,000	0	11,484,678	0	60,200,000	0	60,200,000	0	11,484,678	0	60,000,000	0	60,000,000	0
25F UI Trust Fund Loan Interest	10,113,454	0	20,000,000	0	28,000,000	0	20,000,000	0	24,000,000	0	24,000,000	0	20,000,000	0	24,000,000	0	24,000,000	0
35Q DWS Training Trust Fund	1,324,729	0	5,000,000	0	5,000,000	0	5,000,000	0	5,000,000	0	5,000,000	0	5,000,000	0	5,000,000	0	5,000,000	0
35R DWS Unemployment Insurance Fund	1,655,112	0	5,000,000	0	5,000,000	0	5,000,000	0	5,000,000	0	5,000,000	0	5,000,000	0	5,000,000	0	5,000,000	0
4KP TANF-IDA	732,485	0	1,700,000	0	1,700,000	0	1,700,000	0	1,700,000	0	1,700,000	0	1,700,000	0	1,700,000	0	1,700,000	0
4KQ TANF Block Grant Paying/New Hire Registry	10,333,722	0	29,983,624	0	64,501,053	0	23,719,981	0	40,000,000	0	40,000,000	0	23,719,981	0	40,000,000	0	40,000,000	0
C27 Unemployment Benefits & Expenses - Cash	13,950,301	0	57,450,000	0	131,250,000	0	57,450,000	0	62,000,000	0	62,000,000	0	57,450,000	0	62,000,000	0	62,000,000	0
C28 Federal Employees Benefit-Cash	80,294,002	0	90,000,000	0	225,000,000	0	90,000,000	0	225,000,000	0	175,000,000	0	90,000,000	0	225,000,000	0	175,000,000	0
C29 U I Benefits - Taxable Employers - Cash	336,974,381	0	400,000,000	0	600,000,000	0	400,000,000	0	600,000,000	0	600,000,000	0	400,000,000	0	600,000,000	0	600,000,000	0
C30 U I Benefits-Reimb Employers - Cash	17,113,432	0	25,000,000	0	25,000,000	0	25,000,000	0	30,000,000	0	30,000,000	0	25,000,000	0	30,000,000	0	30,000,000	0
C31 Bldg Improvmt/Land-Reed Act	0	0	6,600	0	38,500,000	0	6,600	0	38,500,000	0	38,500,000	0	6,600	0	38,500,000	0	38,500,000	0
C56 Loans to Local WIBs	53,643	0	500,000	0	1,500,000	0	500,000	0	1,500,000	0	1,500,000	0	500,000	0	1,500,000	0	1,500,000	0
NOT REQUESTED FOR THE BIENNIUM																		
C48 Federal Employee Benefits-ARRA	178,597,197	0	100,000,000	0	300,000,000	0	0	0	0	0	0	0	0	0	0	0	0	0
C49 UI Modernization - ARRA	155,184	1	8,900,000	0	9,595,093	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	737,871,462	938	820,734,750	960	1,595,579,419	979	708,368,661	960	1,184,968,596	978	1,134,953,203	978	708,388,173	960	1,184,788,108	978	1,134,772,715	978

Funding Sources		%		%		%		%		%		%		%		%		%	
Fund Balance	4000005	32,417,942	4.1	48,251,450	5.6			34,364,429	4.8	34,364,429	3.1	34,364,429	3.3	25,369,094	3.1	21,369,094	2.0	21,369,094	2.1
General Revenue	4000010	3,831,624	0.5	3,775,642	0.4			3,775,642	0.5	3,775,642	0.3	3,775,642	0.4	3,775,642	0.5	3,775,642	0.3	3,775,642	0.4
Federal Revenue	4000020	718,664,766	91.4	777,058,573	90.9			643,368,827	90.6	1,027,412,227	93.9	977,412,227	93.6	641,626,489	92.3	1,025,669,889	95.1	975,669,889	94.8
Stabilization Tax	4000033	5,004,939	0.6	5,000,000	0.6			5,000,000	0.7	5,000,000	0.5	5,000,000	0.5	5,000,000	0.7	5,000,000	0.5	5,000,000	0.5
Advance Interest Funds	4000070	24,314,947	3.1	18,326,977	2.1			21,000,000	3.0	21,000,000	1.9	21,000,000	2.0	21,000,000	3.0	21,000,000	1.9	21,000,000	2.0
Employer Penalties & Interest	4000225	2,688,694	0.3	3,686,537	0.4			3,222,000	0.5	3,226,000	0.3	3,226,000	0.3	3,222,000	0.5	3,226,000	0.3	3,226,000	0.3
Transfer to DHS-DCO	4000612	(800,000)	(0.1)	(1,000,000)	(0.1)			(1,000,000)	(0.1)	(1,000,000)	(0.1)	(1,000,000)	(0.1)	(1,000,000)	(0.1)	(1,000,000)	(0.1)	(1,000,000)	(0.1)
Total Funds		786,122,912	100.0	855,099,179	100.0			709,730,898	100.0	1,093,778,298	100.0	1,043,778,298	100.0	698,993,225	100.0	1,079,040,625	100.0	1,029,040,625	100.0
Excess Appropriation/(Funding)		(48,251,450)		(34,364,429)				(1,362,237)		91,190,298		91,174,905		9,394,948		105,747,483		105,732,090	
Grand Total		737,871,462		820,734,750				708,368,661		1,184,968,596		1,134,953,203		708,388,173		1,184,788,108		1,134,772,715	

Variance in Fund Balance due to unfunded appropriation in Fund Centers 25C, 25D, 25E, and 4KQ.

Agency Position Usage Report

FY2010 - 2011						FY2011 - 2012						FY2012 - 2013					
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	
929	852	155	1007	-78	8.29 %	979	851	121	972	7	13.07 %	979	851	125	976	3	13.07 %

Total Budgeted Positions exceed the Authorized amount due to the addition of Miscellaneous Federal Grant positions.

Analysis of Budget Request

Appropriation: 2RF - Annual Assessments

Funding Sources: TZS - DWS Special Fund

The Annual Assessments appropriation pays the annual assessment to maintain voting member rights in the National Association of Workforce Agencies. This appropriation is funded from the Department of Workforce Services Special Fund derived from penalties and interest assessed to Arkansas employers and delinquent tax contributions.

The Agency's Change Level request totaling \$4,000 reflect an increase in appropriation to restore the previously authorized appropriation for 2RF to \$26,000 in order to ensure that there is sufficient authority to spend in the event that the economy does not improve and additional appropriation becomes necessary.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 2RF - Annual Assessments

Funding Sources: TZS - DWS Special Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	2013-2014			2014-2015		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Annual Assessment 5900046	22,000	22,000	26,000	22,000	26,000	26,000	22,000	26,000	26,000
Total	22,000	22,000	26,000	22,000	26,000	26,000	22,000	26,000	26,000
Funding Sources									
Employer Penalties & Interest 4000225	22,000	22,000		22,000	26,000	26,000	22,000	26,000	26,000
Total Funding	22,000	22,000		22,000	26,000	26,000	22,000	26,000	26,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	22,000	22,000		22,000	26,000	26,000	22,000	26,000	26,000

Change Level by Appropriation

Appropriation: 2RF - Annual Assessments
Funding Sources: TZS - DWS Special Fund

Agency Request

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	22,000	0	22,000	100.0	22,000	0	22,000	100.0
C01	Existing Program	4,000	0	26,000	118.2	4,000	0	26,000	118.2

Executive Recommendation

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	22,000	0	22,000	100.0	22,000	0	22,000	100.0
C01	Existing Program	4,000	0	26,000	118.2	4,000	0	26,000	118.2

Justification

C01	The Agency is requesting to restore previously authorized appropriation for 2RF to \$26,000 in order to ensure that there is sufficient authority to spend in the event that the economy does not improve and additional appropriation becomes necessary.
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Analysis of Budget Request

Appropriation: 2SC - Excess Unemploy Benefits/Expenses

Funding Sources: TZS - DWS Special Fund

The Excess Unemployment Benefits and Expenses appropriation is utilized by the Department of Workforce Services for payment of administrative expenditures in excess of other funding sources due to reductions in federal funds. This appropriation is funded from the Department of Workforce Services Special Fund derived from penalties and interest assessed to Arkansas employers and delinquent tax contributions.

The Agency's Change Level request totaling \$425,854 for each of the biennium reflects a \$425,854 increase in Payment/Expenses to restore previously authorized appropriation for 2SC to \$11,304,389 in order to ensure that there is sufficient authority to spend in the event that the economy does not improve and additional appropriation becomes necessary.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 2SC - Excess Unemploy Benefits/Expenses

Funding Sources: TZS - DWS Special Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2013-2014			2014-2015		
		2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Construction	5090005	0	0	377,500	0	0	0	0	0	0
Rent of Buildings	5900022	0	0	48,354	0	0	0	0	0	0
Payment/Expenses	5900046	3,059,777	10,878,535	10,878,535	10,878,535	11,304,389	11,304,389	10,878,535	11,304,389	11,304,389
Total		3,059,777	10,878,535	11,304,389	10,878,535	11,304,389	11,304,389	10,878,535	11,304,389	11,304,389
Funding Sources										
Fund Balance	4000005	12,602,416	12,209,333		4,995,335	4,995,335	4,995,335	0	0	0
Employer Penalties & Interest	4000225	2,666,694	3,664,537		3,200,000	3,200,000	3,200,000	3,200,000	3,200,000	3,200,000
Total Funding		15,269,110	15,873,870		8,195,335	8,195,335	8,195,335	3,200,000	3,200,000	3,200,000
Excess Appropriation/(Funding)		(12,209,333)	(4,995,335)		2,683,200	3,109,054	3,109,054	7,678,535	8,104,389	8,104,389
Grand Total		3,059,777	10,878,535		10,878,535	11,304,389	11,304,389	10,878,535	11,304,389	11,304,389

Change Level by Appropriation

Appropriation: 2SC - Excess Unemploy Benefits/Expenses
Funding Sources: TZS - DWS Special Fund

Agency Request

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	10,878,535	0	10,878,535	100.0	10,878,535	0	10,878,535	100.0
C01	Existing Program	425,854	0	11,304,389	103.9	425,854	0	11,304,389	103.9

Executive Recommendation

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	10,878,535	0	10,878,535	100.0	10,878,535	0	10,878,535	100.0
C01	Existing Program	425,854	0	11,304,389	103.9	425,854	0	11,304,389	103.9

Justification

C01	The Agency is requesting to restore previously authorized appropriation for 2SC to \$11,304,389 in order to ensure that there is sufficient authority to spend in the event that the economy does not improve and additional appropriation becomes necessary.
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Analysis of Budget Request

Appropriation: 2SD - Operations

Funding Sources: TES - DWS Trust Fund

The Department of Workforce Services Trust Fund (A.C.A. §19-5-912) provides operational support for the various programs of the Department. Funding for this appropriation is derived from revenues authorized by the federal government for support of various programs, any interest earned on these revenues, and any other funds made available by the Arkansas General Assembly.

Base Level Regular Salaries and Personal Services Matching includes Career Service payments for eligible employees. Personal Services Matching also includes a \$20 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$410 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases.

Base Level:

The Agency Base Level request is \$57,606,867 for FY14 and \$57,626,379 for FY15 with 960 budgeted positions each year.

Change Level:

The Agency's Change Level Requests totaling \$23,131,340 each year of the biennium reflect the following:

- Regular Salaries and Personal Services Matching total increase of \$646,145 resulting from
 1. 14 restored positions (\$461,633) - an Administrative Specialist II (C109); DWS Claims Adjudicator (C110); Apprentice Tradesman (C105); DWS Unit Supervisor (C113); Printer (C111); Two (2) Fiscal Support Specialist (C112); Three (3) Administrative Specialist III (C112); and Four (4) Administrative Specialist I (C106);
 2. 3 TANF positions - a Software Support Analyst (C121), DWS Program Manager (C121), and a Research Project Analyst (C117) that were approved in FY13 (\$163,696);
 3. 11 reclassified position (\$20,816) - Administrative Analyst (C115) to Legal Services Specialist (C117); Legal Services Specialist (C117) to Hearing Reporter (C118); Agency Human Resources Manager (C123) to Human Resources Administrator (C126); Three (3) DWS Field Manger I (C119) to DWS Field Manger II (C120); DWS Field Manger II (C120) to Field Manger III (C121); DWS Division Chief (C123) to Fiscal Division Manger (C127); DWS DIR Internal Audit & Security (C127) to Audit Manger (C129); DWS Program Operations Manger (C120) to DWS Field Manager III (C121) and Agency Controller I (C126) to Agency Controller II (C128).
 4. One (1) Grants Manager (C121) MFG position that was approved for continuation in FY13.

These positions are requested based on the need to be able to provide prompt, and quality service to Arkansans in a difficult labor market.

- Overtime increase of \$26,000; Operating Expenses increase of \$18,411,243; Conferences and Travel increase of \$664,588; Professional Fees increase of \$964,363; and Capital Outlay increase of \$2,419,001 to restore the previously authorized levels in order to ensure that

there is sufficient authority to spend in the event that the economy does not improve and additional emergency Federal funding becomes necessary. When the economy is sluggish the Agency receives more Federal funding than during robust times to cover the additional administrative cost and increased workload. Expenditure of this appropriation is contingent upon available funds.

The Executive Recommendation provides for the Agency Request except that the DWS Dir Internal Audit & Security (C127), DWS Division Chief (C123), and Agency Controller I (C126) positions were not recommended for reclassification.

Appropriation Summary

Appropriation: 2SD - Operations

Funding Sources: TES - DWS Trust Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item		2011-2012	2012-2013	2012-2013	2013-2014			2014-2015		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	31,457,496	30,249,095	37,706,317	35,185,668	35,666,507	35,655,996	35,201,168	35,682,007	35,671,496
#Positions		937	960	979	960	978	978	960	978	978
Extra Help	5010001	3,196,381	3,300,000	4,093,000	3,300,000	3,300,000	3,300,000	3,300,000	3,300,000	3,300,000
#Extra Help		251	384	400	384	384	384	384	384	384
Personal Services Matching	5010003	11,486,133	10,987,250	12,778,334	12,915,742	13,081,048	13,076,166	12,919,754	13,085,060	13,080,178
Overtime	5010006	30,443	34,000	60,000	34,000	60,000	60,000	34,000	60,000	60,000
Operating Expenses	5020002	10,419,844	5,310,662	23,721,905	5,310,662	23,721,905	23,721,905	5,310,662	23,721,905	23,721,905
Conference & Travel Expenses	5050009	91,706	40,852	705,585	40,852	705,440	705,440	40,852	705,440	705,440
Professional Fees	5060010	1,431,339	819,943	1,784,653	819,943	1,784,306	1,784,306	819,943	1,784,306	1,784,306
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	464,088	303,467	2,419,001	0	2,419,001	2,419,001	0	2,419,001	2,419,001
ARRA 2009	5900052	2,211,737	1,612,793	3,434,089	0	0	0	0	0	0
Total		60,789,167	52,658,062	86,702,884	57,606,867	80,738,207	80,722,814	57,626,379	80,757,719	80,742,326
Funding Sources										
Federal Revenue	4000020	60,789,167	52,658,062		46,291,424	46,291,424	46,291,424	48,524,149	48,524,149	48,524,149
Total Funding		60,789,167	52,658,062		46,291,424	46,291,424	46,291,424	48,524,149	48,524,149	48,524,149
Excess Appropriation/(Funding)		0	0		11,315,443	34,446,783	34,431,390	9,102,230	32,233,570	32,218,177
Grand Total		60,789,167	52,658,062		57,606,867	80,738,207	80,722,814	57,626,379	80,757,719	80,742,326

Change Level by Appropriation

Appropriation: 2SD - Operations
Funding Sources: TES - DWS Trust Fund

Agency Request

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	57,606,867	960	57,606,867	100.0	57,626,379	960	57,626,379	100.0
C01	Existing Program	22,946,828	14	80,553,695	139.8	22,946,828	14	80,573,207	139.8
C03	Discontinue Program	(1,310,029)	0	79,243,666	137.6	(1,310,029)	0	79,263,178	137.5
C06	Restore Position/Approp	163,696	4	79,407,362	137.8	163,696	4	79,426,874	137.8
C10	Reclass	20,816	0	79,428,178	137.9	20,816	0	79,447,690	137.9
C16	ARRA	1,310,029	0	80,738,207	140.2	1,310,029	0	80,757,719	140.1

Executive Recommendation

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	57,606,867	960	57,606,867	100.0	57,626,379	960	57,626,379	100.0
C01	Existing Program	22,946,828	14	80,553,695	139.8	22,946,828	14	80,573,207	139.8
C03	Discontinue Program	(1,310,029)	0	79,243,666	137.6	(1,310,029)	0	79,263,178	137.5
C06	Restore Position/Approp	163,696	4	79,407,362	137.8	163,696	4	79,426,874	137.8
C10	Reclass	5,423	0	79,412,785	137.9	5,423	0	79,432,297	137.8
C16	ARRA	1,310,029	0	80,722,814	140.1	1,310,029	0	80,742,326	140.1

Justification

C01	Represents increase in Regular Salaries and Personal Services Matching resulting from the restoration of 14 positions; and the increase in Overtime, Operating Expenses, Conferences & Travel, Professional Fees and Capital Outlay required to restore each commitment item to the previously authorized level.
C03	ARRA funding ends June 30, 2013.
C06	Represents the total increase in Regular Salaries and Personal Services Matching associated with continuing One (1) MFG and three (3) TANF positions that were approved in FY13.
C10	Represents the total increase in Regular Salaries and Personal Services Matching associated the Agency's requested reclassifications.
C16	ARRA funding ends June 30, 2013.

Analysis of Budget Request

Appropriation: 2SE - Workforce Investment Act

Funding Sources: FCG - Federal Funds

The Workforce Investment Act appropriation provides for payment of federal funds to agencies in the ten local workforce investment areas (LWIAs). These programs provide needed employment and employment preparation services for adults, youth, and dislocated workers. Funding for this appropriation is provided by federal funds derived from the Workforce Investment Act of 1998, Public Law 105-220.

The Agency's Change Level Request totaling \$48,715,322 in FY14 and \$48,515,322 in FY15 provides for the following:

- \$48,515,322 increase in Grants and Aid appropriation in anticipation of newly added discretionary grants for FY14 and FY15.
- \$200,000 of unfunded appropriation in ARRA in anticipation of end of the quarter reporting to DOL for FY14.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 2SE - Workforce Investment Act

Funding Sources: FCG - Federal Funds

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2013-2014			2014-2015		
		2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid	5100004	20,920,159	11,484,678	60,000,000	11,484,678	60,000,000	60,000,000	11,484,678	60,000,000	60,000,000
ARRA 2009	5900052	1,782,717	2,151,251	2,500,000	0	200,000	200,000	0	0	0
Total		22,702,876	13,635,929	62,500,000	11,484,678	60,200,000	60,200,000	11,484,678	60,000,000	60,000,000
Funding Sources										
Federal Revenue	4000020	22,702,876	13,635,929		18,185,843	18,185,843	18,185,843	18,185,843	18,185,843	18,185,843
Total Funding		22,702,876	13,635,929		18,185,843	18,185,843	18,185,843	18,185,843	18,185,843	18,185,843
Excess Appropriation/(Funding)		0	0		(6,701,165)	42,014,157	42,014,157	(6,701,165)	41,814,157	41,814,157
Grand Total		22,702,876	13,635,929		11,484,678	60,200,000	60,200,000	11,484,678	60,000,000	60,000,000

Agency Change Level request includes ARRA appropriation due to a temporary extension of ARRA funding from the federal granting agency.

Change Level by Appropriation

Appropriation: 2SE - Workforce Investment Act
Funding Sources: FCG - Federal Funds

Agency Request

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	11,484,678	0	11,484,678	100.0	11,484,678	0	11,484,678	100.0
C01	Existing Program	48,515,322	0	60,000,000	522.4	48,515,322	0	60,000,000	522.4
C03	Discontinue Program	(2,151,251)	0	57,848,749	503.7	(2,151,251)	0	57,848,749	503.7
C05	Unfunded Appropriation	200,000	0	58,048,749	505.4	0	0	57,848,749	503.7
C16	ARRA	2,151,251	0	60,200,000	524.2	2,151,251	0	60,000,000	522.4

Executive Recommendation

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	11,484,678	0	11,484,678	100.0	11,484,678	0	11,484,678	100.0
C01	Existing Program	48,515,322	0	60,000,000	522.4	48,515,322	0	60,000,000	522.4
C03	Discontinue Program	(2,151,251)	0	57,848,749	503.7	(2,151,251)	0	57,848,749	503.7
C05	Unfunded Appropriation	200,000	0	58,048,749	505.4	0	0	57,848,749	503.7
C16	ARRA	2,151,251	0	60,200,000	524.2	2,151,251	0	60,000,000	522.4

Justification

C01	The Agency is requesting to restore previously authorized appropriation for grants (\$60,000,000). The Agency currently has added new discretionary grants to 2SE, Arkansas Partnership for Nurses Future, Arkansas Veteran Partnership, and Workforce Data Quality Initiative. Expenditure of appropriation will be contingent upon available funding.
C03	The Agency is discontinuing the ARRA appropriation for Workforce Investment Act formula grants since the grant will end on June 30, 2013.
C05	The Agency is requesting unfunded appropriations in the amount of \$200,000 to cover anticipated end of the quarter reporting to DOL.
C16	ARRA funding ends June 30, 2013, see designation C03.

Analysis of Budget Request

Appropriation: 2SF - UI Trust Fund Loan Interest

Funding Sources: TZR - Employment Security Advance Interest Trust Fund

A.C.A. §11-10-708 created an Advance Interest Tax in addition to the contributions and any stabilization and extended benefits taxes levied under other provisions of A.C.A. §11-10-703 -- §11-10-708. Each employer, except employers that have made an election to reimburse the Unemployment Compensation Fund under A.C.A. §11-10-713(c), shall pay a separate and additional tax known as the advance interest tax on wages paid by that employer with respect to employment.

For rate years beginning on and after January 1, 1993, the advance interest tax shall be two-tenths of one percent (0.2%) when the state has an outstanding interest-bearing advance under Title XII of the Social Security Act. The Advance Interest Tax is only triggered "on" when such outstanding interest-bearing advance loan status is in effect. At all other times there is no assessment of the Advance Interest Tax.

When triggered "on", the tax is effective the first month of the quarter following the state's obtaining an interest-bearing advance and shall remain until the quarter immediately following the repayment of the advancement and the Employment Security Advance Interest Trust Fund (A.C.A. §19-5-935) attains a balance of five million dollars (\$5,000,000).

This Advance Interest Tax shall be levied and collected in the same manner as contributions and shall be subject to the same penalty and interest, collection, impoundment, priority, lien, certificate of assessment, and assessment provisions and procedures set forth in A.C.A. §11-10-716 -- §11-10-722. When in effect, at least once each month, deposits which have been established as Advance Interest Tax payments and any interest and penalty payments applicable to the advance interest payments shall be paid over to the Treasurer of State and credited by the Treasurer of State to the Employment Security Advance Interest Trust Fund created and established in the State Treasury. In addition, all income from investment of the Employment Security Advance Interest Trust Fund shall be deposited and credited to that Employment Security Advance Interest Trust Fund.

All withdrawals shall be upon voucher warrants issued, or caused to be issued, by the Director of the Arkansas Department of Workforce Services as authorized by legislative appropriation and, shall be used only for the purposes of:

- A. Paying interest incurred by the state on advances obtained from the federal Unemployment Trust Fund under Title XII of the Social Security Act;
- B. Making refunds of the aforementioned advance interest tax and interest and penalty payments attributed to the advance interest tax which were erroneously paid; and
- C. Returning moneys to the Unemployment Compensation Fund Clearing Account which may have been incorrectly identified and erroneously transferred to the Employment Security Advance Interest Trust Fund in the State Treasury.

In November of each calendar year, the director shall transfer all assets of the Employment Security Advance Interest Trust Fund, which exceed \$5 million to the Unemployment Compensation Fund, A.C.A. §11-10-801, provided that the state has no interest-bearing advances obtained from the federal Unemployment Fund under Title XII of the Social Security Act outstanding.

Any interest required to be paid on advances obtained by the state under Title XII of the Social Security Act shall be paid in a timely manner and shall not be paid directly or indirectly by an equivalent reduction in unemployment contributions or taxes imposed under other provisions of §11-10-701 -- §11-10-715 or otherwise from amounts in the Unemployment Compensation Fund established under A.C.A. §11-10-801 -- §11-10-804.

Arkansas was last in interest bearing loan status under Title XII of the Social Security Act from December 6, 1982 to April 19, 1983. Advances secured totaled \$118,075,000 which was paid in May 1984, with the balance of the interest bearing portion of the loan repaid in September 1984. Total interest in the amount of \$5,830,270 was paid on \$54,075,000 of the total loan amount. The balance of the repayments was made prior to the assessment of interest. The Advance Interest Tax has not been triggered "on" at any time since 1984.

The UI Trust Fund Transfer line item was established for transferring from the Advance Interest Trust Fund as was required by law when the Advanced Interest Tax Fund exceeds \$5 million. Excess funds over the \$5 million in FY2010 totaled \$81,354 and were transferred to the Unemployment Insurance Trust Fund as required.

The Agency's Change Level request totaling \$4,000,000 for each of the biennium reflects a \$4,000,000 increase in order to ensure that there is sufficient authority to spend in the event that the economy does not improve and additional appropriation becomes necessary.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 2SF - UI Trust Fund Loan Interest

Funding Sources: TZR - Employment Security Advance Interest Trust Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2011-2012	2012-2013	2012-2013	2013-2014			2014-2015		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Refunds/Investments/Transfers 5110020	0	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
Loan Interest 5900046	10,113,454	17,000,000	25,000,000	17,000,000	21,000,000	21,000,000	17,000,000	21,000,000	21,000,000
Total	10,113,454	20,000,000	28,000,000	20,000,000	24,000,000	24,000,000	20,000,000	24,000,000	24,000,000
Funding Sources									
Fund Balance 4000005	5,025,141	19,226,634		17,553,611	17,553,611	17,553,611	18,553,611	14,553,611	14,553,611
Advance Interest Funds 4000070	24,314,947	18,326,977		21,000,000	21,000,000	21,000,000	21,000,000	21,000,000	21,000,000
Total Funding	29,340,088	37,553,611		38,553,611	38,553,611	38,553,611	39,553,611	35,553,611	35,553,611
Excess Appropriation/(Funding)	(19,226,634)	(17,553,611)		(18,553,611)	(14,553,611)	(14,553,611)	(19,553,611)	(11,553,611)	(11,553,611)
Grand Total	10,113,454	20,000,000		20,000,000	24,000,000	24,000,000	20,000,000	24,000,000	24,000,000

Change Level by Appropriation

Appropriation: 2SF - UI Trust Fund Loan Interest
Funding Sources: TZR - Employment Security Advance Interest Trust Fund

Agency Request

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	20,000,000	0	20,000,000	100.0	20,000,000	0	20,000,000	100.0
C01	Existing Program	4,000,000	0	24,000,000	120.0	4,000,000	0	24,000,000	120.0

Executive Recommendation

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	20,000,000	0	20,000,000	100.0	20,000,000	0	20,000,000	100.0
C01	Existing Program	4,000,000	0	24,000,000	120.0	4,000,000	0	24,000,000	120.0

Justification

C01	The Agency is requesting to increase the 2SF appropriation level to 24,000,000 in order to ensure that there is sufficient authority to spend in the event that the economy does not improve and additional appropriation becomes necessary.								
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Analysis of Budget Request

Appropriation: 35Q - DWS Training Trust Fund

Funding Sources: TWT - DWS Training Trust Fund

The Department of Workforce Services Training Trust Fund was established in A.C.A. §19-5-1131 to be used for worker training by providing a state funding source under certain conditions for benefits to Arkansas employers and employees. Funding for this appropriation consists of the proceeds of the Stabilization Tax, any interest accruing on these revenues, and any other funds made available by the General Assembly.

The Agency is requesting Base Level for each year of the biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 35Q - DWS Training Trust Fund

Funding Sources: TWT - DWS Training Trust Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2011-2012	2012-2013	2012-2013	2013-2014			2014-2015		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Personal Services, Operating Exp 5900046	1,324,729	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Total	1,324,729	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Funding Sources									
Fund Balance 4000005	6,328,527	7,508,737		5,008,737	5,008,737	5,008,737	2,508,737	2,508,737	2,508,737
Stabilization Tax 4000033	2,504,939	2,500,000		2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
Total Funding	8,833,466	10,008,737		7,508,737	7,508,737	7,508,737	5,008,737	5,008,737	5,008,737
Excess Appropriation/(Funding)	(7,508,737)	(5,008,737)		(2,508,737)	(2,508,737)	(2,508,737)	(8,737)	(8,737)	(8,737)
Grand Total	1,324,729	5,000,000		5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000

Analysis of Budget Request

Appropriation: 35R - DWS Unemployment Insurance Fund

Funding Sources: MUI - DWS Unemployment Insurance Administration Fund

The Department of Workforce Services Unemployment Insurance Administration Fund was established in A.C.A. §19-5-1232 to be used for operating expenses of the unemployment insurance program necessary for the proper administration of the Arkansas Employment Security Law. This appropriation is used to maintain current programs during federal funding shortfalls to avoid reducing services to the state. Funding for this appropriation consists of the proceeds of the Stabilization Tax, any interest accruing on these revenues, and any other funds made available by the General Assembly.

A.C.A. 11-10-106 (f)(2)(A) provides 0.025% of taxable wages from the Stabilization Tax to support this program, which includes a sunset clause of June 30, 2011. The Agency will request to continue this funding during the 88th Legislative Session. If the funding is not continued, the Agency will still require this appropriation in order to spend the balance remaining in the fund.

The Agency's Request provides for Base Level for the 2013-2015 Biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 35R - DWS Unemployment Insurance Fund

Funding Sources: MUI - DWS Unemployment Insurance Administration Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2013-2014			2014-2015		
		2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5900046	1,655,112	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Total		1,655,112	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Funding Sources										
Fund Balance	4000005	8,461,858	9,306,746		6,806,746	6,806,746	6,806,746	4,306,746	4,306,746	4,306,746
Stabilization Tax	4000033	2,500,000	2,500,000		2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
Total Funding		10,961,858	11,806,746		9,306,746	9,306,746	9,306,746	6,806,746	6,806,746	6,806,746
Excess Appropriation/(Funding)		(9,306,746)	(6,806,746)		(4,306,746)	(4,306,746)	(4,306,746)	(1,806,746)	(1,806,746)	(1,806,746)
Grand Total		1,655,112	5,000,000		5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000

Analysis of Budget Request

Appropriation: 4KP - TANF-IDA

Funding Sources: TID - Individual Development Account

The Individual Development Account (IDA) appropriation was created by Act 1217 of 1999 to assist in the Welfare Reform effort by providing low income families with an opportunity to accumulate assets, facilitate good savings habits, promote home ownership, micro enterprise development, education, saving for retirement, and stabilize and build communities. Program participants must participate in mandatory training and establish a savings goal. For each \$1 contributed by program participants to their IDA savings account, the state matches their deposits by \$3. Funds are only available once the savings goal has been met or for qualified emergency withdrawals as specified by the Agency. The Department of Workforce Services provides IDA program services by contracting with fiduciary organizations that are non-profit organizations.

Funding for this appropriation is 100% federally funded with Transitional Employment Assistance Program funds (TANF Block Grant).

The Agency's Request provides for Base Level for the 2013-2015 Biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 4KP - TANF-IDA

Funding Sources: TID - Individual Development Account

Historical Data

Agency Request and Executive Recommendation

Commitment Item	Historical Data			2013-2014			2014-2015		
	2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses 5020002	0	0	0	0	0	0	0	0	0
Conference & Travel Expenses 5050009	0	0	0	0	0	0	0	0	0
Professional Fees 5060010	732,485	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000
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	732,485	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000
Funding Sources									
Federal Revenue 4000020	732,485	1,700,000		1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000
Total Funding	732,485	1,700,000		1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	732,485	1,700,000		1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000

Analysis of Budget Request

Appropriation: 4KQ - TANF Block Grant Paying/New Hire Registry

Funding Sources: PWS - TANF Block Grant 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 Temporary Assistance to Needy Families 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 and in so doing, declared 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 remained with the Division of County Operations (DCO) while DWS was responsible for the provision of case management services and overall administration of the program. Special Language in Act 1289 of 2007 allows for the transfer of general revenue to DCO of up to \$3,640,650 each fiscal year in support of Arkansas' Temporary Assistance for Needy Families (TANF) programs or any related State programs. 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 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.

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 TANF Block Grant and general revenues. The Agency's Change Level Request provides for an increase in TANF/New Hire Registry of \$16,280,019 each year of the biennium to restore the previously authorized level to \$40,000,000 and in order to ensure that there is sufficient authority to spend in the event that the economy does not improve and additional appropriation becomes necessary. Expenditure of appropriation is contingent upon available funding.

Appropriation Summary

Appropriation: 4KQ - TANF Block Grant Paying/New Hire Registry

Funding Sources: PWS - TANF Block Grant Paying

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2013-2014			2014-2015		
		2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
TANF/New Hire Registry	5900046	10,333,722	29,983,624	64,501,053	23,719,981	40,000,000	40,000,000	23,719,981	40,000,000	40,000,000
Total		10,333,722	29,983,624	64,501,053	23,719,981	40,000,000	40,000,000	23,719,981	40,000,000	40,000,000
Funding Sources										
General Revenue	4000010	3,831,624	3,775,642		3,775,642	3,775,642	3,775,642	3,775,642	3,775,642	3,775,642
Federal Revenue	4000020	7,302,098	27,207,982		4,234,960	4,234,960	4,234,960	259,897	259,897	259,897
Transfer to DHS-DCO	4000612	(800,000)	(1,000,000)		(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)
Total Funding		10,333,722	29,983,624		7,010,602	7,010,602	7,010,602	3,035,539	3,035,539	3,035,539
Excess Appropriation/(Funding)		0	0		16,709,379	32,989,398	32,989,398	20,684,442	36,964,461	36,964,461
Grand Total		10,333,722	29,983,624		23,719,981	40,000,000	40,000,000	23,719,981	40,000,000	40,000,000

Change Level by Appropriation

Appropriation: 4KQ - TANF Block Grant Paying/New Hire Registry
Funding Sources: PWS - TANF Block Grant Paying

Agency Request

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	23,719,981	0	23,719,981	100.0	23,719,981	0	23,719,981	100.0
C01	Existing Program	16,280,019	0	40,000,000	168.6	16,280,019	0	40,000,000	168.6

Executive Recommendation

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	23,719,981	0	23,719,981	100.0	23,719,981	0	23,719,981	100.0
C01	Existing Program	16,280,019	0	40,000,000	168.6	16,280,019	0	40,000,000	168.6

Justification

C01	The Agency requests that the previously authorized appropriation for TANF/New Hire Registry be restored in order to be able to assist Arkansans with both unemployment and employment services.
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**CARRY FORWARD OF ANY REMAINING FUND BALANCES
FROM FISCAL YEAR 2012 TO FISCAL YEAR 2013**

Agency: Workforce Services Department

Program: TANF Block Grant Paying/New Hire Registry

Act #: 937 Section(s) #: 11 & 18

Estimated Carry Forward Amount \$ 50,000.00 Funding Source: General Revenue

Accounting Information:

Business Area: 0810 Funds Center: 4KQ Fund: PWS Functional Area: COMM

Current law requires a written statement be submitted to the DFA Office of Budget stating the reason(s) to carry forward funding for a program or a specific line item within a program remaining on June 30th of a fiscal year.

Justification for carry forward of fund balance:

The Carry Forward is necessary to continue the normal operations of the Agency, specifically New Hire Registry Services, overall administration of the New Hire Registry program. This Carry Forward is critical when an unanticipated increase in services are required.

Actual Funding Carry Forward Amount \$ 123,384.49

Current status of carry forward funding:

Carry Forward balance of the State General Revenue for the New Hire Registry Program will be utilized for any unanticipated increase in services.

Artee Williams

Director

08-24-2012

Date

Analysis of Budget Request

Appropriation: C27 - Unemployment Benefits & Expenses - Cash

Funding Sources: 177 - DWS Cash

The Department of Workforce Services Unemployment Benefits & Expenses - Cash appropriation currently provides for the operational costs of the Agency as well as Unemployment Insurance (UI) programs. This appropriation is funded by federal dollars deposited into a cash account. An explanation of the line items other than those for normal departmental operations is listed below:

- Training Allowances - federal funding is provided to pay allowances to economically disadvantaged, unemployed, and underemployed individuals so that they can attend training to maximize their employment opportunities and enhance self-sufficiency.
- Payments to Participant Contractors - federal funding is provided to reimburse private and nonprofit employers for costs incurred to train individuals who are economically disadvantaged, unemployed, and underemployed.
- UI Loan Repayments - to repay loans taken by the State from the federal Unemployment Insurance Trust Fund during times of high unemployment.

The Agency's Change Level request totaling \$4,550,000 for each year of the biennium reflects the following:

- \$1,100,000 increase for Training Allowances
- \$1,500,000 reduction in appropriation for Third Party Training Contractors.
- \$4,950,000 increase in Grants and Aid to restore previously authorized appropriation levels.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: C27 - Unemployment Benefits & Expenses - Cash

Funding Sources: 177 - DWS Cash

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2013-2014			2014-2015		
		2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid	5100004	34,137	50,000	5,000,000	50,000	5,000,000	5,000,000	50,000	5,000,000	5,000,000
Training Allowances	5900046	431,575	900,000	12,500,000	900,000	2,000,000	2,000,000	900,000	2,000,000	2,000,000
Payments to Part Contractors	5900047	3,371,135	6,500,000	13,750,000	6,500,000	5,000,000	5,000,000	6,500,000	5,000,000	5,000,000
UI Advance Repayment	5900048	10,113,454	50,000,000	100,000,000	50,000,000	50,000,000	50,000,000	50,000,000	50,000,000	50,000,000
Total		13,950,301	57,450,000	131,250,000	57,450,000	62,000,000	62,000,000	57,450,000	62,000,000	62,000,000
Funding Sources										
Federal Revenue	4000020	13,950,301	57,450,000		57,450,000	62,000,000	62,000,000	57,450,000	62,000,000	62,000,000
Total Funding		13,950,301	57,450,000		57,450,000	62,000,000	62,000,000	57,450,000	62,000,000	62,000,000
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		13,950,301	57,450,000		57,450,000	62,000,000	62,000,000	57,450,000	62,000,000	62,000,000

Change Level by Appropriation

Appropriation: C27 - Unemployment Benefits & Expenses - Cash
Funding Sources: 177 - DWS Cash

Agency Request

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	57,450,000	0	57,450,000	100.0	57,450,000	0	57,450,000	100.0
C01	Existing Program	6,050,000	0	63,500,000	110.5	6,050,000	0	63,500,000	110.5
C03	Discontinue Program	(1,500,000)	0	62,000,000	107.9	(1,500,000)	0	62,000,000	107.9

Executive Recommendation

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	57,450,000	0	57,450,000	100.0	57,450,000	0	57,450,000	100.0
C01	Existing Program	6,050,000	0	63,500,000	110.5	6,050,000	0	63,500,000	110.5
C03	Discontinue Program	(1,500,000)	0	62,000,000	107.9	(1,500,000)	0	62,000,000	107.9

Justification

C01	The Agency is requesting to restore previously authorized appropriation for Assistance Grants & Aid to \$5,000,000, and to increase appropriation for Training Allowance to \$2,000,000.
C03	The Agency is requesting to reduce previously authorized appropriation for payments to Third Party Training Contractors to \$5,000,000.

Analysis of Budget Request

Appropriation: C28 - Federal Employees Benefit-Cash

Funding Sources: 177 - DWS Cash

The Federal Employees Benefit Payments appropriation is funded by federal dollars deposited into a cash account. These funds are provided to pay unemployment benefits to unemployed federal civilian employees, ex-servicemen, and public service employees. Additionally, this appropriation pays the federal share of the extended benefits program (50%) and the Emergency Unemployment Compensation Program.

The Agency requests a total Change Level of \$135,000,000 for each year of the biennium reflects the following:

\$135,000,000 increase in appropriation to restore the previously authorized amount authorized to \$225,000,000 and in order to ensure that there is sufficient authority to spend in the event that the economy does not improve and additional appropriation becomes necessary.

The Executive Recommendation provides for an \$85,000,000 increase in appropriation.

Appropriation Summary

Appropriation: C28 - Federal Employees Benefit-Cash

Funding Sources: 177 - DWS Cash

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	2013-2014			2014-2015		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Benefits-Non Employee	5100023	80,294,002	90,000,000	225,000,000	90,000,000	225,000,000	175,000,000	90,000,000	225,000,000	175,000,000
Total		80,294,002	90,000,000	225,000,000	90,000,000	225,000,000	175,000,000	90,000,000	225,000,000	175,000,000
Funding Sources										
Federal Revenue	4000020	80,294,002	90,000,000		90,000,000	225,000,000	175,000,000	90,000,000	225,000,000	175,000,000
Total Funding		80,294,002	90,000,000		90,000,000	225,000,000	175,000,000	90,000,000	225,000,000	175,000,000
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		80,294,002	90,000,000		90,000,000	225,000,000	175,000,000	90,000,000	225,000,000	175,000,000

Change Level by Appropriation

Appropriation: C28 - Federal Employees Benefit-Cash
Funding Sources: 177 - DWS Cash

Agency Request

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	90,000,000	0	90,000,000	100.0	90,000,000	0	90,000,000	100.0
C01	Existing Program	135,000,000	0	225,000,000	250.0	135,000,000	0	225,000,000	250.0

Executive Recommendation

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	90,000,000	0	90,000,000	100.0	90,000,000	0	90,000,000	100.0
C01	Existing Program	85,000,000	0	175,000,000	194.4	85,000,000	0	175,000,000	194.4

Justification

C01	The Agency is requesting to restore previously authorized appropriation for C28 to \$225,000,000 and in order to ensure that there is sufficient authority to spend in the event that the economy does not improve and additional appropriation becomes necessary.
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Analysis of Budget Request

Appropriation: C29 - U I Benefits - Taxable Employers - Cash

Funding Sources: 177 - DWS Cash

The Unemployment Insurance (UI) Benefits - Taxable Employers appropriation allows for payment of Unemployment Insurance benefits to unemployed individuals. The individuals receive payments based on wages paid by Arkansas employers. The employer must be a for-profit organization and pay contributions to the Unemployment Compensation Fund.

The Agency's Change Level request totaling \$200,000,000 reflects the following:

\$200,000,000 increase in appropriation to restore the appropriation to the previously authorized amount and in order to ensure that there is sufficient authority to spend in the event that the economy does not improve and additional appropriation becomes necessary.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: C29 - U I Benefits - Taxable Employers - Cash

Funding Sources: 177 - DWS Cash

Historical Data

Agency Request and Executive Recommendation

Commitment Item	Historical Data			2013-2014			2014-2015		
	2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Benefits-Non Employee 5100023	336,974,381	400,000,000	600,000,000	400,000,000	600,000,000	600,000,000	400,000,000	600,000,000	600,000,000
Total	336,974,381	400,000,000	600,000,000	400,000,000	600,000,000	600,000,000	400,000,000	600,000,000	600,000,000
Funding Sources									
Federal Revenue 4000020	336,974,381	400,000,000		400,000,000	600,000,000	600,000,000	400,000,000	600,000,000	600,000,000
Total Funding	336,974,381	400,000,000		400,000,000	600,000,000	600,000,000	400,000,000	600,000,000	600,000,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	336,974,381	400,000,000		400,000,000	600,000,000	600,000,000	400,000,000	600,000,000	600,000,000

Change Level by Appropriation

Appropriation: C29 - U I Benefits - Taxable Employers - Cash
Funding Sources: 177 - DWS Cash

Agency Request

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	400,000,000	0	400,000,000	100.0	400,000,000	0	400,000,000	100.0
C01	Existing Program	200,000,000	0	600,000,000	150.0	200,000,000	0	600,000,000	150.0

Executive Recommendation

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	400,000,000	0	400,000,000	100.0	400,000,000	0	400,000,000	100.0
C01	Existing Program	200,000,000	0	600,000,000	150.0	200,000,000	0	600,000,000	150.0

Justification

C01	The Agency is requesting to restore previously authorized appropriation for C29 to \$600,000,000 and in order to ensure that there is sufficient authority to spend in the event that the economy does not improve and additional appropriation becomes necessary.
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Analysis of Budget Request

Appropriation: C30 - U I Benefits-Reimb Employers - Cash

Funding Sources: 177 - DWS Cash

The Unemployment Insurance (UI) Benefits - Reimbursable Employers appropriation allows for payments for Unemployment Insurance benefits to unemployed individuals. The individuals receive payments based on wages paid by any Arkansas non-profit organization or government employing unit which elects to reimburse the Unemployment Compensation Fund rather than pay contributions.

The Agency's Change Level request totaling \$5,000,000 for each of the biennium reflects a \$5,000,000 increase in Benefit Payments to match previously authorized appropriations to ensure that there is sufficient authority to spend in the event that the economy does not improve and additional appropriation becomes necessary.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: C30 - U I Benefits-Reimb Employers - Cash

Funding Sources: 177 - DWS Cash

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2013-2014			2014-2015		
		2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Benefits-Non Employee	5100023	17,113,432	25,000,000	25,000,000	25,000,000	30,000,000	30,000,000	25,000,000	30,000,000	30,000,000
Total		17,113,432	25,000,000	25,000,000	25,000,000	30,000,000	30,000,000	25,000,000	30,000,000	30,000,000
Funding Sources										
Federal Revenue	4000020	17,113,432	25,000,000		25,000,000	30,000,000	30,000,000	25,000,000	30,000,000	30,000,000
Total Funding		17,113,432	25,000,000		25,000,000	30,000,000	30,000,000	25,000,000	30,000,000	30,000,000
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		17,113,432	25,000,000		25,000,000	30,000,000	30,000,000	25,000,000	30,000,000	30,000,000

Change Level by Appropriation

Appropriation: C30 - U I Benefits-Reimb Employers - Cash
Funding Sources: 177 - DWS Cash

Agency Request

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	25,000,000	0	25,000,000	100.0	25,000,000	0	25,000,000	100.0
C01	Existing Program	5,000,000	0	30,000,000	120.0	5,000,000	0	30,000,000	120.0

Executive Recommendation

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	25,000,000	0	25,000,000	100.0	25,000,000	0	25,000,000	100.0
C01	Existing Program	5,000,000	0	30,000,000	120.0	5,000,000	0	30,000,000	120.0

Justification

C01	The Agency is requesting to increase previously authorized appropriation for C30 Benefit Payments to \$30,000,000 in order to ensure that there is sufficient authority to spend in the event that the economy does not improve and additional appropriation becomes necessary.
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Analysis of Budget Request

Appropriation: C31 - Bldg Improvmnt/Land–Reed Act

Funding Sources: 167 - DWS Cash - Reed Act

A provision of Title IX of the Social Security Act makes excess funds collected under the Federal Unemployment Tax Act (FUTA) available for administration of the Employment Security Program. These funds are often referred to as "Reed Act" Funds.

The appropriation authorizing the use of Reed Act Funds must be specific and must:

1. Limit the use of funds appropriated exclusively for Employment Security purposes, and;
2. Must specify the purpose of the funds being appropriated.

Reed Act funds become a part of a State's unemployment fund as defined in Section 3306(f) of the Federal Unemployment Tax Act as of the date they are transferred to the account of the State in the Unemployment Trust Fund. The funds must retain legal status as part of the State's unemployment fund until expended for the payment benefits or expenses of Employment Security Administration. Reed Act funds may be withdrawn from the State Unemployment Fund and deposited in another State account for use for Employment Security Administration only pending payment of obligations which have become due or the maturity of which is imminent. Since any amount withdrawn remains legally part of the State's Unemployment Fund until expended, it must be accounted for as part of the State's Unemployment Fund.

This appropriation is funded by Reed Act Funds for the purpose of construction and improvement of buildings, rent/lease costs, acquisition of data processing equipment and/or land, and for the payment of salaries and related benefits of local office staff.

The Agency's Change Level request of \$38,493,400 for each year of the biennium reflects a Reed Act Funds increase of \$38,493,400 to restore the previously authorized level. The Agency does not anticipate any funding during the biennium, but request to maintain the appropriation in the event that the funding becomes available.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: C31 - Bldg Improvmnt/Land-Reed Act

Funding Sources: 167 - DWS Cash - Reed Act

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2011-2012	2012-2013	2012-2013	2013-2014			2014-2015		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Reed Act Funds 5900046	0	6,600	38,500,000	6,600	38,500,000	38,500,000	6,600	38,500,000	38,500,000
Total	0	6,600	38,500,000	6,600	38,500,000	38,500,000	6,600	38,500,000	38,500,000
Funding Sources									
Federal Revenue 4000020	0	6,600		6,600	38,500,000	38,500,000	6,600	38,500,000	38,500,000
Total Funding	0	6,600		6,600	38,500,000	38,500,000	6,600	38,500,000	38,500,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	0	6,600		6,600	38,500,000	38,500,000	6,600	38,500,000	38,500,000

Change Level by Appropriation

Appropriation: C31 - Bldg Improvmt/Land-Reed Act
Funding Sources: 167 - DWS Cash - Reed Act

Agency Request

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	6,600	0	6,600	100.0	6,600	0	6,600	100.0
C01	Existing Program	38,493,400	0	38,500,000	583,333.3	38,493,400	0	38,500,000	583,333.3

Executive Recommendation

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	6,600	0	6,600	100.0	6,600	0	6,600	100.0
C01	Existing Program	38,493,400	0	38,500,000	583,333.3	38,493,400	0	38,500,000	583,333.3

Justification

C01	The Agency does not anticipate any funding for this program during the 2013-2015 biennium, but request appropriation be restored in the event funding becomes available.
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Analysis of Budget Request

Appropriation: C56 - Loans to Local WIBs

Funding Sources: 177 - DWS - Cash

Local Workforce Investment Boards (WIBs) request funding for payroll and other operating expenses from Arkansas Department of Workforce Services (DWS) as needed. Upon receiving the request, DWS orders funds from the US Department of Labor (DOL). These funds are then deposited into the state treasury overnight and an Automated Clearing House transaction is processed to send the funds overnight the following night to the WIB. The entire process normally takes three days. The timing of the requests is controlled to comply with the federal Cash Management Improvement Act (Public Law 101-453).

- The Agency's Change Level request totaling \$1,000,000 reflects an increase in Loans appropriation. Currently, the State Treasury does not allow agencies to send or receive same-day wire transfers. This appropriation will allow the Agency to request a deposit from the Department of Labor for wire transfer to the local WIB office.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: C56 - Loans to Local WIBs

Funding Sources: 177 - DWS - Cash

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2013-2014			2014-2015		
		2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Loans	5120029	53,643	500,000	1,500,000	500,000	1,500,000	1,500,000	500,000	1,500,000	1,500,000
Total		53,643	500,000	1,500,000	500,000	1,500,000	1,500,000	500,000	1,500,000	1,500,000
Funding Sources										
Federal Revenue	4000020	53,643	500,000		500,000	1,500,000	1,500,000	500,000	1,500,000	1,500,000
Total Funding		53,643	500,000		500,000	1,500,000	1,500,000	500,000	1,500,000	1,500,000
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		53,643	500,000		500,000	1,500,000	1,500,000	500,000	1,500,000	1,500,000

Change Level by Appropriation

Appropriation: C56 - Loans to Local WIBs
Funding Sources: 177 - DWS - Cash

Agency Request

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	500,000	0	500,000	100.0	500,000	0	500,000	100.0
C01	Existing Program	1,000,000	0	1,500,000	300.0	1,000,000	0	1,500,000	300.0

Executive Recommendation

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	500,000	0	500,000	100.0	500,000	0	500,000	100.0
C01	Existing Program	1,000,000	0	1,500,000	300.0	1,000,000	0	1,500,000	300.0

Justification

C01	The Agency is requesting to restore previously authorized appropriation for C56, Loans to Local Workforce Investment Boards. The State Treasury currently does not allow agencies to either send or receive same-day wire transfers. This appropriation of \$1,500,000 each year will allow the Agency to request a deposit from the Department of Labor for wire transfer to the local WIB office.
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Analysis of Budget Request

Appropriation: C48 - Federal Employee Benefits-ARRA

Funding Sources: 177 - DWS Cash

The Federal Employees Benefit Payments appropriation is funded by federal dollars deposited into a cash account. These funds are provided to pay unemployment benefits to unemployed federal civilian employees, ex-servicemen, and public service employees. Additionally, this appropriation pays the federal share of the extended benefits program (50%) and the Emergency Unemployment Compensation Program. Funding for this appropriation is provided by the American Recovery & Reinvestment Act of 2009.

The Agency is requesting to discontinue appropriation for this program since funding will be fully expense during FY13.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: C48 - Federal Employee Benefits-ARRA

Funding Sources: 177 - DWS Cash

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	2013-2014			2014-2015		
				Base Level	Agency	Executive	Base Level	Agency	Executive
ARRA 2009 5900052	178,597,197	100,000,000	300,000,000	0	0	0	0	0	0
Total	178,597,197	100,000,000	300,000,000	0	0	0	0	0	0
Funding Sources									
Federal Revenue 4000020	178,597,197	100,000,000		0	0	0	0	0	0
Total Funding	178,597,197	100,000,000		0	0	0	0	0	0
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	178,597,197	100,000,000		0	0	0	0	0	0

APPROPRIATION NOT REQUESTED FOR THE 2013-2015 BIENNIUM.

Change Level by Appropriation

Appropriation: C48 - Federal Employee Benefits-ARRA
Funding Sources: 177 - DWS Cash

Agency Request

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
C03	Discontinue Program	(100,000,000)	0	(100,000,000)	100.0	(100,000,000)	0	(100,000,000)	100.0
C16	ARRA	100,000,000	0	0	0.0	100,000,000	0	0	0.0

Executive Recommendation

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
C03	Discontinue Program	(100,000,000)	0	(100,000,000)	100.0	(100,000,000)	0	(100,000,000)	100.0
C16	ARRA	100,000,000	0	0	0.0	100,000,000	0	0	0.0

Justification

C03	The Agency is requesting to discontinue Federal Employee Benefits-ARRA appropriation. These funds will be fully expended.
C16	ARRA funding ends June 30, 2013, see designation C03.

Analysis of Budget Request

Appropriation: C49 - UI Modernization - ARRA

Funding Sources: 177 - DWS Cash

A provision of Title IX of the Social Security Act makes excess funds collected under the Federal Unemployment Tax Act (FUTA) available for administration of the Employment Security Program. These funds are often referred to as "Reed Act" Funds.

This appropriation was established last biennium for Reed Act Funds provided by the American Recovery and Reinvestment Act of 2009 for the purpose of construction and improvement of buildings, rent/lease costs, acquisition of data processing equipment and/or land, and for the payment of salaries and related benefits of local office staff.

The Agency is requesting to discontinue appropriation for this program since funding will be fully expense during FY13.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: C49 - UI Modernization - ARRA

Funding Sources: 177 - DWS Cash

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2013-2014			2014-2015		
		2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
ARRA 2009	5900052	155,184	8,900,000	9,595,093	0	0	0	0	0	0
Total		155,184	8,900,000	9,595,093	0	0	0	0	0	0
Funding Sources										
Federal Revenue	4000020	155,184	8,900,000		0	0	0	0	0	0
Total Funding		155,184	8,900,000		0	0	0	0	0	0
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		155,184	8,900,000		0	0	0	0	0	0

APPROPRIATION NOT REQUESTED FOR THE 2013-2015 BIENNIUM.

Change Level by Appropriation

Appropriation: C49 - UI Modernization - ARRA
Funding Sources: 177 - DWS Cash

Agency Request

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
C03	Discontinue Program	(8,900,000)	0	(8,900,000)	100.0	(8,900,000)	0	(8,900,000)	100.0
C16	ARRA	8,900,000	0	0	0.0	8,900,000	0	0	0.0

Executive Recommendation

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
C03	Discontinue Program	(8,900,000)	0	(8,900,000)	100.0	(8,900,000)	0	(8,900,000)	100.0
C16	ARRA	8,900,000	0	0	0.0	8,900,000	0	0	0.0

Justification

C03	This funding for this program will be fully expended during FY2013
C16	The Agency is requesting UI Modernization be discontinued, the funding for this program will be fully expended during FY2013.

AGENCY POSITION USAGE REPORT

Agency	FY2012 - FY2013						3 YEAR AVERAGE(FY11,FY12,FY13)					
	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused
		Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total	
Arkansas Building Authority	93	78	15	93	0	16.13 %	93	78	12	90	3	16.13 %
Career Education, Department of	93	80	13	93	0	13.98 %	93	82	10	92	1	11.83 %
Department of Career Education - AR Rehabilitation Services	530	473	57	530	0	10.75 %	530	482	47	529	1	9.06 %
Crowley's Ridge Technical Institute	57	50	7	57	0	12.28 %	58	51	7	58	0	12.07 %
Northwest Technical Institute	65	60	5	65	0	7.69 %	65	59	5	64	1	9.23 %
Riverside Vocational Technical School	36	34	2	36	0	5.56 %	36	34	2	36	0	5.56 %
Economic Development Commission	103	90	12	102	1	12.62 %	105	97	8	105	0	7.62 %
Health, Arkansas Department of	3,154	2,653	236	2,889	265	15.88 %	3,170	2,698	234	2,932	238	14.89 %
Higher Education, Department of	52	47	7	54	-2	9.62 %	52	45	8	53	-1	13.46 %
Labor, Department of	99	90	5	95	4	9.09 %	100	90	5	95	5	10.00 %
Nursing, Arkansas State Board of	27	27	0	27	0	0.00 %	26	27	0	27	-1	-3.85 %
Public Employees Retirement System	82	70	12	82	0	14.63 %	79	71	8	79	0	10.13 %
Teacher Retirement System	92	78	14	92	0	15.22 %	91	80	11	91	0	12.09 %
Workforce Services, Department of	979	851	125	976	3	13.07 %	962	851	133	984	-22	11.54 %

Economic Development Commission (0790) - Budgeted positions exceed Authorized due to positions authorized through the Miscellaneous Federal Grant process.

Higher Education (0700) - Budgeted Number of Positions in FY13 exceeds the Authorized Number due to positions added from the Central Growth Pool.

Nursing Board (0277) - Budgeted Positions exceeds Authorized in due to the addition of one supplemental position.

Workforce Services (0810) - Total Budgeted Positions exceed the Authorized amount due to the addition of Miscellaneous Federal Grant positions.

2012 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>
Arkansas Building Authority	\$254	\$0	\$1,313
Career Education, Department of	\$276	\$39	\$161
Department of Career Education - AR Rehabilitation Services	\$1,584	\$7,569	\$2,239
Crowley's Ridge Technical Institute	\$169	\$0	\$746
Northwest Technical Institute	\$198	\$0	\$0
Riverside Vocational Technical School	\$120	\$0	\$30
Economic Development Commission	\$322	\$18	\$4
Health, Arkansas Department of	\$8,999	\$1,215	\$103,990
Higher Education, Department of	\$153	\$0	\$0
Labor, Department of	\$289	\$0	\$366
Nursing, Arkansas State Board of	\$85	\$0	\$0
Public Employees Retirement System	\$234	\$3,897	\$0
Teacher Retirement System	\$276	\$2,649	\$16
Workforce Services, Department of	\$2,888	\$0	\$733