WorkED. CONSULTING

EXHIBIT C2

LEARNS 4 ALL:

Workforce Reform and Integration Recommendations

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Structure of the Workforce Reform Advisory Group Activities

WorkED and the Workforce Reform Advisory Group began exploring recommendations for workforce system reform with the following vision and five goals as guides. The Advisory Group's deliberations also produced a set of design principles that shaped the recommendations.

Arkansas should modernize and transform its workforce development and human services system through an integrated administrative and service delivery model that streamlines state and local program administration, improves both the quality of and access to services and supports, and promotes fiscal integrity and resource efficiency for the benefit of Arkansas residents and employers.

Goals:

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

Design Principles:

- **Person-centric, not program-centric.** The system should be organized around what an individual needs, not around which funding stream a worker happens to be paid from.
- **Work first.** An employment or training plan should precede, and then inform, the eligibility determination.
- **Statewide consistency with regional flexibility.** Services should be delivered the same way in every part of Arkansas, with room to tailor to local economic conditions.
- **Results-based and publicly accountable.** Outcomes, such as employment, wages, credential attainment, and sustained labor force attachment, should be measured consistently and reported to the Legislature.
- **Bold action requires difficult decisions**, which must be made with the best information and data available.

Recommendations

The recommendations below fall within three structural categories: **Integrated Administrative Structure, Integrated Service Delivery,** and **Integrated Financial Management**, with a critical perspective and **organizational shift** serving as the foundation that enables the structural recommendations. This provides flexibility in structuring a system that is not completely housed in a single cabinet-level agency. Each is addressed in turn below.

Administrative Structure

- Single state workforce agency
- Confirm eligibility and integration responsibilities
- Assign responsibility for common intake, shared case management platform, job matching, integrated data, and physical facility consolidation
- Establish a transition structure and give the Legislature a defined transition to oversee

Service Delivery

- Comprehensive system with consistent statewide architecture
- Employment, education and training programs, and social services supports accessed in one location
- Customer's first interaction is about work and skills development

Financial Management

- Statewide cost allocation system
- Braid funds in the interim as necessary
- Request inclusion in federal benefits cliff pilot
- Seek approval of alternative cost allocation model
- Direct administrative savings toward direct participant services

Organizational Shift

Office of Workforce Solutions: the front door, including the oversight of employment plans and upfront “case management”

Department of Human Services: statewide eligibility authority, utilizing ARIES

Department of Shared Administrative Services: the integration layer, overseeing CiviForm, Hope Hub, LAUNCH, the data hub, and IT governance

ORGANIZATIONAL SHIFT

Establish the system with three foundational offices, each of which has clear authority over one aspect of the overall system:

- **The Office of Workforce Solutions (OWS)** is the workforce agency and the front door. It owns the employment plan and upfront "case management," the workforce programs, newly redefined and integrated Arkansas Workforce Centers, and the employer relationship.
- **The Department of Human Services** is the statewide eligibility authority. ARIES remains the system of record, expanded in scope, with eligibility sequenced behind the employment plan for work-capable customers.
- **The Department of Shared Administrative Services** is the integration layer. It owns common intake (CiviForm), shared case management (Hope Hub), job matching (Arkansas LAUNCH), the Arkansas Data Hub and master person index, and statewide IT governance.

  Placing a leading integration responsibility in SAS gives the shared intake and case management approach a neutral owner with existing statutory authority, and it prevents integration from becoming a question of conflicting agency policies and priorities.

RECOMMENDATION 1: INTEGRATED ADMINISTRATIVE STRUCTURE

Consolidate Arkansas's workforce programs into a single state workforce agency, confirm where eligibility and integration responsibilities sit, and give the Legislature a defined transition to oversee.

1.1	Establish OWS as Arkansas's single state workforce agency, consolidating all federal and state employment, training, and reemployment programs under one administrative authority.
1.2	Codify statewide workforce governance in statute, including the State Workforce Development Board carrying out local board functions and assuring equitable regional allocation, and begin the waiver renewal process well in advance of the June 30, 2028, expiration.
1.3	Confirm the DHS as Arkansas's statewide integrated eligibility authority, expand the scope of ARIES, and impose a statutory duty that an employment plan precede or accompany the eligibility determination for every work-capable customer.
1.4	Assign responsibility for common intake, shared case management platform, job matching, integrated data, and physical facility consolidation to SAS, with a statutory mandate to serve both OWS and DHS.

1.5	Establish a transition structure with an effective date of July 1, 2027, including a transition office, subject-matter work groups, and defined reporting milestones to the Subcommittee.
1.6	Align appropriations to the new structure, transferring program appropriations and federal fund authority to OWS while preserving DHS appropriations for eligibility operations.

RECOMMENDATION 2: INTEGRATED SERVICE DELIVERY

Build a comprehensive system in which all employment, education, and training programs, together with the social services supports that make employment possible, can be accessed and tailored through a consistent statewide architecture — and in which the customer's first interaction is about work and skills development.

2.1	Operationalize service delivery consistently across all regions of the state while allowing for regional innovation and tailoring, with resource allocation assurances for rural areas.
2.2	Consolidate physical and virtual infrastructure, using the statewide service-location consolidation effort already underway as the vehicle, and beginning with counties where agencies already operate in the same community.
2.3	Establish a single work-first intake process in which every work-capable customer, regardless of which door they enter, receives an employment plan that is recorded in the shared case record and managed by OWS, which precedes the eligibility determination for individual programs.
2.4	Consolidate eligibility functions into a dedicated division within DHS capable of supporting customers remotely as well as from physical locations and expand its scope to the work-support programs currently administered separately.
2.5	Implement integrated case management on a shared platform, separating case management from eligibility determination and giving every case manager visibility into the full array of services a customer is receiving.
2.6	Establish a single regional point of contact for employers, supported by a shared customer relationship management system across OWS, DHS, and the community and technical colleges.
2.7	Adopt a common performance and accountability framework built on outcomes rather than inputs, with a defined reporting relationship to the Legislature.

RECOMMENDATION 3: INTEGRATED FINANCIAL MANAGEMENT

Establish a statewide cost allocation system, or other administrative arrangements that braid funds, so that Arkansas finances a system rather than a collection of individual programs.

3.1	Develop and submit a statewide cost allocation model based on random moment time sampling, replacing the incompatible methodologies now in use across agencies.
3.2	In the absence of an approved statewide cost allocation model, braid federal funds to the extent permitted and seek federal waivers where available.
3.3	Move responsibility for partner Memoranda of Understanding (MOU) and infrastructure funding agreements to the state level.
3.4	Begin the process of requesting inclusion in the federal benefits cliff pilot and approval of an alternative cost allocation model.
3.5	Direct identified administrative savings toward direct participant services, particularly training and the supportive services that address childcare, transportation, and benefits cliff barriers.

PROPOSED NEXT STEPS

This brief summarizing the recommendations developed by WorkED and the Workforce Reform Advisory Group is a first step to begin reforming the State's workforce and supportive programs into a cohesive system. We suggest the following steps to maintain the current momentum: **share feedback** on today's recommendations so that we can incorporate them into a **final report**. Simultaneously, the Subcommittee and Governor's office should **identify legislative and executive actions** necessary to enable LEARNS 4 All.

RECOMMENDATIONS FEEDBACK AND FINAL REPORT

While the Advisory Group included representative stakeholders from across the State's workforce system, WorkED recognizes that some refinement and contextual adjustment may be necessary to optimally position LEARNS 4 All to succeed. Between September 14 and September 30, WorkED will solicit additional data and feedback from stakeholders to refine these recommendations and include them in a final report, to be shared with the subcommittee in October.

IDENTIFY LEGISLATIVE AND EXECUTIVE ACTIONS

The Subcommittee and Governor's Office may want to begin identifying legislative and executive actions necessary to enact this reform. WorkED will support these efforts with technical assistance as requested, including working with legislative counsel and developing informational materials that can be distributed to help others beyond this Subcommittee understand the LEARNS 4 All's workforce system reform and its necessity.

Appendix

ORGANIZATIONAL SHIFT

Support for the organizational shift relies on three key considerations.

- **The workforce consolidation requires no new federal permission.** On August 26, 2026, the DOL approved a package of WIOA waivers, principally authority under WIOA Section 107(b) for the State Workforce Development Board to carry out the roles and responsibilities of the local boards.[1] The Employment and Training Administration (ETA) further determined that a separate waiver allowing the combined state plan to serve as a regional planning framework was unnecessary in each local area where the State Board assumes the local board role. Arkansas, therefore, now holds the federal authority to govern its workforce programs as one statewide system and can execute the first phase of reform with the approvals it holds today. Two features of that approval shape everything that follows: the waivers expire June 30, 2028, and the local workforce development areas remain intact as formula allocation units.
- **Moving eligibility would put Arkansas's strongest asset at risk.** Medicaid and SNAP each require a designated single state agency under federal regulation.[2] Transferring those designations out of DHS would trigger review by the Centers for Medicare & Medicaid Services and the Food and Nutrition Service and would place the Arkansas Integrated Eligibility System (ARIES), the most mature integration asset the State owns, in the middle of a federal approval process. The better course is to leave the eligibility functionality housed at DHS and realign customer flow and pathways.
- **"Work first" is a sequencing change, not an ownership change.** What makes an integrated system work-focused is creating consolidated physical and virtual accessibility where employment planning is conducted before the benefit determination and the characteristics of the participant and types of services needed are better targeted. (For instance, a recently laid off dislocated worker may have a different path than a single parent with children who has no work history.) That outcome can be achieved with eligibility in DHS, provided the statutory duty and the shared case record exist.

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[1] Marek Laco, Acting Assistant Secretary, U.S. Department of Labor, Employment and Training Administration, letter to Governor Sarah Huckabee Sanders, August 26, 2026. The waiver requests were received April 29, 2026 as part of Arkansas's WIOA State Plan modification submission.

[2] 42 C.F.R. § 431.10 requires a state to designate a single state agency to administer or supervise the administration of the Medicaid state plan. 7 C.F.R. § 271.4 makes a comparable designation for SNAP. Both permit delegation of functions but restrict transfer of the designation itself without federal review and approval.

INTEGRATED ADMINISTRATIVE SERVICES

RECOMMENDATION 1.1
Programs consolidated into OWS should include: WIOA Title I Adult, Dislocated Worker, and Youth; WIOA Title II Adult Education and Literacy; WIOA Title III Wagner-Peyser Employment Services; WIOA Title IV Vocational Rehabilitation and Services for the Blind; Unemployment Insurance and Reemployment Services; the Office of Skills Development; the Career Pathways Initiative (CPI); and the *employment and training components* of Transitional Employment Assistance (TEA) and SNAP E&T.

The distinction in that final item is important and should be stated plainly in legislation. OWS receives responsibility for *operating* TEA work activities and SNAP E&T, including the case management, training, employer connection, and outcome tracking components. DHS retains responsibility for *determining eligibility* for TEA and SNAP. This is the arrangement that lets Arkansas make its work programs work without disturbing its federal designations.

RECOMMENDATION 1.2
The August 2026 WIOA waiver approvals give Arkansas this authority administratively, but only through June 30, 2028. State statute makes the governance structure durable and gives the Legislature a place to attach the regional-equity assurances that will be essential to securing rural support. It does not, however, extend the federal relief. Arkansas should treat renewal (or the pursuit of permanent authority through WIOA reauthorization or a state innovation waiver) as a distinct workstream with its own timeline and owner.

One key consideration for the Legislature taking up this recommendation is that the waiver does not consolidate Arkansas's local workforce development areas or designate the State as a single local area. It permits the State Board to carry out local board functions within the existing local areas, and ETA expressly required the State to continue soliciting local input, to allocate funding by formula to the local areas for which the State Board is carrying out those functions, and to carry out all other local board responsibilities described in WIOA Section 107(d).

RECOMMENDATION 1.3
This recommendation deliberately leaves eligibility where it is, but it changes the order of operations and the visibility of the result. Under Arkansas's current practice, a customer's first substantive interaction with the system is a benefit determination. Under this recommendation, the first substantive interaction would be an assessment of what stands between that person and employment, producing an employment plan that is recorded in the shared case record and visible to both OWS and DHS staff. The eligibility determination then follows and supports that plan. For customers who are not work-capable, e.g. individuals with qualifying health conditions or disabilities and those under working age, the eligibility process proceeds as it does today.

RECOMMENDATION 1.4
Three platforms and one facilities effort constitute the connective tissue of the integrated system. All four should sit with SAS, which already holds the statutory authority and the neutrality to operate them on behalf of both operating agencies.

- **CiviForm** — the common intake portal, targeted for broad implementation and intended to replace ACCESS AR.
- **Hope Hub** — the shared case management platform, launched through the Governor's 10:33 Initiative.
- **Arkansas LAUNCH** — the job matching and labor exchange platform replacing Arkansas JobLink.
- **Arkansas Data Hub and master person index** — the shared data layer and the identifier that lets a single customer record follow a person across both agencies.
- **Physical footprint consolidation** — the statewide effort now underway across workforce, human services, revenue, and broader government service delivery.

RECOMMENDATION 1.5
A July 1, 2027, effective date aligns with the Arkansas state fiscal year and provides a transition period sufficient to complete data collection, stand up work groups, and sequence the federal filings described in Recommendation 3: Integrated Financial Management. Work groups should cover, at minimum: program and staff transition; physical location consolidation; technology and data integration; eligibility sequencing and ARIES scope expansion; cost allocation and federal filings; and performance measurement.

The Subcommittee should require reporting against defined milestones throughout the transition rather than at the end. Milestone reporting gives the Legislature and the Governor's office the ability to intervene while intervention is still useful.

RECOMMENDATION 1.6
Administrative consolidation without commensurate appropriations produces an agency with responsibility and no capacity. Appropriations should follow programs, with the transition work groups identifying which lines move, which remain, and which are shared under the cost allocation methodology recommended below, under Recommendation 3: Integrated Fiscal Management.

INTEGRATED SERVICE DELIVERY

RECOMMENDATION 2.1
Statewide consistency is what the single-state-area designation makes possible. It is also what makes the system legible to employers who operate across regions and to customers who move

between them. Regional flexibility should govern which services are emphasized and how they are delivered locally, not whether a customer can obtain them.

RECOMMENDATION 2.2
Arkansas should not run a parallel workforce co-location initiative alongside the broader consolidation of state service delivery locations. The recommendation is to fold workforce and human services co-location into that effort and to give OWS and DHS a defined role in its governance.

RECOMMENDATION 2.3
This is the operational heart of the reform and the point at which the sequencing principle becomes real. The first interaction with an OWS case manager focuses on understanding the customer's circumstances, identifying barriers to employment and self-sufficiency, and developing an employment goal and plan. The eligibility process then follows and supports that plan. CiviForm serves as the common front end, the plan is recorded in Hope Hub, and the customer's identity is resolved through the master person index, so the plan is visible to both OWS and DHS staff.

RECOMMENDATION 2.4
The eligibility division should absorb determinations for WIC food packages, LIHEAP, and subsidized childcare, ending the practice of handing a customer a phone number and making them responsible for pursuing the support that their work requirement depends on.

RECOMMENDATION 2.5
Case managers should be assigned to customers but should not determine eligibility. Their role is planning for employment, addressing barriers, connecting customers to education and training, and monitoring progress toward self-sufficiency. Hope Hub should serve as the shared platform, with the prioritized Hope Hub–LAUNCH–CiviForm integrations completed as an early transition deliverable.

RECOMMENDATION 2.6
Employers currently navigate a maze of agencies, local areas, subgrantees, and training providers. A regional coordinator functioning as a triage point — assessing employer needs and directing them to the appropriate solution — reduces the burden of engagement and improves the quality of the workforce pipeline Arkansas can offer. A shared CRM prevents the same employer from being contacted separately by multiple programs.

Arkansas has already committed to this direction. ETA's waiver approval cites a centrally-directed business outreach strategy through Arkansas Industry Connect among the outcomes on which the State will be assessed. This recommendation extends that commitment beyond the workforce programs to include DHS and the community and technical colleges, so that an employer engaging the State encounters one relationship rather than several.

RECOMMENDATION 2.7
The framework should track a consistent outcome set for every customer exiting the system — employment, earnings, credential attainment, and sustained labor force attachment — regardless of which program served them. Arkansas already tracks employment, income, and education outcomes two and four quarters after exit for WIOA and TANF participants, which provides the starting point.

INTEGRATED FINANCIAL MANAGEMENT

RECOMMENDATION 3.1
A statewide model allocates cost according to whom a worker is serving and what activity the worker is performing, rather than according to which program's payroll the worker sits on. This is the financial mechanism that makes work-first case management possible: a case manager funded by a system rather than a single program can serve the whole person.[3] Approval will require negotiation with multiple federal agencies and should begin during the transition period rather than after.

RECOMMENDATION 3.2
Braiding laces together funding from multiple programs to support a common goal while each source retains its identity and is reported separately. It is more administratively demanding than a unified cost allocation model but is available immediately and can be structured at the point of service. Arkansas should treat braiding as the bridge strategy for the transition period rather than as the destination.

RECOMMENDATION 3.3
Under WIOA, responsibility for negotiating MOUs and infrastructure funding agreements rests with local boards, which hold no federal or state statutory authority to sanction noncompliant partners. The single planning region designation collapses these negotiations from ten local workforce development areas to one, and moving the responsibility to the state level allows cabinet-level agreements that can actually be enforced.

RECOMMENDATION 3.4
Both actions carry time-sensitive milestones and require federal coordination and approval. They should be initiated during the transition period, in parallel with the state legislative process, rather than sequenced after it. Benefits cliffs were named by frontline staff as one of the three most common barriers their customers face, and case managers will need both the analytic tools and the program flexibility to address them.

[3] Utah has operated this methodology within an integrated state workforce agency for approximately three decades.

RECOMMENDATION 3.5

The case for integration rests on redirecting resources from duplicated administration to services that move people into work. The Legislature should require that savings be identified, reported, and reinvested rather than absorbed and should receive that accounting as part of the milestone reporting established in Recommendation 1.5.