

ARKANSAS REHABILITATION SERVICES

Enabling Laws

Act 779 of 2003

A.C.A. §§ 6-52-101-- 6-52-105

A.C.A. § 20-79-101 et seq.

History and Organization

AGENCY MISSION: To provide opportunities for Arkansans with disabilities to work and to lead productive and independent lives.

This simple mission statement provides the foundation for the varied programs and comprehensive services provided by Arkansas Rehabilitation Services (ARS) to persons with disabilities which enables them to prepare for and enter the world of work, thus becoming employed, tax-paying citizens participating in communities throughout the State of Arkansas. Today there are approximately 400,000 persons with disabilities residing in Arkansas. We have one of the highest percentages of working-age adults with disabilities in the nation. The unemployment rate among Arkansans with disabilities is approaching 60%, which is consistent with the national average. The role of ARS is clearly defined: to increase the number of persons with disabilities returning to the workplace where they become productive and independent taxpayers instead of tax-users.

AGENCY HISTORY:

Vocational Rehabilitation was initiated in the United States with the passage of the Smith-Fess Act in 1920. This permitted the states to participate by providing federal aid. This 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 over 75 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 has continued to grow and improve over the years; however, it has continued to operate as a strong State/Federal partnership enjoying bipartisan support because of its record as a strong, cost-effective, service delivery program that produces documented results.

Arkansas legislation in 1971 transferred administration to the Department of Social and Rehabilitative Services, which is now the Department of Human Services, and was referred to as the Division of Rehabilitation Services. Act 574 of 1993 (A.C.A. § 6-52-101) transferred the division back to the Department of Education and placed it under the responsibility of the State Board of Vocational Education in association with the Vocational and Technical Education Division. Act 574 formally changed the agency's name to Arkansas Rehabilitation Services. The Vocational and Technical Education Division subsequently became the Department of Workforce Education. ARS was actively involved in the development of legislation resulting in Act 803 of 1997, which created the State Board of Workforce Education and Career Opportunities and the Department of Workforce Education. ARS is now associated with the Department of Workforce Education under the direction of the State Board of Workforce Education and Career Opportunities.

Since its inception, the public Vocational Rehabilitation 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 those with mental retardation and mental illness as well as those with physical disabilities. In 1954, the program was again augmented by 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 that continues to operate today as one of four model state-operated comprehensive medical rehabilitation and vocational training centers in the nation.

More recent changes in federal legislation has 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 assure that Arkansans with disabilities participating in these programs are provided opportunities to prepare for and enter the workforce. We have initiated a disability management program which focuses on assisting employers to develop return to work programs for employees experiencing injury or illnesses, thus reducing workers' compensation cost.

ARS also has been required to develop rehabilitation engineering and advanced technology capabilities in order to enhance training and employment opportunities for persons who are severely disabled. Federal legislation now requires that those persons with severe disabilities are served first when adequate funds are not available to serve everyone who may be eligible for our program. ARS has been required to implement an order of selection. This means our services are limited to those classified as severely disabled due to a high demand for services and limited funds available. Although this group of clients requires more comprehensive services over a longer period of time and at a greater cost, we continue to place more people with disabilities in employment each year.

In 1990 the United States Congress passed the Americans with Disabilities Act (ADA), the world's first civil rights legislation for persons with disabilities. ARS continues to play a leadership role in assisting state agencies and private sector business and industry to comply with the ADA.

The Workforce Investment Act of 1998 includes the re-enactment of the Rehabilitation Act of 1973 and requires that the States, as well as ARS, enter a new service delivery system. The new service delivery system includes a "one-stop shop" approach involving all agencies that serve persons who are unemployed, including those with disabilities. As part of the one-stop system, or as it's called in Arkansas, the Career Development Network (CDN), ARS must participate throughout the State in the CDN Centers in each of 10 local regions with office space, resources and personnel. ARS' involvement in the new one-stop CDN system will afford Arkansans with disabilities increased opportunities to become employed and live independently.

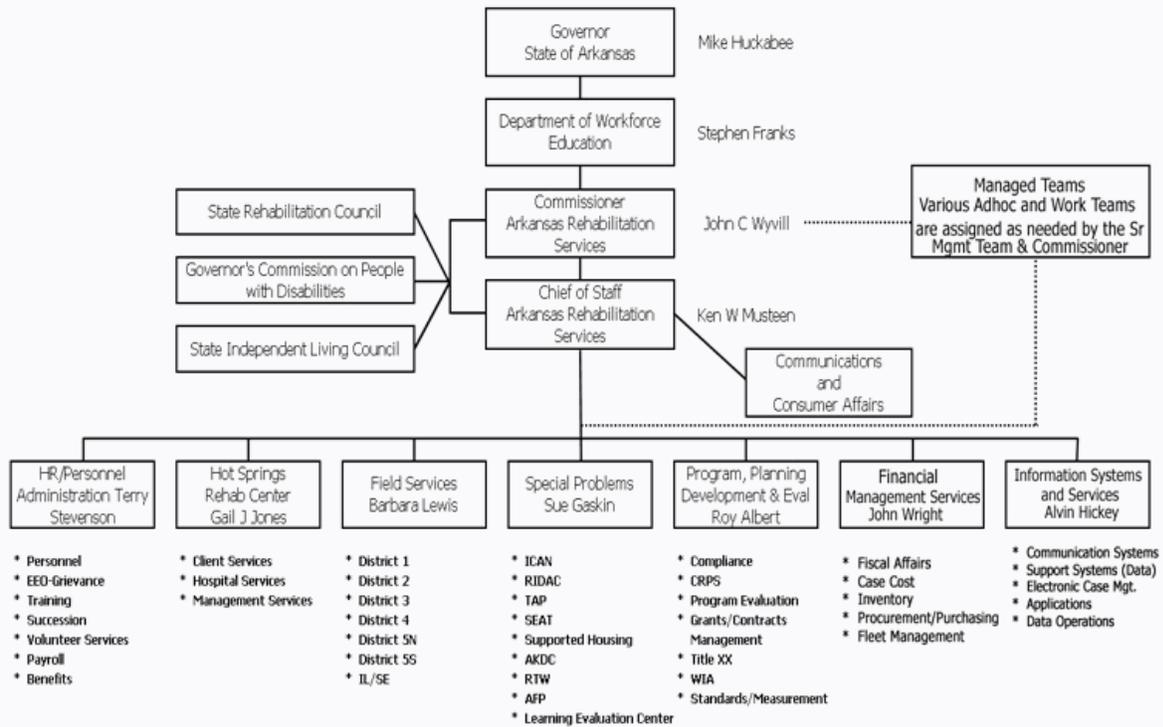
Over the years, ARS has continued to modify its program to comply with all new federal/state initiatives and has received strong support from the State Legislature and the customers we serve. Over the past several years, ARS has received basic cost of living increases in state and federal funds, however the cost of employment related services has increased at a much more rapid pace. Demand for services significantly exceeds resources available. ARS serves approximately 22,000 persons with disabilities each year, with several thousand being placed in competitive employment.

Our program is an investment in our economy. In fact, in FY 2003 the Arkansans with disabilities whom we assisted to obtain employment had earnings of only an average of \$67.36 per week prior to our involvement; however, after job placement they had earnings of \$358.26. That is a combined annual earnings of about \$41,506,000 in only their first year of employment. The Federal Office of Management and Budget estimates that for every \$1 spent on vocational rehabilitation services \$7.00 are returned to the economy. This is in the form of economic benefit to the individual, taxes paid, and the elimination or reduction of Social Security, welfare and other public subsidy payments. What cannot be measured are the creation and/or return of personal participation in our society and the personal dignity and independence gained by those who have been served.

The structure of ARS is designed to assure a comprehensive, statewide system of service delivery that addresses the diverse needs of Arkansans with disabilities and is reflected on the accompanying organizational chart. The major service delivery components are:

- (1) the Field Services Program, which operates offices in sixteen (16) of the State's larger cities; and serves persons with severe disabilities in all seventy-five (75) counties, except those who are blind;
- (2) the Hot Springs Rehabilitation Center, which is a comprehensive vocational rehabilitation center providing education, medical and vocational training for clients throughout the State and region;
- (3) 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,
- (4) the Arkansas Kidney Disease Commission, which provides services to patients with end-stage renal disease. Supporting these service delivery operations are Financial Management, Human Resources Management, Information Systems and Services, and Program Planning, Development and Evaluation sections.

The organizational structure described above enables ARS to work with an individual with a disability to develop an individualized plan of services. This plan results in meaningful employment and the opportunity to live independently in one's community.



Agency Commentary

The mission of the Arkansas Rehabilitation Services is to provide opportunities for Arkansans with disabilities so they may lead productive and independent lives. This simple mission statement provides the foundation for the varied programs and comprehensive services provided to persons with disabilities which enables them to prepare for and enter the world of work, thus becoming employed, tax-paying citizens participating in communities throughout the State of Arkansas. Today there are approximately 400,000 persons with disabilities residing in Arkansas. We have one of the highest percentages of working-age adults with disabilities in the nation. The unemployment rate among Arkansans with disabilities is approaching 60%, which is consistent with the national average. The role of ARS is clearly defined: to return more persons with disabilities to the workplace where they become productive and independent taxpayers instead of tax-users.

Arkansas Rehabilitation Services (ARS) operates a comprehensive, statewide rehabilitation program designed to meet the vocational and independent living needs of Arkansans with disabilities. ARS' primary purpose is to provide diversified vocational rehabilitation services to disabled Arkansans to enable them to obtain and maintain employment. We enable those with disabilities to become tax-paying citizens instead of recipients of government welfare programs. In addition, we provide independent living services which enable those who are not yet able to prepare for work to function more independently at home or in the community.

Our mission is clear: Enable Arkansans with disabilities to become taxpayers as opposed to tax users while also increasing the number of productive members of society.

Rehabilitation of physically and mentally disabled persons and helping them become as independent

as possible is a continuous endeavor. Speedier means of transportation, accelerated and competitive living habits, along with natural and man made disasters, recreational mishaps, and other causes and illnesses are producing greater numbers of physical disabilities. And, as scientific research increases knowledge of mental illness, including emotional and disease related difficulties, as well as mental retardation, the necessity mounts for deeper understanding of the capabilities possessed by those affected.

The ARS carries out its responsibilities through a field program that reaches into all 75 counties from offices in 16 cities and the HSRC. All personnel are dedicated to assisting clients in achieving the maximum degree of independence of which they are capable while providing a wide array of services all designed to prepare and place people in employment.

Vocational Rehabilitation Program: Eligible persons may receive one or more of the following services through the General Field Program, HSRC, or the Office for the Deaf and Hearing Impaired:

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 for help, and problems. Intelligence, vocational and 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 her/his counselor develop an individualized written rehabilitation plan (IWRP) 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 appliances (artificial limbs, braces, glasses, wheelchairs, vehicle adaptations, assistive technology such as voice activated computer, speech synthesizers, etc.).

Other Services: Financial assistance in the purchase of initial tools for self employment, license and supplies for a person to establish his own business enterprise may be available. Employment, housing and transportation information and assistance is available, as are wheelchair repairs, peer counseling, and other services.

Job Placement: The ARS cooperates with training agencies and institutions, employment agencies and employers in efforts to secure suitable employment for disabled persons. ARS has placement specialists in all offices across the state. They facilitate processes related to job applications interviews and eventual employment in the workplace.

Schooling and Training: 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 HSRC,

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.

Supported Employment: With the cooperation of the Divisions of Developmental Disabilities and Mental Health of the Department of Human Services, along with support of community organizations, the ARS provides supported services to the most severely disabled individuals, who cannot function in the work place without ongoing assistance. Job coaches are assigned to such persons to help them adapt more readily to an environment of employment. These services provide real work to many people who have been historically excluded from the work force and placed in institutions and in segregated programs.

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

Independent Living Services: Services may be provided to any severely disabled person found eligible and may include counseling (psychological, psychotherapeutic, and guidance), physical and mental restoration services, i.e., braces, housing modifications, wheelchair, prosthesis, etc., and transportation.

Hot Springs Rehabilitation Center: The HSRC is located in the heart of historic downtown Hot Springs. Since opening January 2, 1961, it has offered one of the most comprehensive rehabilitation programs available in the nation. Hospital services include physical therapy, occupational therapy, speech-language pathology, social and rehabilitation nursing and other special programs. Neurorehab provides individualized treatment for physical, memory, behavioral and emotional deficits and disorders to persons who have experienced brain trauma. A highly specialized service is provided to persons with traumatic head injury. This is one of the fastest growing disabilities in the country. Vocational training is provided to improve the potential for employment. Programs are designed to meet individual needs with estimated time frames based on completion of vocational competencies. Training is offered in 28 vocational programs from accounting to welding, including specialized programs such as Driver Education, Certified Nursing Assistant, and Adult Basic Education. All programs are continuous with no semesters or quarters. Off campus training at the local Vocational Technical Institute, community rehabilitation facilities, and community college is also available. Placement personnel provided job placement and job development services after graduation. Student life at the Center includes after-hours recreation scheduled on and off the campus. In house activities include a full library, arts programs and various sports. There is a recreation area and a student union.

Deaf and Hard of Hearing Services: The Office for the Deaf and Hearing Impaired serves persons who are profoundly deaf, hard of hearing and deaf blind. Counselors and interpreters provide direct services, sign language training, transportation, assistive devices, tutoring, referral to appropriate agencies and employer orientation. Teaching instruction includes money management, job finding skills, home economics, language development, establishing credit, finding an apartment and using public utilities. The Deaf Outreach Center is responsible for providing comprehensive outpatient

mental health counseling and guidance, psychological evaluation, referral for hospitalization, consultation with other caregivers and educational activities. Another under served population is children and adults who are deaf blind. The combination of deafness and blindness constitutes one of the severest handicaps known.

The Arkansas Kidney Disease Commission: The AKDC serves end-stage renal disease patients. State aid supplements Medicare, Medicaid, and private insurance to pay for both hemo-dialysis and peritoneal dialysis at a certified clinic or in the home. Other services covered include dialysis supplies, medications including outpatient prescriptions, acute inpatient care and kidney transplant services including laboratory work up, surgery, hospitalization, and convalescence.

The ARS the Technology Access Program or ICAN. This project is designed to create a statewide system for getting information and technology to people who can use it. It influences the decisions of people who make technology available, and enhances and strengthens relationships between technology consumers, providers, grantors of funds, and developers of assisting devices.

The ARS currently certifies twenty-five (25) Community Rehabilitation Facilities and reimburses these centers for services leading to employment.

We are requesting \$350,000 in general revenue each year for the Delta Project. In 2000, Arkansas Rehabilitation Services implemented a 5-year project to develop Creative Alternatives for Delta Area Transportation (CADET) for individuals with disabilities who are preparing for, seeking or maintaining employment. As a part of the Governor's Delta initiative CADET will initially focus in ARS Region IV comprising ten Southwest Arkansas delta counties: Arkansas, Ashley, Bradley, Chicot, Cleveland, Desha, Drew, Grant, Jefferson and Lincoln. In 2002, ARS expanded the CADET Project to provide employment-related transportation for individuals receiving Temporary Employment Assistance (TEA) applied for matching federal Job Access Reverse Commute (JARC) funds through the AHTD. The 5-year Delta Project ends in September 2006. In order to continue the project, the agency is requesting \$350,000 in general revenue each year to match JARC. The approved grants line item will be used to provide grants to local transportation providers.

We are requesting \$140,000 and \$230,000 in general revenue on behalf of the Arkansas Kidney Disease Commission for SFY 2006 and 2007 respectively. The AKDC assists Arkansans who have been diagnosed with End Stage Renal Disease (ESRD) or have had a kidney transplant. Services available include payment for 2 prescription drugs per month, and pre-transplant dental services. The program had 3261 individuals on client rolls at the end of the SFY 2003. The AKDC will need at a minimum a client service budget of \$1,350,000 for state fiscal year 2006 (\$140,000 additional) and \$1,440,000 (\$230,000) for year 2007. The escalating cost of prescription medications, averaging from 5 percent to 10 percent and higher each year will also have a significant impact on the program budget. The Commission expects spending additional funds on pre-transplant dental services as more and more individuals are receiving transplants.

We are requesting the following for appropriation only: \$300,000 and \$310,000 for enhanced estimated cash revenues from training area sales, cafeteria receipts, printing, insurance reimbursements, and student aid funding; \$5,000 each year for scholarships for students with disabilities funded by handicapped parking fines; \$25,000 each year for marketing and outreach for the TAP program funded with special revenue telephone line charges; and \$350,000 and \$400,000

for federally funded capital outlay.

The Federal Office of Management and Budget estimates that nationally only 1 in 20 potentially eligible individuals is being accepted for rehabilitation services. This estimate reflects our experience. Due to the growing demand for services, medical and vocational training cost increases, and funding limitations, the ARS has implemented an order of selection under the requirements of the Rehabilitation Act. This policy establishes priority levels for services that require the expenditure of case service money. The priorities are based on the level of severity of the disability. Those individuals with more significant disabilities are given a higher priority to receive services.

In summary, the population that ARS serves is extremely vulnerable. Virtually all persons served by the ARS have severe disabilities. These services are, therefore, very important to citizens who are disabled and also to the State. We enable those with disabilities to become taxpaying and economically productive citizens instead of recipients of government welfare programs. ARS is a program that maximizes human potential and is an investment program contributing to the economic development of our state and nation. Literally we cannot afford to deny the services. We assist those who are not yet able to prepare for work to function more independently at home or in the community.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT

AUDIT OF :

DEPARTMENT OF WORKFORCE EDUCATION - ARKANSAS REHABILITATION SERVICES

FOR THE YEAR ENDED JUNE 30, 2003

Findings

Recommendations

As follow up to a finding in the previous year's audit, Arkansas State Police has completed their investigation of Ms. Carla Becker, a former counselor. Ms. Becker has been formally charged in the District Court of Independence County, Arkansas with three (3) felony counts of theft of public benefits totaling \$1,885 and five (5) misdemeanor counts of theft of public benefits for \$614. She was also charged with twenty (20) misdemeanor counts of falsifying business records for an additional \$1,718. The total amount for all charges is \$4,217. Bond was set at \$3,000, which was met by Ms. Becker on January 30, 2004.

Strengthen internal controls by requiring a second signature on authorizations in addition to that of the counselor.

A review of case files in the West Memphis office revealed Ms. Chelsea Brown, a former counselor, was responsible for misuse of funds totaling \$5,341. Ms. Brown resigned from the Agency, and moved out-of-state prior to the discovery of the misuse of funds. Three (3) payments were inappropriately made to Ms. Brown's family members on behalf of two (2) clients, and an additional three (3) payments were inappropriately made for products for three (3) other clients. All five (5) clients subsequently denied receiving the products or services. This matter was reported to the Prosecuting Attorney on April 19, 2004.

Strengthen internal controls by requiring a second signature on authorizations in addition to that of the counselor.

A counselor in the Agency's West Memphis office was responsible for an inappropriate payment to a client. According to the counselor, the client was to cash a \$500 warrant and give

Strengthen internal controls by requiring a second signature on authorizations in addition to that of the counselor.

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AUDIT OF :
DEPARTMENT OF WORKFORCE EDUCATION - ARKANSAS REHABILITATION SERVICES
FOR THE YEAR ENDED JUNE 30, 2003

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the counselor \$425. Subsequent to the agreement, the client decided to keep all of the funds. According to the counselor, the \$425 was to be used for travel expenses and an exam fee for another client. However, the counselor authorized a \$275 payment for the other client's exam fee.

Client case files support vocational rehabilitation services provided by the Agency through the use of both state and federal funds. As reported in the Federal Portion of the Statewide Single Audit Report, sixty-eight (68) case files located in six (6) local offices throughout the State were selected for audit testing. As noted in previous audits, there was a lack of documentation supporting payments made on behalf of clients in the case files. Of the sixty-eight (68) cases tested, twenty (20) files did not contain invoices to support the authorization for payment and thirty (30) case narratives were not updated at least every 90 days.

The Association of Rehabilitation, Industry and Business (ARIB) is a private, nonprofit 501 (c) (3) corporation. It has a Board of Directors composed of 12 members. An analysis of the relationship between Arkansas Rehabilitation Services (the Agency) and ARIB revealed the following:

- ARIB has 14 full-time job placement specialists working in Agency local offices throughout the State. Additionally, two (2) ARIB employees are housed in the main office of the Agency's Hot Springs Rehabilitation Center (HSRC). ARIB employees are provided free office space in Agency facilities. The independent audit report of ARIB for the year ended September 30, 2002 reflects that the Agency donated use of facilities totaling \$60,000. This amount is claimed as in-kind matching revenue for federal financial assistance programs of ARIB.
- Agency secretarial and clerical staff provides support services for ARIB.
- The Agency has also provided support to ARIB by paying conference registration fees for ARIB employees and by paying the costs of cell phones provided to some ARIB employees.
- The Agency received a loan from ARIB to establish a cash fund to be used for operating activities of the Future Forward Program. Both Agency employees and ARIB employees are authorized signors on this account.
- ARIB revenue totaled \$668,353 for the year ended September 30, 2003; of this amount, \$418,501 or 63% was received from the Agency.
- ARIB participates in the Arkansas Public Employee Retirement System.
- The Agency reimbursed ARIB for client services

Recommendations

Enforce policies developed to address the lack of internal controls in regard to the operations of counselors within the activity of individual client rehabilitation. Further, the Agency should provide more thorough training of counselors and supervisory review regarding the maintenance of proper documentation in client case files, and strengthening of internal controls by requiring a second signature on authorizations in addition to that of the counselor

Arkansas Rehabilitation Services seek a determination from the Attorney General as to whether State resources can be used in the manner described above for an organization such as the Association of Rehabilitation, Industry and Business (ARIB).

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FOR THE YEAR ENDED JUNE 30, 2003

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totaling \$66,291.75 during the year ended June 30, 2003.

In regard to a similar relationship between a State agency and an affiliated nonprofit organization, the Attorney General has addressed the issue of whether the Arkansas Waterways Commission could house records or the Commission be used to accept or send telephone, fax or electronic mail messages on behalf of the Arkansas Waterways Association, a private nonprofit entity. Attorney General Opinion No. 98-288, stated in part:

It is my opinion that the answer to your third question is in all likelihood "no". Such an arrangement implicates the private use of public facilities, and thus the "public purpose" doctrine, and the "illegal exaction" provision of the Arkansas Constitution. See Arkansas Constitution, Art.16 §13. It has been held in analogous contexts that this provision of the Arkansas Constitution prohibits the private use of public equipment and property.

A review of the Agency's cell phone usage revealed the following:

- There was no written policy concerning the use of Agency cell phones. However, management indicated that an unwritten understanding existed between management and employees allowing Agency cell phones to be used for personal calls as long as the number of plan minutes associated with a particular phone were not exceeded.
- There was a lack of consistency in the plans selected for use. The Agency used a variety of cell phone plans from July 2002 through February 2003 and the minutes associated with these plans ranged from 250 anytime and 1000 night/weekend minutes per month to 1200 nationwide and 3500 night/weekend minutes per month. From March 2003 until June 2003 the Agency used a wireless provider contracted through the Department of Information Systems (DIS) and the minutes associated with these plans ranged from 114 local minutes per month to 1200 anytime and 3500 night/weekend minutes per month.
- Agency management indicated the employees on call 24 hours per day were given plans with the larger number of minutes. The Agency contracted through DIS for the use of 74 cell phones at June 30, 2003. Thirty-one (31) of these phones had the larger number of allowable minutes per month; therefore, a greater amount of minutes can be used for personal calls without exceeding the allowable plan minutes.
- The Agency was not adequately monitoring employees' cell phone usage. Management was responsible for reviewing monthly phone bills for abuse of cell phone usage, such as exceeding the

Recommendations

Conduct a thorough review of individual cell phone plans and usage within the Agency and establish appropriate restrictions for their use.

DIVISION OF LEGISLATIVE AUDIT
 AUDIT OF :
 DEPARTMENT OF WORKFORCE EDUCATION - ARKANSAS REHABILITATION SERVICES
 FOR THE YEAR ENDED JUNE 30, 2003

Findings

minutes allowed per plan or excessive personal phone calls. Of the 74 phones available to employees in June, twenty-four accounts had used minutes in excess of the plan.

The Agency made payments to Arkansas Rehabilitation Association (ARA) for conference registration fees and expenses without adequate documentation. Non-State employees' conference registration fees totaling \$300 did not include an approval letter from the administrative head of the Agency authorizing and explaining the expense as required by State accounting procedures. Additionally, ARA was paid for training fees associated with 120 people when the supporting documentation only identified 101 people who received training, resulting in undocumented disbursements totaling \$950 for nineteen (19) people at \$50 per person. Failure to follow proper procedures for documenting expenditures could result in inappropriate or unauthorized disbursements.

From our sample of 30 equipment items selected for sighting, five (5) equipment items valued at \$6,206 were sent to Marketing and Redistribution or disposed of for parts but were not removed from the Agency equipment records at June 30, 2003. These items should have been removed from Agency equipment inventory records on various dates ranging from August 1995 through April 2003. State accounting procedures require deleted equipment items to be removed from agency records in a timely manner. Additionally, it was observed that the Agency does not use a consistent system of tagging equipment throughout the Agency. Items were observed which were not clearly marked as State property. One computer valued at \$7,992 had to be identified by serial number instead of a standard identification tag number. Failure to remove items from the equipment listing in a timely manner could lead to inaccurate financial reporting and failure to properly identify all Agency equipment could lead to the loss of State property.

Recommendations

Strengthen internal controls over expenditures to assure adequate documentation precedes payment. Also, the Agency should recover the amount of any overpayment made to ARA.

Reflect all equipment dispositions in a timely manner, and insure proper physical identification is attached to each equipment item on inventory.

Employment Summary

	Male	Female	Total	%
White Employees	140	235	375	77 %
Black Employees	40	71	111	23 %
Other Racial Minorities	2	2	4	0 %
Total Minorities			115	23 %
Total Employees			490	100 %

Cash Fund Balance Description as of June 30, 2004

Fund Account	Balance	Type	Location
1190100	\$104,155	Cash fund	Bank of America

Statutory/Other Restrictions on use:

Consolidation account for Program Income in the Vocational Rehabilitation General Program (VR-110). Used to expand the VR-110 Program over and above Federal Funding and State Match.

Statutory Provisions for Fees, Fines, Penalties:

None

Revenue Receipts Cycle:

Deposited daily as received. Forwarded to ARS Central Office for deposit to the NRS0002 account for actual program expansion expenditures.

Fund Balance Utilization:

Carried into next fiscal year as unexpended program income.

Publications

A.C.A 25-1-204

Name	Statutory Authorization	Required for		# Of Copies	Reason (s) for Continued Publication and Distribution
		Governor	General Assembly		
AKDC Annual Report	Act 450 of 1971	Y	Y	50	Annual report providing results of Arkansas Kidney Disease services.
Counselor	None	N	N	6,000	Agency newsletter providing information to the public regarding rehabilitation services and activities.
Rehab Connection	None	N	N	2,400	HSRC Newsletter

Department Appropriation / Program Summary

Appropriation / Program	Historical Data						Agency Request and Executive Recommendation							
	2003-2004		2004-2005		2004-2005		2005-2006				2006-2007			
	Actual	Pos	Budget	Pos	Authorized	Pos	Agency	Pos	Executive	Pos	Agency	Pos	Executive	Pos
0520P01 Rehabilitation Services	36,699,605	441	41,633,122	443	42,280,218	453	43,342,305	443	43,336,037	443	43,950,931	443	43,921,998	443
0520P02 Specialized Srvs/Adaptive Living	2,421,877	35	3,747,255	35	2,757,337	35	4,222,061	35	4,194,761	35	4,270,008	35	4,242,708	35
0520P03 AR Kidney Disease Commission	1,359,504	2	1,366,379	2	1,385,962	2	1,509,261	2	1,369,261	2	1,601,226	2	1,371,226	2
0520P04 Rehabilitation Services-Admin	4,028,946	47	5,232,718	50	5,311,195	50	5,514,194	50	5,514,194	50	5,606,123	50	5,606,123	50
Total	44,509,932	525	51,979,474	530	51,734,712	540	54,587,821	530	54,414,253	530	55,428,288	530	55,142,055	530

Funding Sources		%		%		%		%		%		%	
Fund Balance	4000005	986,378	2.2	1,078,879	2.0	867,437	1.6	867,437	1.6	317,147	0.6	317,147	0.6
General Revenue	4000010	12,055,860	26.4	12,056,201	22.8	12,878,915	23.5	12,361,615	22.7	13,125,081	23.6	12,517,781	22.8
Federal Revenue	4000020	30,021,127	65.9	37,546,831	71.0	38,946,285	70.9	38,940,017	71.6	39,527,824	71.1	39,498,891	71.9
Special Revenue	4000030	8,358	0.0	10,000	0.0	37,331	0.1	37,331	0.1	418,383	0.8	418,383	0.8
Cash Fund	4000045	1,069,435	2.3	1,155,000	2.2	1,175,000	2.1	1,175,000	2.2	1,200,000	2.2	1,200,000	2.2
Program Income	4000385	1,447,653	3.2	1,000,000	2.0	1,000,000	1.8	1,000,000	1.8	1,000,000	1.7	1,000,000	1.7
Total Funds		45,588,811	100.0	52,846,911	100.0	54,904,968	100.0	54,381,400	100.0	55,588,435	100.0	54,952,202	100.0
Excess Appropriation/(Funding)		(1,078,879)		(867,437)		(317,147)		32,853		(160,147)		189,853	
Grand Total		44,509,932		51,979,474		54,587,821		54,414,253		55,428,288		55,142,055	

For the FY2006 Executive Recommendation there is unfunded appropriation at the Department/Program summary level, but fund balances carry forward as shown.

Analysis of Budget Request

Appropriation / Program: 0520P01 - Rehabilitation Services

Funding Sources: Other Funds; SPD-People with Disability

Arkansas Rehabilitation Services (ARS) consists of a comprehensive network of field operations serving all 75 counties with services coordinated by Vocational Rehabilitation Counselors. It also operates the Hot Springs Rehabilitation Center Training Institute and Rehabilitation Hospital. The goal of this Program is to provide opportunities for Arkansans with disabilities that increase their ability to become employed.

ARS provides counseling, guidance, and necessary support services that lead to successful employment outcomes; and, it provides training and support opportunities for non-traditional students with disabilities. This is achieved by maintaining training and employment development services at the Arkansas Career Training Institute of Hot Springs Rehabilitation Center. And, ARS provides a coordinated physical restoration and therapeutic rehabilitation program via the Hot Springs Rehabilitation Center Hospital (HSRC). The Center operates a maximum of 72 beds and provides rehabilitation services to eligible persons with disabilities; clients are admitted through their rehabilitation counselors.

Funding for this appropriation is a combination of general revenue, federal funding, special, cash and program income. 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.

Under the Agency's Strategic Plan, Arkansas Rehabilitation Services is meeting the overall performance measure for providing opportunities for Arkansans with disabilities to increase their ability to become employed, specifically the target for employment outcomes at or above minimum wage (over 2,000 annually). With respect to the training function of ARS, the agency maintains its certification from the Council of Occupational Education and is achieving the targeted number of students achieving successful employment. The Hot Springs Rehabilitation Center continues to meet the Department of Health regulations and CARF standards.

Base Level for this program includes graduated salary increases of 3% to 1.5% each year over FY05 salary levels, along with related Personal Services Matching costs for 443 Base Level positions. This includes a \$600 minimum increase for employees earning \$20,000 or below. Included in Personal Services Matching is a \$40 increase in the monthly contribution for State employee's health insurance for a total State match of \$320 per month.

The Agency Change Level request:

- For the Hot Springs Rehabilitation Center (HSRC) in FY06 and FY07 respectively, \$300,000 and \$310,000 for Operating Expenses - appropriation only - for enhanced estimated cash

revenues from training area sales, cafeteria receipts, insurance reimbursements, and student aid funding.

- Capital outlay appropriation of \$193,500 for FY06 and \$221,500 for FY07 also for HSRC.
- The request also includes scholarships for students with disabilities in the amount of \$5,000 each fiscal year (providing for a total amount of \$15,000 each fiscal year). This is within the Operating Expenses for the Change Level for this Program and it is funded from collections from people illegally parking in disabled designated parking spaces.
- The agency request reclassifications to meet the competitive market place demands and the special skills required for vocational rehabilitation counselors and rehabilitation therapists. No additional General Revenue is requested for reclassifications.

The Executive Recommendation provides for the Agency Request for the increases in appropriation only for Operating Expenses and Capital Outlay. Further, with respect to the position reclassifications requests, the Executive Recommendation modifies the request but provides both for a CLIP series for Certified Vocational Rehabilitation Counselors and for new classification for the Department's therapists. Accordingly, the appropriation only request for salaries and match associated with the reclassifications is adjusted.

This Executive Recommendation is pending a review and subsequent recommendation to reorganize and merge the Department of Workforce Education - Rehabilitation Services as a new Division within the Department of Education.

Appropriation / Program Summary

Appropriation / Program: 0520P01 Rehabilitation Services

Funding Sources: Other Funds; SPD-People with Disability

Program Description	Program Goals	
Arkansas Rehabilitation Services consists of a comprehensive network of field operations serving all 75 counties with services coordinated by Vocational Rehabilitation Counselors.	1	Provide opportunities for Arkansans with disabilities that increase their ability to become employed.

Objective Code	Name	Description
00GR	Objective 1	Provide counseling, guidance, and necessary support services that lead to successful employment outcomes.
01GR	Objective 2	Provide training and support opportunities for non-traditional students with disabilities.
02GR	Objective 3	Provide a coordinated physical restoration and therapeutic rehabilitation program via the Hot Springs Rehabilitation Center Hospital.

Performance Measures

Objective	Key Measures		Type	Description	2004 Target Authorized / Actual	2006 Target	2007 Target
	Exec	Leg					
1	X	X	Outcome	Federal indicator requirements for employment outcomes at/above minimum wage.	2,081/2,325	2,467	2,541
1	X	X	Outcome	Federal indicator requirements for employment outcomes at/above minimum wage for significantly disabled.	1,868/2,092	2,219	2,286
1	X	X	Outcome	Federal indicator requirements for the number of individuals exiting the VR program who achieved an employment outcome during the current performance period.	2,574/2,442	2,591	2,668
1			Outcome	Federal indicator requirements for individuals successfully exiting the program that are not dependent on public support.	1,846/2,114	2,243	2,310
2			Outcome	Maintain comprehensive training program according to Council on Occupational Education (COS) standards.	Maintain certification/ Maintained	Maintain certification	Maintain certification
2	X	X	Outcome	Increase number of Training Institute students that achieve successful employment.	260 enrolled, 60% closed employed/ Maintained	300 enrolled	300 enrolled
3			Outcome	Maintain 24-hour hospital according to Ark. Dept of Health regulations and CARF standards.	SAME/ Maintained	Maintain successful record with ADH	Maintain successful record with ADH

Appropriation / Program Summary

Appropriation / Program: 0520P01 Rehabilitation Services

Funding Sources: Other Funds; SPD-People with Disability

Performance Measures

Objective	Key Measures		Type	Description	2004 Target Authorized / Actual	2006 Target	2007 Target
	Exec	Leg					
3	X	X	Outcome	Patient satisfaction will be maintained at a Superior Level.		Maintain satisfaction level	Maintain satisfaction level
3			Outcome	Increase third party payees for hospital	\$820,000/N/A	NA	NA

Appropriation / Program Summary

Appropriation / Program: 0520P01 Rehabilitation Services

Authorized Program Amount **42,280,218**

Historical Data

Agency Request and Executive Recommendation

Commitment Item		2003-2004	2004-2005	2005-2006			2006-2007		
		Actual	Budget	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	13,302,717	14,532,425	15,066,484	15,293,923	15,288,773	15,508,203	15,763,485	15,735,701
#Positions		441	443						
Extra Help	5010001	71,043	85,000	85,000	85,000	85,000	85,000	85,000	85,000
#Extra Help		12	15						
Personal Services Matching	5010003	3,866,744	4,286,676	4,944,529	4,993,861	4,992,743	5,039,555	5,094,925	5,093,776
Extra Salaries	5010008	2,475	8,000	0	0	0	0	0	0
Operating Expenses	5020002	4,585,282	4,867,080	4,867,080	5,172,080	5,172,080	4,867,080	5,182,080	5,182,080
Travel-Conference Fees	5050009	140,423	89,870	89,870	89,870	89,870	89,870	89,870	89,870
Professional Fees and Services	5060010	432,834	312,669	312,669	312,669	312,669	312,669	312,669	312,669
Grants and Aid	5100004	1,006,329	1,397,045	17,201,402	17,201,402	17,201,402	17,201,402	17,201,402	17,201,402
Capital Outlay	5120011	159,872	250,000	0	193,500	193,500	0	221,500	221,500
Contract Services	5900043	12,135,545	14,604,364	0	0	0	0	0	0
Sheltered Workshops	5900047	975,000	1,156,993	0	0	0	0	0	0
Deaf-Blind Project	5900048	21,341	43,000	0	0	0	0	0	0
Total		36,699,605	41,633,122	42,567,034	43,342,305	43,336,037	43,103,779	43,950,931	43,921,998

Funding Sources									
Fund Balance	4000005	138,778	324,483	432,483	432,483	432,483	565,483	260,483	260,483
General Revenue	4000010	9,866,356	9,860,284	10,189,861	10,189,861	10,189,861	10,334,275	10,334,275	10,334,275
Federal Revenue	4000020	24,509,234	29,815,838	30,420,173	30,890,444	30,884,176	30,812,504	31,344,656	31,315,723
Special Revenue	4000030	7,632	10,000	15,000	15,000	15,000	15,000	15,000	15,000
Cash Fund	4000045	1,054,435	1,055,000	1,075,000	1,075,000	1,075,000	1,100,000	1,100,000	1,100,000
Program Income	4000385	1,447,653	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Total Funding		37,024,088	42,065,605	43,132,517	43,602,788	43,596,520	43,827,262	44,054,414	44,025,481
Excess Appro/(Funding)		(324,483)	(432,483)	(565,483)	(260,483)	(260,483)	(723,483)	(103,483)	(103,483)
Grand Total		36,699,605	41,633,122	42,567,034	43,342,305	43,336,037	43,103,779	43,950,931	43,921,998

Objective Summary

Objective: 00GR Rehabilitation Services-Objective 1-Treasury

Description: Provide counseling, guidance, and necessary support services that lead to successful employment outcomes.

Commitment Item	Historical Data		Agency Request and Executive Recommendation					
	2003-2004	2004-2005	2005-2006			2006-2007		
	Actual	Budget	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	5,937,081	6,559,966	6,804,954	6,806,668	6,806,668	7,004,464	7,006,230	7,006,230
#Positions	184	190	190	190	190	190	190	190
Extra Help 5010001	36,825	30,000	30,000	30,000	30,000	30,000	30,000	30,000
#Extra Help	5	7	7	7	7	7	7	7
Personal Services Matching 5010003	1,668,761	1,908,711	2,199,870	2,200,242	2,200,242	2,242,925	2,243,308	2,243,308
Extra Salaries 5010008	2,475	8,000	0	0	0	0	0	0
Operating Expenses 5020002	2,752,753	3,789,830	3,789,830	4,094,830	4,094,830	3,789,830	4,104,830	4,104,830
Travel-Conference Fees 5050009	120,351	63,680	63,680	63,680	63,680	63,680	63,680	63,680
Professional Fees and Services 5060010	85,245	166,659	166,659	166,659	166,659	166,659	166,659	166,659
Grants and Aid 5100004	867,707	1,257,445	17,061,802	17,061,802	17,061,802	17,061,802	17,061,802	17,061,802
Capital Outlay 5120011	17,826	0	0	21,400	21,400	0	24,600	24,600
Contract Services 5900043	12,135,545	14,604,364	0	0	0	0	0	0
Sheltered Workshops 5900047	975,000	1,156,993	0	0	0	0	0	0
Deaf-Blind Project 5900048	21,341	43,000	0	0	0	0	0	0
Objective Total	24,620,910	29,588,648	30,116,795	30,445,281	30,445,281	30,359,360	30,701,109	30,701,109

Objective Summary

Objective: 01GR Rehabilitation Services-Objective 2-Treasury

Description: Provide training and support opportunities for non-traditional students with disabilities.

Commitment Item	Historical Data		Agency Request and Executive Recommendation					
	2003-2004	2004-2005	2005-2006			2006-2007		
	Actual	Budget	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	4,350,528	4,359,034	4,546,495	4,574,402	4,574,402	4,683,913	4,714,648	4,712,471
#Positions	159	152	153	153	153	153	153	153
Extra Help 5010001	30,530	55,000	55,000	55,000	55,000	55,000	55,000	55,000
#Extra Help	7	7	7	7	7	7	7	7
Personal Services Matching 5010003	1,287,910	1,313,021	1,574,982	1,581,035	1,581,035	1,604,712	1,611,378	1,611,378
Operating Expenses 5020002	1,021,687	445,090	445,090	445,090	445,090	445,090	445,090	445,090
Travel-Conference Fees 5050009	3,175	3,160	3,160	3,160	3,160	3,160	3,160	3,160
Professional Fees and Services 5060010	268,192	90,530	90,530	90,530	90,530	90,530	90,530	90,530
Grants and Aid 5100004	101,820	99,320	99,320	99,320	99,320	99,320	99,320	99,320
Capital Outlay 5120011	110,916	250,000	0	172,100	172,100	0	196,900	196,900
Objective Total	7,174,758	6,615,155	6,814,577	7,020,637	7,020,637	6,981,725	7,216,026	7,213,849

Objective Summary

Objective: 02GR Rehabilitation Services-Objective 3-Treasury

Description: Provide a coordinated physical restoration and therapeutic rehabilitation program via the Hot Springs Rehabilitation Center Hospital.

Commitment Item	Historical Data		Agency Request and Executive Recommendation					
	2003-2004	2004-2005	2005-2006			2006-2007		
	Actual	Budget	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	3,015,108	3,613,425	3,715,035	3,912,853	3,907,703	3,819,826	4,042,607	4,017,000
#Positions	98	101	100	100	100	100	100	100
Extra Help 5010001	3,688	0	0	0	0	0	0	0
#Extra Help	0	1	1	1	1	1	1	1
Personal Services Matching 5010003	910,073	1,064,944	1,169,677	1,212,584	1,211,466	1,191,918	1,240,239	1,239,090
Operating Expenses 5020002	810,842	632,160	632,160	632,160	632,160	632,160	632,160	632,160
Travel-Conference Fees 5050009	16,897	23,030	23,030	23,030	23,030	23,030	23,030	23,030
Professional Fees and Services 5060010	79,397	55,480	55,480	55,480	55,480	55,480	55,480	55,480
Grants and Aid 5100004	36,802	40,280	40,280	40,280	40,280	40,280	40,280	40,280
Capital Outlay 5120011	31,130	0	0	0	0	0	0	0
Objective Total	4,903,937	5,429,319	5,635,662	5,876,387	5,870,119	5,762,694	6,033,796	6,007,040

Analysis of Budget Request

Appropriation / Program: 0520P02 - Specialized Srvs/Adaptive Living

Funding Sources: Other Funds; STC-Telecommunications Equipment Fund

The purpose of the Specialized Services and Adaptive Living Program is to provide a coordinated effort of specialized services and adaptive living support for persons with the most significant disabilities leading to their increased independence and quality of life. Services for a severely disabled person found eligible may include counseling (psychological, psychotherapeutic, and guidance), mental and physical services, (braces, housing modifications, wheelchair, prosthesis, etc.), and transportation.

Within this overall program is provided:

The Deaf Independent Living Program serving persons who are profoundly deaf, hard of hearing, and deaf and blind. Counselors and interpreters provide direct services, sign language training, transportation, assistive devices, tutoring, referral to appropriate agencies and employer orientation. Independent living includes money management, job finding skills, home economics, language development, establishing credit, finding an apartment and using public utilities.

The Technology Access Program (ICAN project) designed to create a statewide system for getting information and technology to people who can use it. It influences the decisions of people, who make technology available, and enhances and strengthens relationships between technology-consumers, providers, grantors of funds, and developers of assisting devices. It operates the TAP Program designed to assist people with disabilities to access the telecommunication system.

The Statewide Disability Telecommunications Equipment Program authorized to provide telecommunication devices for persons who are deaf, hard of hearing, blind, or speech impaired. Funding for this appropriation is provided through revenue from the Arkansas Public Service Commission.

The Equipment Loan Program, providing loans to individuals with disabilities for essential assistive technology and adaptive equipment. The principal amount for this cash fund was transferred from the original treasury construction fund and additional funding is earned from interest on the loans.

The Delta Project, which provides transportation to individuals with disabilities and the CADET voucher project, which provides employment-related transportation for individuals in 10 Delta counties.

Under the Agency's Strategic Plan, Arkansas Rehabilitation Services reported that it exceeded many of its FY04 targets for the number of persons served in this program. These measures include: the expected numbers under Social Services Block Grant and Title VII programs (1378 served); the number of persons served by the State's Telecommunication Access Program in the State Fiscal Year

2004 (585 served); and, the number of persons provided assistance by the Arkansas Kidney Disease Commission (1,730 served). The agency did not meet their FY04 target for number of persons provided evaluation and services through the ICAN Center, but did provide services to nearly 1,000 persons. The agency's progress report on their achievement of measures under the Social Services Block Grant and Title VII programs has been amended to include and count all agency activities under this grant, and this explains the large increase reported over the Agency's initial FY04 target.

The Base Level request for the Specialized Services and Adaptive Living Program is \$2,740,593 for FY06 and \$2,785,151 for FY07. Base Level for this program includes graduated salary increases of 3% to 1.5% each year over FY05 salary levels, along with related Personal Services Matching costs for 34 Base Level positions. This includes a \$600 minimum increase for employees earning \$20,000 or below. Included in Personal Services Matching is a \$40 increase in the monthly contribution for State employee's health insurance for a total State match of \$320 per month.

The Agency requests Change Levels in the amount of \$1,481,468 for FY06 and \$1,484,857 for FY07, as follows:

- 1.) General Revenue funding in the amount of \$350,000 each fiscal year for the Delta/CADET project as well as continuation of appropriation received from a Miscellaneous Federal Grant (MFG) in the amount of \$1,113,568 in FY06 for these program services, and \$1,114,457 for FY07. The MFG consists primarily of grants and operating expenses and includes one position and associated salary and matching; and,
- 2.) Restoration of capital outlay appropriation only to replace various office furniture and machines in local offices around the State in the amount of \$17,900 for FY06 and \$20,400 in FY07.

The Executive Recommends the Agency Request for appropriation only, including the restoration of the appropriation for the Miscellaneous Federal Grant as well as capital outlay (appropriation only). General Revenue funding for the Delta/CADET project is denied. Further, the Executive Recommendation reduces Base Level appropriation for Travel-Conference Fees and general revenue funding by \$27,300 for each fiscal year.

This Executive Recommendation is pending a review and subsequent recommendation to reorganize and merge the Department of Workforce Education - Rehabilitation Services as a new Division within the Department of Education.

Appropriation / Program Summary

Appropriation / Program: 0520P02 Specialized Services and Adaptive Living

Funding Sources: Other Funds; STC-Telecommunications Equipment Fund

Program Description	Program Goals
ARS Special Programs and Support Services provides any appropriate rehabilitation services that will enhance the ability of an individual with a most significant disability to live in the most integrated setting and function in the community.	1 Provide a coordinated network of specialized services and adaptive living support for persons with most significant disabilities leading to increased independence and quality of life.

Objective Code	Name	Description
10GR	Objective 1	Provide direct or contracted services for acquiring assistive technology, adaptive living, and /or supported housing.
11GR	Objective 2	Provide Independent Living Services to consumers with most significant disabilities that will enhance integration and prevent institutionalization.

Performance Measures

Objective	Key Measures		Type	Description	2004 Target Authorized / Actual	2006 Target	2007 Target
	Exec	Leg					
1	X	X		Number of persons served by Telecommunication Access Program	416/585	416	421
1	X	X	Output	Number of persons provided evaluation and services through ICAN Center.	1,431/969	1,431	1,455
1				Number of referrals from Olmstead Task Force.	NA/13	20	25
2	X	X	Output	Number of persons served in Social Services Block Grant and Title VII programs.	747/1,378	1,405	1,420

Appropriation / Program Summary

Appropriation / Program: 0520P02 Specialized Srvs/Adaptive Living
Authorized Program Amount 2,757,337

Historical Data

Agency Request and Executive Recommendation

Commitment Item		2003-2004	2004-2005	2005-2006			2006-2007		
		Actual	Budget	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	1,091,815	1,203,042	1,221,842	1,246,171	1,246,171	1,258,459	1,283,517	1,283,517
#Positions		35	35	34	35	35	34	35	35
Extra Help	5010001	3,928	0	0	0	0	0	0	0
#Extra Help		2	0						
Personal Services Matching	5010003	334,121	365,910	395,571	404,687	404,687	403,512	412,788	412,788
Operating Expenses	5020002	286,189	334,810	291,360	339,810	339,810	291,360	339,810	339,810
Travel-Conference Fees	5050009	23,256	50,300	47,300	50,300	23,000	47,300	50,300	23,000
Professional Fees and Services	5060010	56,104	162,360	79,360	182,360	182,360	79,360	182,360	182,360
Grants and Aid	5100004	349,836	1,230,833	605,160	1,880,833	1,880,833	605,160	1,880,833	1,880,833
Capital Outlay	5120011	12,879	0	0	17,900	17,900	0	20,400	20,400
Loans	5120029	2,127	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Contract Services	5900043	261,622	300,000	0	0	0	0	0	0
Total		2,421,877	3,747,255	2,740,593	4,222,061	4,194,761	2,785,151	4,270,008	4,242,708

Funding Sources									
Fund Balance	4000005	847,600	754,396	434,954	434,954	434,954	81,664	56,664	56,664
General Revenue	4000010	725,000	725,000	725,000	1,075,000	697,700	725,000	1,075,000	697,700
Federal Revenue	4000020	1,587,947	2,602,813	1,539,972	2,646,440	2,646,440	1,581,768	2,691,625	2,691,625
Special Revenue	4000030	726	0	22,331	22,331	22,331	403,383	403,383	403,383
Cash Fund	4000045	15,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Total Funding		3,176,273	4,182,209	2,822,257	4,278,725	3,901,425	2,891,815	4,326,672	3,949,372
Excess Appro/(Funding)		(754,396)	(434,954)	(81,664)	(56,664)	293,336	(106,664)	(56,664)	293,336
Grand Total		2,421,877	3,747,255	2,740,593	4,222,061	4,194,761	2,785,151	4,270,008	4,242,708

Appropriation for Grants and Aid and Operating Expenses and Conference Fees & Travel were established through the authority of the Miscellaneous Federal Grant Holding Account. For the FY2006 Executive Recommendation there is unfunded appropriation at the Program Summary level, but fund balances carry forward as shown.

Objective Summary

Objective: 10GR Specialized Srvs & Adaptive Living-Obj 1-Treasury

Description: Provide direct or contracted services for acquiring assistive technology, adaptive living, and /or supported housing.

Commitment Item	Historical Data		Agency Request and Executive Recommendation					
	2003-2004	2004-2005	2005-2006			2006-2007		
	Actual	Budget	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	549,624	589,056	582,494	606,823	606,823	599,842	624,900	624,900
#Positions	16	16	15	16	16	15	16	16
Extra Help 5010001	3,928	0	0	0	0	0	0	0
#Extra Help	2	0	0	0	0	0	0	0
Personal Services Matching 5010003	153,883	176,557	183,943	193,059	193,059	187,706	196,982	196,982
Operating Expenses 5020002	138,890	170,230	126,780	175,230	175,230	126,780	175,230	175,230
Travel-Conference Fees 5050009	20,339	34,740	31,740	34,740	19,390	31,740	34,740	19,390
Professional Fees and Services 5060010	55,812	152,520	69,520	172,520	172,520	69,520	172,520	172,520
Grants and Aid 5100004	349,560	1,230,833	305,160	1,580,833	1,580,833	305,160	1,580,833	1,580,833
Capital Outlay 5120011	12,879	0	0	17,900	17,900	0	20,400	20,400
Objective Total	1,284,915	2,353,936	1,299,637	2,781,105	2,765,755	1,320,748	2,805,605	2,790,255

Objective Summary

Objective: 11GR Specialized Srvs & Adaptive Living-Obj 2-Treasury

Description: Provide Independent Living Services to consumers with most significant disabilities that will enhance integration and prevent institutionalization.

Commitment Item	Historical Data		Agency Request and Executive Recommendation					
	2003-2004	2004-2005	2005-2006			2006-2007		
	Actual	Budget	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	542,191	613,986	639,348	639,348	639,348	658,617	658,617	658,617
#Positions	19	19	19	19	19	19	19	19
Personal Services Matching 5010003	180,238	189,353	211,628	211,628	211,628	215,806	215,806	215,806
Operating Expenses 5020002	147,299	164,580	164,580	164,580	164,580	164,580	164,580	164,580
Travel-Conference Fees 5050009	2,917	15,560	15,560	15,560	3,610	15,560	15,560	3,610
Professional Fees and Services 5060010	292	9,840	9,840	9,840	9,840	9,840	9,840	9,840
Grants and Aid 5100004	276	0	300,000	300,000	300,000	300,000	300,000	300,000
Loans 5120029	2,127	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Contract Services 5900043	261,622	300,000	0	0	0	0	0	0
Objective Total	1,136,962	1,393,319	1,440,956	1,440,956	1,429,006	1,464,403	1,464,403	1,452,453

Analysis of Budget Request

Appropriation / Program: 0520P03 - AR Kidney Disease Commission

Funding Sources: Other Funds

The Arkansas Kidney Disease Commission (AKDC) serves end-stage renal disease patients or patients who have had a kidney transplant. This appropriation provides for two staff and operating expenses and State Aid - funded by General Revenue. The State Aid supplements Medicare, Medicaid, and private insurance; services include payment for 2 prescription drugs and for pre-transplant dental services.

The agency provided 1,730 persons with assistance in FY04 as reported under its performance measurements of its Strategic Plan.

The Base Level appropriation is \$1,369,261 in FY06 and \$1,371,226 in FY07. Base Level for this program includes graduated salary increases of 3% to 1.5% each year over FY05 salary levels, along with related Personal Services Matching costs for 2 Base Level positions. This includes a \$600 minimum increase for employees earning \$20,000 or below. Included in Personal Services Matching is a \$40 increase in the monthly contribution for State employee's health insurance for a total State match of \$320 per month.

The Office of Rehabilitation Services requests a Change Level in the amount of \$140,000 in FY06 and \$230,000 in FY07 funded by General Revenue. This request is based on the increasing client caseloads and cost of prescription drugs.

The Executive Recommendation is Base Level. This Executive Recommendation is pending a review and subsequent recommendation to reorganize and merge the Department of Workforce Education - Rehabilitation Services as a new Division within the Department of Education.

Appropriation / Program Summary

Appropriation / Program: 0520P03

Arkansas Kidney Disease Commission

Funding Sources: Other Funds

Program Description	Program Goals	
The Arkansas Kidney Disease Commission was established to provide support for treatment/care of persons suffering from chronic renal disease. Arkansas Rehabilitation Services is the designated administrative authority of the program.	1	Provide comprehensive services that lead to quality outcomes for eligible individuals with severe kidney disease.

Objective Code	Name	Description
15GR	Objective 1	Increase the number of persons provided assistance.

Performance Measures

Objective	Key Measures		Type	Description	2004 Target Authorized / Actual	2006 Target	2007 Target
	Exec	Leg					
1	X	X	Output	Number of persons provided assistance who experience End Stage Renal disease.	1,525/1,730	1,525	1,540

Appropriation / Program Summary

Appropriation / Program: 0520P03 AR Kidney Disease Commission

Authorized Program Amount **1,385,962**

Historical Data

Agency Request and Executive Recommendation

Commitment Item		2003-2004	2004-2005	2005-2006			2006-2007		
		Actual	Budget	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	73,380	52,263	53,830	53,830	53,830	55,444	55,444	55,444
#Positions		2							
Extra Help	5010001	0	0	0	0	0	0	0	0
#Extra Help		0	1						
Personal Services Matching	5010003	14,555	18,040	19,355	19,355	19,355	19,706	19,706	19,706
Operating Expenses	5020002	4,234	9,050	9,050	9,050	9,050	9,050	9,050	9,050
Travel-Conference Fees	5050009	469	2,026	2,026	2,026	2,026	2,026	2,026	2,026
Professional Fees and Services	5060010	4,275	0	0	0	0	0	0	0
Grants and Aid	5100004	0	0	1,285,000	1,425,000	1,285,000	1,285,000	1,515,000	1,285,000
Contract Services	5900043	52,591	75,000	0	0	0	0	0	0
Arkansas Kidney Disease Commission	5900046	1,210,000	1,210,000	0	0	0	0	0	0
Total		1,359,504	1,366,379	1,369,261	1,509,261	1,369,261	1,371,226	1,601,226	1,371,226

Funding Sources									
General Revenue	4000010	1,359,504	1,366,379	1,369,261	1,509,261	1,369,261	1,371,226	1,601,226	1,371,226
Total Funding		1,359,504	1,366,379	1,369,261	1,509,261	1,369,261	1,371,226	1,601,226	1,371,226
Excess Appro/(Funding)		0	0	0	0	0	0	0	0
Grand Total		1,359,504	1,366,379	1,369,261	1,509,261	1,369,261	1,371,226	1,601,226	1,371,226

Objective Summary

Objective: 15GR AR Kidney Disease Commission-Objective 1-Treasury

Description: Increase the number of persons provided assistance.

Commitment Item	Historical Data		Agency Request and Executive Recommendation					
	2003-2004	2004-2005	2005-2006			2006-2007		
	Actual	Budget	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	73,380	52,263	53,830	53,830	53,830	55,444	55,444	55,444
#Positions	2	2	2	2	2	2	2	2
Extra Help 5010001	0	0	0	0	0	0	0	0
#Extra Help	0	1	1	1	1	1	1	1
Personal Services Matching 5010003	14,555	18,040	19,355	19,355	19,355	19,706	19,706	19,706
Operating Expenses 5020002	4,234	9,050	9,050	9,050	9,050	9,050	9,050	9,050
Travel-Conference Fees 5050009	469	2,026	2,026	2,026	2,026	2,026	2,026	2,026
Professional Fees and Services 5060010	4,275	0	0	0	0	0	0	0
Grants and Aid 5100004	0	0	1,285,000	1,425,000	1,285,000	1,285,000	1,515,000	1,285,000
Contract Services 5900043	52,591	75,000	0	0	0	0	0	0
Arkansas Kidney Disease Commission 5900046	1,210,000	1,210,000	0	0	0	0	0	0
Objective Total	1,359,504	1,366,379	1,369,261	1,509,261	1,369,261	1,371,226	1,601,226	1,371,226

Analysis of Budget Request

Appropriation / Program: 0520P04 - Rehabilitation Services-Admin

Funding Sources: Other Funds

The Administration Program for Arkansas Rehabilitation Services provides the general administration as well as the overall program and financial development and oversight of the agency. This appropriation provides for the operations of the Commissioner's Office, financial management, information services, human services, internal case review, and planning and development. Funding for the program is primarily from federal funds.

Administration also develops and monitors the State Plan it submits to the federal Rehabilitation Services Administration, as well as its Strategic Plan submitted to the General Assembly. Regarding a Strategic Plan measure on state financial compliance, the agency reported that it met its target to incur one or fewer repeat compliance/audit exception per audit.

Base Level for this appropriation totals of \$5,375,594 for FY06 and \$5,448,023 for FY07. Base Level for this program includes graduated salary increases of 3% to 1.5% each year over FY05 salary levels, along with related Personal Services Matching costs for 50 Base Level positions. Included in Personal Services Matching is a \$40 increase in the monthly contribution for State employee's health insurance for a total State match of \$320 per month.

The agency's Change Level request is to restore capital outlay appropriations (only) in FY06 and FY07 in the amounts of \$138,600 and \$156,600, respectively. The request is primarily for technology related equipment in the amounts of \$100,000 and 120,000, respectively. This technology request is in support of various systems including the new client tracking system for the Hot Springs Rehabilitation Center and the new Arkansas Kidney Disease reporting system. The agency also request restoration of capitol for office furniture and machines in the amount of \$38,600 in FY06 and \$38,100 in FY 07. The agency also has one requested position reclassification in the Administration Program which is to reclassify a Rehabilitation Counselor III to a Certified Vocational Rehabilitation Counselor III.

The Executive Recommendation provides for the Agency Request. This Executive Recommendation is pending a review and subsequent recommendation to reorganize and merge the Department of Workforce Education - Rehabilitation Services as a new Division within the Department of Education.

Appropriation / Program Summary

Appropriation / Program: 0520P04 Administration

Funding Sources: Other Funds

Program Description	Program Goals	
The ARS Administrative component provides support and technical assistance to the service delivery team in order to implement the Agency mission. The primary unit is the Central Office section.	1	To insure responsible administration of agency resources and personnel.

Objective Code	Name	Description
20GR	Objective 1	To insure that human, technological, and financial resources of Arkansas Rehabilitation Services are managed and utilized efficiently and effectively.

Performance Measures

Objective	Key Measures		Type	Description	2004 Target Authorized / Actual	2006 Target	2007 Target
	Exec	Leg					
1	X	X	Outcome	Number of repeat compliance audit exceptions with Federal regulations, policies, and guidelines for Workforce Investment Act; Rehabilitation Programs.	1 Compliance or Audit exceptions per review/ Achieved	1 or less Compliance or audit exceptions per review	0 exceptions by federal reviewers
1	X	X	Outcome	Percentage of annual agency key performance measures met.	90%/ Achieved	90%	100%
1	X	X	Outcome	Cost of Administrative Program as a percentage of total agency costs.		<10%	<10%
1			Outcome	Number of days to enter all year-end closing entries into AASIS required for CAFR Report.		63 days	63 days
1			Outcome	Number of security and privacy policies promulgated by the State Executive Chief Information Officer implemented in required timeframe.		4	4

Appropriation / Program Summary

Appropriation / Program: 0520P04 Rehabilitation Services-Admin

Authorized Program Amount **5,311,195**

Historical Data

Agency Request and Executive Recommendation

Commitment Item		2003-2004	2004-2005	2005-2006			2006-2007		
		Actual	Budget	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	1,829,892	1,999,424	2,070,833	2,070,833	2,070,833	2,130,441	2,130,441	2,130,441
#Positions		47	50						
Extra Help	5010001	6,850	37,000	37,000	37,000	37,000	37,000	37,000	37,000
#Extra Help		1	3						
Personal Services Matching	5010003	510,766	569,714	641,181	641,181	641,181	654,002	654,002	654,002
Operating Expenses	5020002	864,030	1,107,290	1,107,290	1,107,290	1,107,290	1,107,290	1,107,290	1,107,290
Travel-Conference Fees	5050009	37,596	61,800	61,800	61,800	61,800	61,800	61,800	61,800
Professional Fees and Services	5060010	93,510	519,000	1,049,000	1,049,000	1,049,000	1,049,000	1,049,000	1,049,000
Grants and Aid	5100004	294,012	388,490	408,490	408,490	408,490	408,490	408,490	408,490
Capital Outlay	5120011	195,874	0	0	138,600	138,600	0	158,100	158,100
Contract Services	5900043	5,000	20,000	0	0	0	0	0	0
Data Processing Services	5900044	191,416	530,000	0	0	0	0	0	0
Total		4,028,946	5,232,718	5,375,594	5,514,194	5,514,194	5,448,023	5,606,123	5,606,123

Funding Sources									
General Revenue	4000010	105,000	104,538	104,793	104,793	104,793	114,580	114,580	114,580
Federal Revenue	4000020	3,923,946	5,128,180	5,270,801	5,409,401	5,409,401	5,333,443	5,491,543	5,491,543
Total Funding		4,028,946	5,232,718	5,375,594	5,514,194	5,514,194	5,448,023	5,606,123	5,606,123
Excess Appro/(Funding)		0	0	0	0	0	0	0	0
Grand Total		4,028,946	5,232,718	5,375,594	5,514,194	5,514,194	5,448,023	5,606,123	5,606,123

Objective Summary

Objective: 20GR Rehabilitation Services-Admin-Objective 1-Treasury

Description: To insure that human, technological, and financial resources of Arkansas Rehabilitation Services are managed and utilized efficiently and effectively.

Historical Data

Agency Request and Executive Recommendation

Commitment Item		2003-2004	2004-2005	2005-2006			2006-2007		
		Actual	Budget	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	1,829,892	1,999,424	2,070,833	2,070,833	2,070,833	2,130,441	2,130,441	2,130,441
#Positions		47	50	50	50	50	50	50	50
Extra Help	5010001	6,850	37,000	37,000	37,000	37,000	37,000	37,000	37,000
#Extra Help		1	3	3	3	3	3	3	3
Personal Services Matching	5010003	510,766	569,714	641,181	641,181	641,181	654,002	654,002	654,002
Operating Expenses	5020002	864,030	1,107,290	1,107,290	1,107,290	1,107,290	1,107,290	1,107,290	1,107,290
Travel-Conference Fees	5050009	37,596	61,800	61,800	61,800	61,800	61,800	61,800	61,800
Professional Fees and Services	5060010	93,510	519,000	1,049,000	1,049,000	1,049,000	1,049,000	1,049,000	1,049,000
Grants and Aid	5100004	294,012	388,490	408,490	408,490	408,490	408,490	408,490	408,490
Capital Outlay	5120011	195,874	0	0	138,600	138,600	0	158,100	158,100
Contract Services	5900043	5,000	20,000	0	0	0	0	0	0
Data Processing Services	5900044	191,416	530,000	0	0	0	0	0	0
Objective Total		4,028,946	5,232,718	5,375,594	5,514,194	5,514,194	5,448,023	5,606,123	5,606,123