

AR EMPLOYMENT SECURITY DEPARTMENT

Enabling Laws

Act 1613 of 2003
AR Code §11-10-101 et seq

History and Organization

The Arkansas Employment Security Department (AESD) was created as a division of the Department of Labor (DOL) by Act 391 of 1941 to administer the Employment Security Law. Act 100 of 1991 made AESD independent of the State DOL and established it as a separate Department. The Director is appointed by and serves at the pleasure of the Governor. The primary responsibilities of the Department are to promote employment security by increasing opportunities for placement through the maintenance of a system of public employment offices and to provide through the accumulation of funds from employer's contribution taxes for the payment of benefits to individuals who are involuntarily unemployed.

Act 391 of 1941 was enacted to conform to the state law requirements of the Federal Unemployment Tax Act (26 USCA 3301-3310), Title IX of the Social Security Act (42 USCA 501-504) and the Wagner-Peyser Act (29 USCA 49). The Workforce Investment Act, enacted by Congress as P. L. 105-220 of 1998 has resulted in the placement of additional responsibilities on the Department. Other State Acts, which govern the operations of the Department, include Act 35 of 1971, as amended; Act 1205 of 1975 (Extended Session of 1976); and Act 173 of 1935.

The administration of the Department is wholly and totally funded with Federal funds.

ADMINISTRATION

The Arkansas Employment Law provides the Employment Security Department shall be administered through a Director. The Director is appointed by the Governor and is directly responsible for the proper administration of the Department and the Employment Security Program in conformity with state and federal law and regulations.

The Department operates through a central administrative office and local offices strategically located throughout the State, frequently in one-stop career development centers. Within the central administrative offices are located five main departments: Administration, Financial Management Services, Unemployment Insurance, Information and Technology, and Employment Assistance.

BOARD OF REVIEW

The board of Review provides the final level of administrative appeal in unemployment compensation cases and in employer coverage cases. The Board is composed of a full-time Chairman and two part-time members, all of who are appointed by the Governor. The chairman is authorized to independently decide most cases. Appeals of the decision of the Board of Review are made to the

Arkansas Court of Appeals.

APPEAL TRIBUNAL

An initial determination of eligibility for unemployment compensation benefits is made by the Agency. Any interested party may appeal this determination to the Appeal Tribunal, where the parties are afforded fair hearings before appeals referees. Either party may then appeal to the Board of Review.

ADVISORY COUNCIL

A.C.A. 11-10-305 was originally enacted to comply with the requirement in the Wagner-Peyser Act that states have advisory councils composed of men and women representing employers and employees in equal numbers, and the public. Though this requirement was removed by subsequent amendment to the Wagner-Peyser Act, the council is a firmly fixed institution in Arkansas. The purpose of the council is to advise and assist the director of the Department in the administration of the Arkansas Employment Security Law.

FINANCIAL MANAGEMENT SERVICES

Financial Management activities include preparation of budgets, disbursements of agency funds, preparation of payroll, maintenance of the agency accounting system, preparation of financial reports, and forecasting expenditures. Additional activities include monitoring the fiscal affairs of the agency and sub grantees, conducting audits, studies and investigations to prevent waste, theft, undesirable practices and making recommendations for improvement of the operations of the agency.

UNEMPLOYMENT INSURANCE

The Office of Unemployment Insurance is responsible for planning, directing and coordinating tax collections and payment of benefit claims; interpreting rules and regulations which affect the unemployment insurance program; evaluating the effectiveness of the programs and conferring with the Assistant Director for Employment Assistance concerning operating needs or changes necessary for more effective operations; and exercising functional responsibility for procedures, policies and guidelines for the claims taking and adjudication process in the local office.

EMPLOYMENT ASSISTANCE

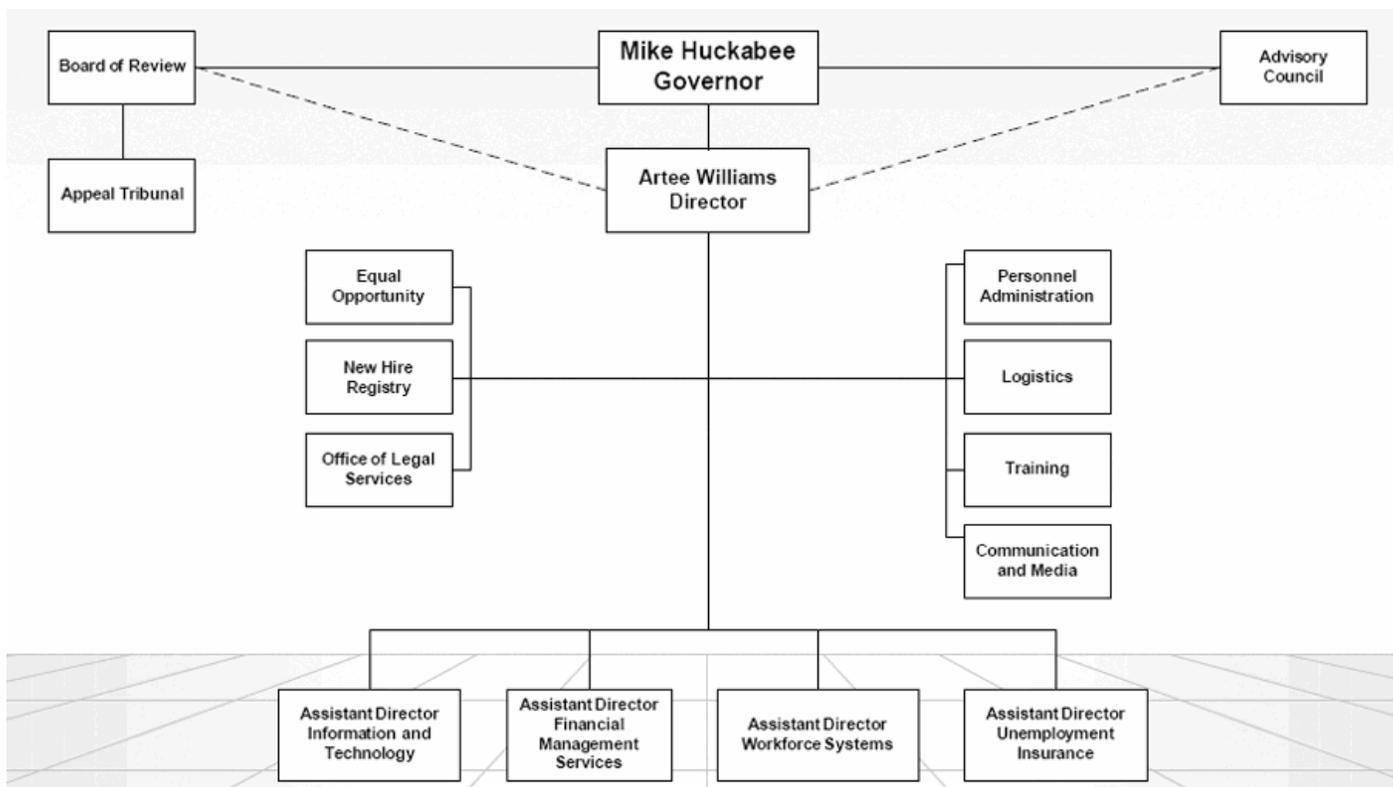
The Employment Assistance Division is responsible through the local offices for the delivery of Employment Security Department services to the public. These services include: 1) job placement assistance to the applicants; 2) recruiting and screening assistance to employers seeking workers or a central place to post job openings; 3) initial unemployment insurance claims processing for unemployed workers; and 4) other specialized services to applicants and employers through contractual agreement with other local, state, or federal agencies and organizations. The Division plans, directs, coordinates and monitors activities relevant to labor exchange functions, service to military veterans, workshops on work search techniques, and several programs including the Governor's Dislocated Worker Task force, Trade Adjustment Assistance, Work Opportunity Tax Credit

and Alien Labor Certification. It provides technical assistance to and training for ESD staff engaged in these activities. Additional functional responsibilities include the provision of financial services, monitoring and technical assistance to ESD local offices and local workforce investment area offices for Titles I and III of the Workforce Investment Act of 1998. The Division also recommends policy to the State Workforce Investment Board.

The Employment Assistance Division provides services through the operation of thirty-one local offices, many of which are career development centers and four outreach offices.

INFORMATION AND TECHNOLOGY

The Division of Information and Technology is responsible for preparing and packaging information of value to the agency’s customers, grantors and the general public and for making the agency’s services available in an accurate, timely and easy to use format. The Division enables and supports the agency’s e-government applications. Specific functions include preparing and releasing media and public information and labor market information; preparing and releasing performance reports for all agency programs; and supporting technological advances in agency services through internal project management, technological solutions to address customer needs, and support for the agency’s current and developing technological systems.



Agency Commentary

We are requesting appropriation authority to meet forecasted Taxable Employers benefit payments through the 2005-07 biennium.

The agency's position request is 698 Regular Salaried and 400 Extra Help positions in each of the two years of the biennium.

Current Status

The Agency has experienced budget reductions since the start of Federal Fiscal Year 1982 (October 1981). As a result of the reductions in Federal funds the agency has:

- (1) Closed 8 local employment offices, 35 outreach offices and 10 WIN offices since June of 1981. The agency is currently operating 31 local offices and 4 outreach offices.
- (2) Regular Salaried staff has been reduced from 1,192 in September 1981 to 494 in June 2004.
- (3) The Department is converting all biennial appropriation to annual appropriation in order to evenly spread amounts for performance based budgeting which is an annual budget.

Future Outlook

Since the agency is entirely federally funded, any action taken to balance the Federal Budget and eliminate the deficit can be expected to have an adverse impact on the Agency's funding level.

We expect the Unemployment Insurance Trust Fund to remain solvent through the 05-07 Biennium. Our forecasts project no Trust Fund Loans or UI Loan Interest Payments.

AGENCY PROGRAM AREAS

A. Public Labor Exchange System

The Employment Security Department offers services to employers and to jobseekers at 31 local offices and 4 outreach offices throughout the state. Applicant services include job finding assistance to all persons legally qualified to work; job referral, job development, and placement services for workers who are "job ready"; and assessment, counseling and testing, and referral to available training for those not "job ready." Veteran's services are provided on a preferential basis as required by federal statute. Other special applicant groups such as youth, older workers, handicapped and economically disadvantaged receive special attention and referral to services that help in the removal of barriers to employment. Unemployment insurance claimants are given special attention to encourage and assist their re-entry into the workforce.

Employer services include: Selection of qualified applicants for referral, labor surveys, recruitment of applicants in shortage occupations locally and nationwide, assistance to meet affirmative action goals and conditionally certifying applicants for Work Opportunity Tax Credits.

Other services include: Cooperation with partner agencies providing services under the Workforce Investment Act (WIA), participation on workforce investment boards in local workforce investment areas to improve delivery of services, and provide Labor Market Information to educational and community based organizations or use in preparing citizens for the world of work. The agency

contracts with the State Director for Veterans Employment and Training Services to provide Local Veterans Employment Representatives to carry out the Disabled Veterans Outreach Program as required by federal statute.

The delivery of service to both employers and applicants is enhanced by a computerized statewide order sharing system to bring applicants and employers together, thereby speeding up the placement process. To increase efficiency and save staff time in the delivery of services, ESD uses a computerized file search system to match job applicants with employer openings. This process, known as the Online Data Display System (ODDS) involves all local offices and One-Stop Centers in Arkansas.

B. Workforce Investment Act Title I Programs; Adult, Youth and Dislocated Worker Employment Assistance

The Arkansas Employment Security Department serves as the Governor's Administrative Entity (GAE) for Arkansas programs funded by Title I of the federal Workforce Investment Act (WIA) of 1998. WIA seeks to provide needed employment and preparation services for adults, youth and dislocated workers through programs operated by agencies in the ten local workforce investment entities (LWIAs). Each area's local workforce investment board (LWIB) selects their operation entities. WIA program activities include core (e.g., employment information, employment self-service centers, etc.) and training (e.g., classroom instruction, on-the-job training, etc.) activities. AESD monitors the fiscal and performance integrity of the Title I programs and provides technical assistance on the program aspects of Title I.

AESD acts as the lead agency for the Governor's Dislocated Worker Task Force. Composed of AESD, the Department of Workforce Education, the Department of Economic Development and the Arkansas AFL-CIO, this group provides on-site rapid response assistance in the event of a business closing or major layoff. The assistance ranges from help in securing a replacement company for a vacated building to help for laid off individuals to find new employment or training for employment. The Task Force also helps the town and the individuals cope with the problems created by loss of employment.

AESD also serves in an advisory capacity to the State Workforce Investment Board in establishing WIA policy. AESD serves as the fiscal agency for Title I of WIA. Workforce Investment Act dollars are distributed by formula under direction of the State WIB.

C. Agency Unemployment and Worker Dislocation Programs

The Arkansas Unemployment Insurance Program provides workers with protection against temporary loss of income during periods of involuntary unemployment.

Tax rated employers subject to the Arkansas Employment Security Law presently pay a quarterly payroll tax on the first \$10,000 of wages paid to each employee during the calendar year or, if the employer is a reimbursable employer, the employer repays the UI Trust Fund for all unemployment insurance benefits paid to their employees. Tax rates for tax rated employers are determined by an experience rating system, which measures each employer's benefit risk and history of contributions and benefit payments. The tax rate calculation considers taxes paid in, benefits paid and charged to

the employer's account and the average annual taxable payroll. In addition, a Stabilization Tax of up to 0.80% is added to the calculated tax rate based on the overall balance of the UI Trust Fund as compared to total payrolls for employment during the preceding calendar year. All tax rates are re-calculated each year.

As of July 1, 2004, an individual may qualify for a maximum weekly benefit of \$345 (Act 353 of 2003), with the minimum weekly benefit being \$65 for up to 26 weeks of total unemployment. The maximum and minimum weekly benefit amounts are subject to change each July 1. (Note: Act 353 of 2003 'froze' the maximum weekly benefit at \$345 for the period of July 1, 2003 through June 30, 2005.) As of April 1, 2004, an individual's weekly benefit amount represents on average, approximately 42.20% of his/her average weekly wage.

During periods of high unemployment, individuals who have exhausted their regular benefits may be eligible for additional weeks of extended benefits under a program jointly funded by the state's Unemployment Insurance Trust Fund and the Federal Government; or under programs resulting entirely from special Federal legislation. Special Federal programs for extended benefits, when authorized, are 100% federally funded.

In addition to the regular and extended unemployment compensation programs, unemployment compensation is paid to former Federal employees and ex-military personnel. Federal employee and ex-military unemployment benefits are funded entirely by Federal (USDOL) funds.

Special benefits administered by the AESD Unemployment Insurance Division are paid to workers whose jobs or hours of work and wages have been adversely affected by foreign imports and/or the transfer of jobs to foreign countries. These benefits are paid by authority of the Trade Act of 1974, as amended, and Title V of the North American Free Trade Agreement (NAFTA). When approved, these benefits afford individual workers opportunities for retraining and relocation to a more favorable labor market area.

Another Federal program is Disaster Unemployment Assistance (DUA), which provides special benefits for workers whose jobs are temporarily closed due to a natural disaster upon proclamation by the President. When DUA benefits are authorized, they are 100% federally funded.

When a potential issue related to an unemployment insurance claim is identified, a decision is rendered by Arkansas Employment Security Department based on the facts and the application of the Arkansas Employment Security Law. Both the claimant and the employer are notified in writing of the decision. If either the claimant or employer objects to the decision, they may file an appeal as authorized by statute. The Appeal Tribunal is the first of two (2) administrative steps available to claimants and employers alike in resolving disputes related to unemployment insurance claims. Decisions of the Appeal Tribunal may be appealed by either party to the Board of Review.

The Board of Review will review the decision of the Appeal Tribunal when properly appealed by the claimant or employer. The Board of Review evaluates the facts on the record and either affirms, reverses or remands the Appeal Tribunal decision. Claimants and employers may appeal decisions of the Board of Review through the Arkansas Court of Appeals.

Unemployment Insurance fraud detection, both internal and external, overpayment prevention, and recovery are inherently important aspects of the Unemployment Insurance program. A toll-free "hotline" is available for anyone who wishes to report a suspected case of fraud or abuse and callers are not required to reveal their identity. A special computer software program cross-matches wages reported by employers with benefits paid to claimants. Unemployment Insurance Investigators conduct on-site investigations of potentially fraudulent claims, and a close working relationship is maintained with county officials in order to prosecute persons fraudulently claiming benefits. Arkansas Employment Security Department participates in the Benefit Accuracy Measures Program (BAM), as mandated by the US Department of Labor, which is based on comprehensive reviews for randomly sampled claims made statewide to determine the precise nature of any improper payments. The audit performed under the BAM program produces estimates of overpayment rates, underpayment rates and total error rates while identifying the source of the errors, whether it is the agency, the claimant, the employer or some other action. Arkansas Employment Security Department also participates in the Benefit Payment Control program (BPC) designed to identify fraud and overpayments and to take necessary action to collect on fraudulent payments and overpayments by administrative and/or legal action. Finally, Arkansas Employment Security Department also participates in the Tax Performance System (TPS) intended to ensure full and proper reporting of all wage items and the accurate and timely payment of taxes due from employers.

D. Other Special Employment and Training Services in Accordance with Local, State and Federal Agencies

Through contract or financial agreement, AESD:

- Administers the Trade Adjustment Act and the North American Free Trade Adjustment Assistance program to provide re-employment assistance and re-training to workers dislocated as a result of production moving to another country.
- Administers the Work Opportunity Tax Credit program and the Welfare-to-Work Tax Credit program;
- Cooperates with the U.S. Department of Labor in determining what person should be allowed into this country to fill existing employer needs (the Alien Labor Certification program);
- Inspects housing of agricultural workers who are legally eligible to work in the United States (as part of the agricultural Alien Labor Certification program);
- Operates the Hope Migrant Farm Labor Center, providing overnight accommodations, employment, health and education services;
- Works with a U.S. Department of Labor contractor to provide a nationwide toll-free help line for dislocated workers (may be expanded to all workers during the biennium).

E. Labor Market Information

The Labor Market Information (LMI) program is administered by the U.S. Department of Labor through three (3) organizations: the Employment and Training Administration (ETA), the Bureau of Labor Statistics (BLS), and the State Employment Security Agency (SESA). By the Governor's proclamation through the recommendation of the Arkansas Department of Workforce Education and its Board, AESD also carries out the LMI functions of Section 118 of the Carl Perkins Act.

1. The ETA is responsible for funding, monitoring, and evaluating the LMI activities relating to the development of state and local market information.
2. The BLS is responsible for developing methods and procedures for federal-state Programs. The Bureau is authorized to collect labor market information and reimburse SESAs to provide national statistical information. More specifically, BLS is responsible for funding, administering and providing technical guidance for the Current Employment Statistics (CES), Local Area Unemployment Statistics (LAUS), Occupational Employment Statistics (OES), Quarterly Census of Employment and Wages (QCEW), and the Mass Layoff Statistics (MLS) programs.
3. SESA Occupational-Career Information/BLS sections carry out the basic work in compliance with the ETA's policies and the BLS technical directives.
4. Section 118 of the Carl Perkins Act provides funds to the states to develop and distribute LMI through a State Career Resource Network. Upon recommendation of the Arkansas Department of Workforce Education, the Governor has designated AESD to handle this responsibility.

The Labor Market Information program in Arkansas provides six (6) basic types of information output on services:

1. Occupational employment projections, employment supply and demand data, labor force statistics on employment and unemployment, and employment estimates by industry are produced for the state and many of its labor market areas. This information, also with other Labor Market Information (LMI) is available via Internet through AESD's home page. Also, Arkansas is an LMI access consortium member, and most LMI is available on CD-ROM utilizing the LMI Access system. LMI Access CD-ROMs are available to counselors, employers, planners, job seekers and others needing occupational, career and workforce information, and this information also will be available via Internet by the beginning of the biennium.
2. Computerized delivery of a career information delivery system (CIDS) provides guidance personnel, students, training program participants, and other job seekers a Career Resource Network of Information.

The Arkansas Occupation and Skill Computer-Assisted Researcher (ARKOSCAR) is available at www.arkoscar.org <<http://www.arkoscar.org>>. The system is updated annually.

3. A computerized delivery of Educational provides is found in the Arkansas Consumer Report System (ACRS) www.arkansasacrs.org <<http://www.arkansasacrs.org>>. This system is designed for two different but complementary purposes. First, it is intended to be a reference for any Arkansan wishing to pursue post-secondary education. Secondly, it is intended to assist in the automaton of applications submitted by education providers who wish to become or remain eligible training providers under the Workforce Investment Act. The AESD has attempted to include all Arkansas post-secondary educational institutions, as well as out-of-state post-secondary educational institutions that are certified by the Arkansas Board of

Private Career Education.

4. Publications that provide the following type of labor market information on the Internet and in hard copy format are produced on a regular basis: monthly analyses of total employment, unemployment, industrial employment, and hours and earnings statistics for the state and major labor areas; monthly labor force estimates and unemployment rates for the state and 75 counties; annual affirmative action information for the state and its 75 counties; annual planning information for the state, local workforce investment areas (LWIAs) and metropolitan statistical areas (MSAs); projections of by industry and occupation for the State and LWIAs; and wage data for manufacturing industries and occupations within those industries for the state, LWIAs and 75 counties.

A directory of labor market information publications is also available.

5. Technical assistance and training in the availability and use of labor market information are offered. Additionally, materials are distributed for pre-service and in-service counselor education and training needs. Also, training on the availability and uses of LMI, occupational and career information is now being offered through special focused LMI training seminars conducted by AESD LMI professionals.
6. Research and special projects are conducted to update labor market information techniques and output, particularly those that streamline programs through computerization.

Labor Market Information is needed by planners and administrators who decide which programs best develop and use the State's human resources. The LMI Program allows the AESD to place current occupational and industrial labor market information in Arkansas schools through the delivery of both hard copy publication and data via the Internet, as well as through customized personal visits by LMI staff. These delivery techniques provide educational administrators, teachers, and counselors with the information needed to assist education officials in establishing specific training to meet labor shortages, and to assist students in selecting appropriate careers. Through these vital program linkages, students, counselors, job seekers, planners, and administrators develop a better knowledge of the state's economic conditions and labor needs.

Labor Market Information is used by Congress to allocate billions of dollars for employment and training programs, economic development and public work projects conducted by local, state and national governments. Also, LMI development and use is an integral part of the Arkansas Career Development Network (one-stop career development centers) operations. Many new pamphlets, flyers, publications, Internet and CD-ROM materials and other additions to the career and planning information systems are being developed primarily for use in these centers and Arkansas' educational institutions.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
 AUDIT OF :
 ARKANSAS EMPLOYMENT SECURITY DEPARTMENT
 FOR THE YEAR ENDED JUNE 30, 2003

Findings	Recommendations
None	None

Employment Summary

	Male	Female	Total	%
White Employees	125	182	307	63 %
Black Employees	43	137	180	37 %
Other Racial Minorities	1	2	3	0 %
Total Minorities			183	37%
Total Employees			490	100 %

Publications

A.C.A 25-1-204

Name	Statutory Authorization	Required for		# Of Copies	Reason (s) for Continued Publication and Distribution
		Governor	General Assembly		
Annual Mission Statement and Report of Activity	A.C.A 11-10-306 (e)	Y	N	33	To meet the requirements of ACA 11-10-306 (e) and to have sufficient copies for interested parties.

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
0810P01 Administration & Support Prgm	20,051,731	100	39,499,347	146	39,530,047	161	121,300,331	161	118,081,654	161	41,792,827	161	38,580,284	161
0810P02 St Workforce Services Program	341,744,898	453	669,850,265	471	669,989,565	529	679,521,906	529	668,427,163	529	679,264,369	529	668,598,634	529
0810P03 Local Wkforce Dev Board Srvs	28,235,807	7	70,096,636	7	70,099,136	7	70,094,147	7	70,109,547	7	70,104,157	7	70,119,557	7
0810P04 New Hire Registry	351,480	1	529,286	1	529,286	1	532,139	1	532,139	1	534,558	1	534,558	1
Total	390,383,916	561	779,975,534	625	780,148,034	698	871,448,523	698	857,150,503	698	791,695,911	698	777,833,033	698

Funding Sources		%		%		%		%		%		%	
General Revenue 4000010	100,000	0.0	146,189	0.0		180,927	0.0	149,042	0.0	181,749	0.0	151,461	0.0
Federal Revenue 4000020	387,587,253	99.3	764,779,344	98.1		853,138,108	97.9	841,043,834	98.1	776,208,785	98.0	764,543,653	98.3
Advance Interest Funds 4000070	96,612	0.0	3,000,001	0.4		3,000,001	0.3	3,000,001	0.4	3,000,001	0.4	3,000,001	0.4
Employer Penalties & Interest 4000225	2,600,051	0.7	12,050,000	1.5		15,129,487	1.8	12,925,741	1.5	12,305,376	1.6	10,107,630	1.3
Total Funds	390,383,916	100.0	779,975,534	100.0		871,448,523	100.0	857,118,618	100.0	791,695,911	100.0	777,802,745	100.0
Excess Appropriation/(Funding)	0		0			0		31,885		0		30,288	
Grand Total	390,383,916		779,975,534			871,448,523		857,150,503		791,695,911		777,833,033	

Analysis of Budget Request

Appropriation / Program: 0810P01 - Administration & Support Prgm

Funding Sources: 167-Federal,177-Federal,TES-Federal,TZR-Trust,TZS-Trust

The Administration Program of the Arkansas Employment Security Department provides administrative direction and support for the Agency.

For the Fiscal Year ending June 30, 2004, ESD was able to meet some of the Performance Measures set forth in the 2003-07 Strategic Plan. The Agency had no repeat audit findings and was able to record and allocate general support and overhead costs to federal programs 100% of the time. ESD fell short of their goal to have 20% of their staff and budget dedicated to the Administration Program. The Agency planned on having their information technology budget as 5% of their total agency budget, but for Fiscal Year 2004, they achieved 2%.

This Program derives its funding from the following sources:

- Interest and penalties assessed to Arkansas employers on delinquent tax contributions and reimbursable amounts which are collected by ESD, along with amortization payments on building construction, that are forwarded monthly to the State Treasurer
- An Advance Interest Tax, created by Arkansas Code Annotated §11-10-708 (Arkansas Act 482 of 1983) and to be paid by employers on employee wages paid by that employer. Employers that have elected to reimburse the Unemployment Compensation Fund are exempted from this additional and separate tax. The tax when created was at a rate of .3% in 1983 and 1984, and .14% in 1985. The tax was levied for three distinct purposes: 1) To pay interest incurred by the State on advances obtained from the Federal Unemployment Trust Fund; 2) making refunds of this tax which were erroneously paid, and 3) returning monies to the unemployment compensation fund clearing account which may have been incorrectly identified and erroneously transferred to the tax's account. The Advance Interest Tax is triggered if the trust fund, on the computation date, has a positive balance but the assets of the fund are equal to or less than .7% of the total payrolls for employment during the previous year, or if the Trust has a negative balance on the computation date. According to Arkansas Code Annotated § 11-10-219 Computation Date refers to June 30 of the preceding calendar year unless specified otherwise
- Federal dollars deposited into a cash account
- Revenues authorized by the Federal government for support of various programs, any interest earned on these revenues, and any other funds made available by the Arkansas General Assembly
- Reed Act funds, which are made available by a provision of Title IX of the Social Security Act making excess funds collected under the Federal Unemployment Tax Act (FUTA) available for administration of the Employment Security Program

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 146 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's Change Level requests include:

- Restoring 15 positions not budgeted in FY05
- CLIP reclassifications on 3 positions: 2 ESD Appeals Referee (Grade 19) to ESD Appeals Referee I (Grade 20); Attorney/ESD Division Chief (Grade 25) to Attorney Specialist (Grade 25)
- An increase in Operating Expenses of \$78,009,000 in FY06 and \$100,000 in FY07
- An increase in Data Processing of \$3,057,088 in FY06 and \$1,258,256 in FY07
- An increase in Capital Outlay of \$6,000 in FY06

The Executive Recommendation provides for Base Level and:

- The restoration of 15 positions
- CLIP reclassifications on 2 ESD Appeals Referees to Claims Hearing Officer II; 1 ESD Division Chief to Attorney Specialist
- An increase in Operating Expenses of \$78,009,000 in FY06 and \$100,000 in FY07
- A reduction in Base Level Travel/Conference Fees of \$82,595 each year of the biennium
- A reduction in Base Level Professional Fees and Services of \$3,134,587 each year of the biennium

Appropriation / Program Summary

Appropriation / Program: 0810P01 Administration and Support Program

Funding Sources: 167-Federal,177-Federal, TES-Federal, TZR-Trust, TZS-Trust

Program Description	Program Goals	
Provide administrative direction and support for the agency.	1	Provide administrative direction and support for the agency.

Objective Code	Name	Description
00KM	Objective 1	Provide administrative direction and support to ensure that department programs meet their objectives and performance targets.
01KM	Objective 2	To effectively utilize information technology resources to support the mission of the Employment Security Department.
02KM	Objective 3	To provide for general operations support and overhead cost not otherwise included in the ADMINISTRATION PROGRAM or treated as a direct cost in other programs.
KM00	Objective 1	Provide administrative direction and support to ensure that department programs meet their objectives and performance targets.
KM01	Objective 2	To effectively utilize information technology resources to support the mission of the Employment Security Department.
KM02	Objective 3	To provide for general operations support and overhead cost not otherwise included in the ADMINISTRATION PROGRAM or treated as a direct cost in other programs.

Performance Measures

Objective	Key Measures		Type	Description	2004 Target Authorized / Actual	2006 Target	2007 Target
	Exec	Leg					
1	X	X	Output	Percent of Agency key Performance Measures met.	90%/75%	90%	90%
1	X	X	Output	Number of prior year audit findings reported in subsequent audit.	none/none	None	None
1			Output	Cost of the Administration and Support Services Program compared to total agency costs.	20%/14% Staff/6% exp.	20%	20%
1			Outcome	Number of days to enter all year-end closing entries into AASIS required for CAFR Report.		63 days	63 days
2			Output	Percent of information technology budget compared to total agency budget	5%/2%	5%	5%
2			Output	Number of proprietary informational systems maintained by agency staff or maintained through contractual services.	10/15	10	12

Appropriation / Program Summary

Appropriation / Program: 0810P01 Administration and Support Program

Funding Sources: 167-Federal,177-Federal, TES-Federal, TZR-Trust, TZS-Trust

Performance Measures

Objective	Key Measures		Type	Description	2004 Target Authorized / Actual	2006 Target	2007 Target
	Exec	Leg					
2			Outcome	Number of security and privacy policies promulgated by the State Executive Chief Information Officer implemented in required timeframe.		4	4
3			Output	Record and allocate general support and overhead costs to federal programs.	90%/100%	90%	90%

Appropriation / Program Summary

Appropriation / Program: 0810P01 Administration & Support Prgm

Authorized Program Amount **39,530,047**

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	3,817,694	5,447,125	5,606,514	5,953,321	5,957,097	5,768,900	6,126,374	6,130,262
#Positions		99	146	146	161	161	146	161	161
Extra Help	5010001	323,780	700,000	700,000	700,000	700,000	700,000	700,000	700,000
#Extra Help		25	1	26	26	26	26	26	26
Personal Services Matching	5010003	2,519,634	1,599,803	1,698,002	1,822,503	1,823,232	1,729,220	1,855,778	1,856,529
Overtime	5010006	1,613	7,152	7,152	7,152	7,152	7,152	7,152	7,152
Supplemental Positions	5010007	1,776	0	0	0	0	0	0	0
Operating Expenses	5020002	7,089,643	18,368,268	18,368,268	96,377,268	96,377,268	18,368,268	18,468,268	18,468,268
Travel-Conference Fees	5050009	76,893	182,595	182,595	182,595	100,000	182,595	182,595	100,000
Professional Fees and Services	5060010	207,202	5,134,587	5,134,587	5,134,587	2,000,000	5,134,587	5,134,587	2,000,000
Data Processing	5090012	5,903,571	1,459,816	1,459,816	4,516,904	4,516,904	1,459,816	2,718,072	2,718,072
Refund/Reimbursements	5110014	5,980	0	0	0	0	0	0	0
Refunds-Investments-Transfers	5110020	96,612	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
Capital Outlay	5120011	7,333	3,600,000	3,600,000	3,606,000	3,600,000	3,600,000	3,600,000	3,600,000
Debt Service	5120019	0	1	1	1	1	1	1	1
Total		20,051,731	39,499,347	39,756,935	121,300,331	118,081,654	39,950,539	41,792,827	38,580,284

Funding Sources									
Federal Revenue	4000020	17,355,068	24,449,346	24,706,934	103,170,843	102,155,912	24,900,538	26,487,450	25,472,653
Advance Interest Funds	4000070	96,612	3,000,001	3,000,001	3,000,001	3,000,001	3,000,001	3,000,001	3,000,001
Employer Penalties & Interest	4000225	2,600,051	12,050,000	12,050,000	15,129,487	12,925,741	12,050,000	12,305,376	10,107,630
Total Funding		20,051,731	39,499,347	39,756,935	121,300,331	118,081,654	39,950,539	41,792,827	38,580,284
Excess Appro/(Funding)		0	0	0	0	0	0	0	0
Grand Total		20,051,731	39,499,347	39,756,935	121,300,331	118,081,654	39,950,539	41,792,827	38,580,284

Objective Summary

Objective: 00KM Administration & Support Prgm-Objective 1-Treasury

Description: Provide administrative direction and support to ensure that department programs meet their objectives and performance targets.

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	2,403,838	3,810,226	3,922,073	4,186,214	4,189,990	4,035,747	4,308,076	4,311,964
#Positions	66	109	109	121	121	109	121	121
Extra Help 5010001	323,780	700,000	700,000	700,000	700,000	700,000	700,000	700,000
#Extra Help	25	1	26	26	26	26	26	26
Personal Services Matching 5010003	2,309,949	1,158,699	1,230,994	1,328,029	1,328,758	1,252,813	1,351,426	1,352,177
Overtime 5010006	1,613	7,152	7,152	7,152	7,152	7,152	7,152	7,152
Supplemental Positions 5010007	1,776	0	0	0	0	0	0	0
Operating Expenses 5020002	2,546,361	4,850,001	4,850,001	5,859,001	5,859,001	4,850,001	4,950,001	4,950,001
Travel-Conference Fees 5050009	4,305	0	0	0	0	0	0	0
Professional Fees and Services 5060010	42,554	3,600,000	3,600,000	3,600,000	1,402,254	3,600,000	3,600,000	1,402,254
Data Processing 5090012	0	0	0	2,064,487	2,064,487	0	155,376	155,376
Refund/Reimbursements 5110014	2,475	0	0	0	0	0	0	0
Refunds-Investments-Transfers 5110020	96,612	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
Capital Outlay 5120011	4,352	3,600,000	3,600,000	3,606,000	3,600,000	3,600,000	3,600,000	3,600,000
Objective Total	7,737,615	20,726,078	20,910,220	24,350,883	22,151,642	21,045,713	21,672,031	19,478,924

Objective Summary

Objective: 01KM Administration & Support Prgm-Objective 2-Treasury

Description: To effectively utilize information technology resources to support the mission of the Employment Security Department.

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	1,276,925	1,449,457	1,491,378	1,574,044	1,574,044	1,534,302	1,619,447	1,619,447
#Positions	29	31	31	34	34	31	34	34
Personal Services Matching 5010003	185,589	384,613	406,726	434,192	434,192	415,007	442,952	442,952
Operating Expenses 5020002	295	0	0	0	0	0	0	0
Travel-Conference Fees 5050009	3,145	0	0	0	0	0	0	0
Objective Total	1,465,954	1,834,070	1,898,104	2,008,236	2,008,236	1,949,309	2,062,399	2,062,399

Objective Summary

Objective: 02KM Administration & Support Prgm-Objective 3-Treasury

Description: To provide for general operations support and overhead cost not otherwise included in the ADMINISTRATION PROGRAM or treated as a direct cost in other programs.

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	136,931	156,003	160,681	160,681	160,681	165,498	165,498	165,498
#Positions	5	5	5	5	5	5	5	5
Personal Services Matching 5010003	24,096	47,066	50,196	50,196	50,196	51,126	51,126	51,126
Objective Total	161,027	203,069	210,877	210,877	210,877	216,624	216,624	216,624

Objective Summary

Objective: KM00 Administration & Support Prgm-Objective 1-Cash

Description: Provide administrative direction and support to ensure that department programs meet their objectives and performance targets.

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
Operating Expenses 5020002	3,840,477	12,185,924	12,185,924	89,185,924	89,185,924	12,185,924	12,185,924	12,185,924
Travel-Conference Fees 5050009	55,818	173,336	173,336	173,336	90,741	173,336	173,336	90,741
Professional Fees and Services 5060010	164,648	1,294,859	1,294,859	1,294,859	504,698	1,294,859	1,294,859	504,698
Data Processing 5090012	0	8,358	8,358	133,000	133,000	8,358	133,000	133,000
Refund/Reimbursements 5110014	3,505	0	0	0	0	0	0	0
Capital Outlay 5120011	2,981	0	0	0	0	0	0	0
Debt Service 5120019	0	1	1	1	1	1	1	1
Objective Total	4,067,429	13,662,478	13,662,478	90,787,120	89,914,364	13,662,478	13,787,120	12,914,364

Objective Summary

Objective: KM01 Administration & Support Prgm-Objective 2-Cash

Description: To effectively utilize information technology resources to support the mission of the Employment Security Department.

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	0	31,439	32,382	32,382	32,382	33,353	33,353	33,353
#Positions	0	1	1	1	1	1	1	1
Personal Services Matching 5010003	0	9,425	10,086	10,086	10,086	10,274	10,274	10,274
Operating Expenses 5020002	696,989	1,324,146	1,324,146	1,324,146	1,324,146	1,324,146	1,324,146	1,324,146
Travel-Conference Fees 5050009	12,251	9,109	9,109	9,109	9,109	9,109	9,109	9,109
Professional Fees and Services 5060010	0	239,728	239,728	239,728	93,048	239,728	239,728	93,048
Data Processing 5090012	5,903,571	1,451,458	1,451,458	1,101,908	1,101,908	1,451,458	1,212,187	1,212,187
Objective Total	6,612,811	3,065,305	3,066,909	2,717,359	2,570,679	3,068,068	2,828,797	2,682,117

Objective Summary

Objective: KM02 Administration & Support Prgm-Objective 3-Cash

Description: To provide for general operations support and overhead cost not otherwise included in the ADMINISTRATION PROGRAM or treated as a direct cost in other programs.

Commitment Item	Historical Data		Agency Request and Executive Recommendation					
	2003-2004 Actual	2004-2005 Budget	2005-2006			2006-2007		
			Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses 5020002	5,521	8,197	8,197	8,197	8,197	8,197	8,197	8,197
Travel-Conference Fees 5050009	1,374	150	150	150	150	150	150	150
Data Processing 5090012	0	0	0	1,217,509	1,217,509	0	1,217,509	1,217,509
Objective Total	6,895	8,347	8,347	1,225,856	1,225,856	8,347	1,225,856	1,225,856

Analysis of Budget Request

Appropriation / Program: 0810P02 - St Workforce Services Program

Funding Sources: 177-Federal, TES-Federal

The State Workforce Services Program of the Employment Security Department provides comprehensive workforce and unemployment services for the citizens of Arkansas. The first goal of this Program is to provide employers with qualified applicants. The second goal of this Program is to help the employed and unemployed find work or training. The third goal of this Program is to administer the Unemployment Insurance Program, including the payment of unemployment insurance benefits and the collection of unemployment insurance premiums, and administration of the Unemployment Insurance Trust Fund. The fourth goal of this Program is to produce and communicate accurate labor market information.

For the fiscal year ending June 30, 2004, ESD was able to meet some of the Performance Measures set forth in the 2003-07 Strategic Plan. Predicting the Arkansas unemployment rate to the US unemployment rate is not an easy task, as there are many factors that are out of the Agency's control. While the Agency did not meet their targeted .4% increase in helping the employed and unemployed find work or training, they saw a great increase in the number of workforce incentive credit certificates issued for targeted groups. ESD notes that the definition of "entered employment" has changed, so this may be a reason for being off target. ESD far exceeded their target of Veterans receiving case management services finding employment. The average duration rate of unemployment compensation benefits was slightly over target for FY04. The Agency expects to meet their target in the future as the economy continues to improve and job markets continue to expand. ESD was able to meet their target of paying the first unemployment insurance benefit check within 14 days. They were also successful in transferring taxes from local banks to the UI Trust Fund in the US Treasury within the targeted number of days. The number of persons receiving trade displacement assistance was slightly below target, but the Agency believes that the number of participants will increase significantly. The US Department of Labor annually calculates the appropriate percent of labor market information reports completed in accordance with grant requirements for accuracy and timeliness. This is the reason why ESD was slightly below their target.

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 471 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's Change Level requests include:

- The restoration of 58 positions not budgeted in FY05
- CLIP reclassification on 9 positions
- Reclassification on 4 positions
- An increase in Operating Expenses of \$461,818 for FY06 and \$5,000 for FY07
- An increase in Data Processing of \$6,393,245 for FY06 and \$6,069,527 for FY07

- An increase in Capital Outlay of \$135,070 for FY06 and \$30,000 for FY07

The Executive Recommendation provides for Base Level and:

- The restoration of 58 positions
- CLIP Reclass on 10 ESD Appeals Referees to Claims Hearing Officer II
- A reduction in Base Level Travel/Conference Fees of \$4,572,975 each year of the biennium

Appropriation / Program Summary

Appropriation / Program: 0810P02 State Workforce Services Program

Funding Sources: 177-Federal, TES-Federal

Program Description	Program Goals	
Provide comprehensive workforce and unemployment services for the citizens of Arkansas.	1	Provide employers with qualified applicants.
	2	Help the employed and unemployed find work or training.
	3	Administer the Unemployment Insurance Program including the payment of unemployment insurance benefits and the collection of unemployment insurance premiums, and administration of the Unemployment Insurance Trust Fund.
	4	Produce and communicate accurate labor market information.

Objective Code	Name	Description
03KM	Objective 1	To bring employers and qualified job seekers together through a network of field offices throughout the state.
04KM	Objective 1	To administer the federal Workforce Incentive Credit and Welfare-to-Work Tax Credit programs encouraging the hiring of individuals from nine targeted groups.
05KM	Objective 2	To assist veterans in locating job training and employment.
06KM	Objective 1	Pay unemployment insurance benefits to eligible claimants.
07KM	Objective 2	Collect unemployment insurance taxes.
08KM	Objective 3	To distribute federal funds to displaced workers pursuant to the Trade Adjustment Assistance and North American Free Trade Acts.
09KM	Objective 1	To maintain labor market information and labor statistics as needed to support state and local workforce services.
10KM	Objective 2	Produce Occupational/Career Information for business, government and individuals.
KM03	Objective 1	To bring employers and qualified job seekers together through a network of field offices throughout the state.
KM04	Objective 1	To administer the federal Workforce Incentive Credit and Welfare-to-Work Tax Credit programs encouraging the hiring of individuals from nine targeted groups.
KM05	Objective 2	To assist veterans in locating job training and employment.
KM06	Objective 1	Pay unemployment insurance benefits to eligible claimants.
KM07	Objective 2	Collect unemployment insurance taxes.
KM08	Objective 3	To distribute federal funds to displaced workers pursuant to the Trade Adjustment Assistance and North American Free Trade Acts.
KM09	Objective 1	To maintain labor market information and labor statistics as needed to support state and local workforce services.
KM10	Objective 2	Produce Occupational/Career Information for business, government and individuals.

Appropriation / Program Summary

Appropriation / Program: 0810P02 State Workforce Services Program

Funding Sources: 177-Federal, TES-Federal

Performance Measures

Objective	Key Measures		Type	Description	2004 Target Authorized / Actual	2006 Target	2007 Target
	Exec	Leg					
1	X	X	Output	Percentage of veterans receiving case management services finding employment.	29%/53%	29%	32%
1	X	X	Output	Help the employed and unemployed find work or training	.4% increase each year/-0.20%	.4% increase each year	.4% increase each year
1	X	X	Output	Number of workforce incentive credit certificates issued for targeted worker	.4% increase each year/18.60%	57	58
1	X	X	Output	Average duration rate of unemployment compensation benefits.	12.0 Weeks/14.4 Weeks	12.0	11.8
1	X	X	Output	Payment of first unemployment insurance benefit check within 14 days.	90%/90.70%	90%	90%
1	X	X	Output	Percent of labor market information reports completed in accordance with grant requirements for accuracy and timeliness	3.5% or less annual revision/ Range on 5 measures from .1% to 1.3%	3.5% or less annual revision	3% or less annual revision
1			Output	Arkansas unemployment rate as compared to U.S. unemployment rate.	4.8%/5.4%/ Range 5.2%/6.7%	NA	NA
2	X	X	Output	Transfer of taxes from local banks to the UI Trust Fund in the U.S. Treasury within 1.75 days	98%/.593 day	1.75 days	1.75 days
3			Output	Number of persons receiving trade displacement assistance	1,300/1,150	1,300	1,400

Appropriation / Program Summary

Appropriation / Program: 0810P02 St Workforce Services Program

Authorized Program Amount **669,989,565**

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data		Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2003-2004 Actual	2004-2005 Budget	2005-2006			2006-2007		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	14,539,126	15,765,959	16,296,782	17,647,208	17,652,695	16,782,045	18,173,697	18,179,371
#Positions		453	471	471	529	529	471	529	529
Extra Help	5010001	3,326,676	3,393,000	3,393,000	3,393,000	3,393,000	3,393,000	3,393,000	3,393,000
#Extra Help		333	1	374	374	374	374	374	374
Personal Services Matching	5010003	2,771,111	4,913,466	5,230,519	5,713,725	5,714,785	5,324,127	5,815,305	5,816,398
Overtime	5010006	18,043	0	0	0	0	0	0	0
Operating Expenses	5020002	4,236,416	12,653,988	12,653,988	13,115,806	13,115,806	12,653,988	12,658,988	12,658,988
Travel-Conference Fees	5050009	290,844	5,072,975	5,072,975	5,072,975	500,000	5,072,975	5,072,975	500,000
Professional Fees and Services	5060010	64,011	98,457	98,457	98,457	98,457	98,457	98,457	98,457
Data Processing	5090012	0	5,952,420	5,952,420	12,345,665	5,952,420	5,952,420	12,021,947	5,952,420
Grants and Aid	5100004	0	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Benefits-Non-Emp.	5100023	316,478,406	620,000,000	620,000,000	620,000,000	620,000,000	620,000,000	620,000,000	620,000,000
Capital Outlay	5120011	20,265	0	0	135,070	0	0	30,000	0
Total		341,744,898	669,850,265	670,698,141	679,521,906	668,427,163	671,277,012	679,264,369	668,598,634

Funding Sources									
Federal Revenue	4000020	341,744,898	669,850,265	670,698,141	679,521,906	668,427,163	671,277,012	679,264,369	668,598,634
Total Funding		341,744,898	669,850,265	670,698,141	679,521,906	668,427,163	671,277,012	679,264,369	668,598,634
Excess Appro/(Funding)		0	0	0	0	0	0	0	0
Grand Total		341,744,898	669,850,265	670,698,141	679,521,906	668,427,163	671,277,012	679,264,369	668,598,634

Objective Summary

Objective: 03KM St Workforce Services Program-Objective1-Goal 1-Treasury

Description: To bring employers and qualified job seekers together through a network of field offices throughout the state.

Commitment Item	Historical Data		Agency Request and Executive Recommendation					
	2003-2004 Actual	2004-2005 Budget	2005-2006			2006-2007		
			Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	7,944,709	8,541,180	8,817,243	9,511,985	9,511,985	9,080,831	9,796,393	9,796,393
#Positions	248	261	261	290	290	261	290	290
Extra Help 5010001	2,124,069	0	0	0	0	0	0	0
#Extra Help	192	0	218	218	218	218	218	218
Personal Services Matching 5010003	1,539,408	2,530,801	2,703,086	2,948,455	2,948,455	2,753,935	3,003,331	3,003,331
Overtime 5010006	10,809	0	0	0	0	0	0	0
Objective Total	11,618,995	11,071,981	11,520,329	12,460,440	12,460,440	11,834,766	12,799,724	12,799,724

Objective Summary

Objective: 04KM St Workforce Services Program-Objective1-Goal 2-Treasury

Description: To administer the federal Workforce Incentive Credit and Welfare-to-Work Tax Credit programs encouraging the hiring of individuals from nine targeted groups.

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data		Agency Request and Executive Recommendation			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	629,227	677,466	697,202	747,486	747,486	717,389	769,181	769,181
#Positions		14	15	15	17	17	15	17	17
Extra Help	5010001	40,575	0	0	0	0	0	0	0
#Extra Help		7	0	8	8	8	8	8	8
Personal Services Matching	5010003	85,667	181,477	192,090	209,470	209,470	195,984	213,655	213,655
Data Processing	5090012	0	0	0	133,000	0	0	133,000	0
Objective Total		755,469	858,943	889,292	1,089,956	956,956	913,373	1,115,836	982,836

Objective Summary

Objective: 05KM St Workforce Services Program-Objective 2-Goal 2-Treasury

Description: To assist veterans in locating job training and employment.

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	7,333	0	0	0	0	0	0	0
#Positions	0	0	0	0	0	0	0	0
Personal Services Matching 5010003	1,316	0	0	0	0	0	0	0
Objective Total	8,649	0	0	0	0	0	0	0

Objective Summary

Objective: 06KM St Workforce Services Program-Objective 1-Goal 3-Treasury

Description: Pay unemployment insurance benefits to eligible claimants.

Commitment Item	Historical Data		Agency Request and Executive Recommendation					
	2003-2004 Actual	2004-2005 Budget	2005-2006			2006-2007		
			Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	3,105,423	3,307,293	3,420,457	3,724,305	3,726,016	3,521,449	3,834,578	3,836,364
#Positions	96	93	93	106	106	93	106	106
Extra Help 5010001	492,119	0	0	0	0	0	0	0
#Extra Help	49	0	54	54	54	54	54	54
Personal Services Matching 5010003	579,964	952,994	1,016,930	1,125,459	1,125,791	1,036,408	1,146,732	1,147,077
Overtime 5010006	6,726	0	0	0	0	0	0	0
Objective Total	4,184,232	4,260,287	4,437,387	4,849,764	4,851,807	4,557,857	4,981,310	4,983,441

Objective Summary

Objective: 07KM St Workforce Services Program-Objective 2-Goal 3-Treasury

Description: Collect unemployment insurance taxes.

Commitment Item	Historical Data		Agency Request and Executive Recommendation					
	2003-2004 Actual	2004-2005 Budget	2005-2006			2006-2007		
			Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	2,080,362	2,199,779	2,272,855	2,503,409	2,503,409	2,340,717	2,578,678	2,578,678
#Positions	64	66	66	77	77	66	77	77
Extra Help 5010001	597,360	3,393,000	3,393,000	3,393,000	3,393,000	3,393,000	3,393,000	3,393,000
#Extra Help	75	1	82	82	82	82	82	82
Personal Services Matching 5010003	429,229	926,201	970,101	1,056,815	1,056,815	983,191	1,071,335	1,071,335
Overtime 5010006	508	0	0	0	0	0	0	0
Objective Total	3,107,459	6,518,980	6,635,956	6,953,224	6,953,224	6,716,908	7,043,013	7,043,013

Objective Summary

Objective: 08KM St Workforce Services Program-Objective 3-Goal 3-Treasury

Description: To distribute federal funds to displaced workers pursuant to the Trade Adjustment Assistance and North American Free Trade Acts.

Commitment Item	Historical Data		Agency Request and Executive Recommendation					
	2003-2004 Actual	2004-2005 Budget	2005-2006			2006-2007		
			Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	219,222	362,178	380,363	421,109	421,109	391,767	433,815	433,815
#Positions	11	12	12	14	14	12	14	14
Extra Help 5010001	38,716	0	0	0	0	0	0	0
#Extra Help	7	0	9	9	9	9	9	9
Personal Services Matching 5010003	43,254	110,325	119,452	134,992	134,992	121,652	137,443	137,443
Objective Total	301,192	472,503	499,815	556,101	556,101	513,419	571,258	571,258

Objective Summary

Objective: 09KM St Workforce Services Program-Objective 1-Goal 4-Treasury

Description: To maintain labor market information and labor statistics as needed to support state and local workforce services.

Commitment Item	Historical Data		Agency Request and Executive Recommendation					
	2003-2004 Actual	2004-2005 Budget	2005-2006			2006-2007		
			Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	309,203	375,721	393,266	421,804	423,692	405,041	434,435	436,379
#Positions	12	13	13	14	14	13	14	14
Extra Help 5010001	8,922	0	0	0	0	0	0	0
#Extra Help	1	0	1	1	1	1	1	1
Personal Services Matching 5010003	45,976	116,279	125,781	135,125	135,489	128,053	137,564	137,938
Objective Total	364,101	492,000	519,047	556,929	559,181	533,094	571,999	574,317

Objective Summary

Objective: 10KM St Workforce Services Program-Objective 2-Goal 4-Treasury

Description: Produce Occupational/Career Information for business, government and individuals.

Commitment Item	Historical Data		Agency Request and Executive Recommendation					
	2003-2004 Actual	2004-2005 Budget	2005-2006			2006-2007		
			Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	243,647	302,342	315,396	317,110	318,998	324,851	326,617	328,561
#Positions	9	11	11	11	11	11	11	11
Extra Help 5010001	24,915	0	0	0	0	0	0	0
#Extra Help	2	0	2	2	2	2	2	2
Personal Services Matching 5010003	46,297	95,389	103,079	103,409	103,773	104,904	105,245	105,619
Objective Total	314,859	397,731	418,475	420,519	422,771	429,755	431,862	434,180

Objective Summary

Objective: KM03 St Workforce Services Program-Objective 1-Goal 1-Cash

Description: To bring employers and qualified job seekers together through a network of field offices throughout the state.

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	
Operating Expenses 5020002	2,770,812	2,223,367	2,223,367	2,223,367	2,223,367	2,223,367	2,223,367	2,223,367	2,223,367
Travel-Conference Fees 5050009	2,644	16,176	16,176	16,176	16,176	16,176	16,176	16,176	16,176
Professional Fees and Services 5060010	13,163	8,592	8,592	8,592	8,592	8,592	8,592	8,592	8,592
Capital Outlay 5120011	15,805	0	0	0	0	0	0	0	0
Objective Total	2,802,424	2,248,135	2,248,135	2,248,135	2,248,135	2,248,135	2,248,135	2,248,135	2,248,135

Objective Summary

Objective: KM04 St Workforce Services Program-Objective 1-Goal 2-Cash

Description: To administer the federal Workforce Incentive Credit and Welfare-to-Work Tax Credit programs encouraging the hiring of individuals from nine targeted groups.

Commitment Item	Historical Data		Agency Request and Executive Recommendation					
	2003-2004 Actual	2004-2005 Budget	2005-2006			2006-2007		
			Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses 5020002	113,363	84,755	84,755	84,755	84,755	84,755	84,755	84,755
Travel-Conference Fees 5050009	10,742	15,479	15,479	15,479	15,479	15,479	15,479	15,479
Professional Fees and Services 5060010	20,606	22,887	22,887	22,887	22,887	22,887	22,887	22,887
Data Processing 5090012	0	8,071	8,071	8,071	8,071	8,071	8,071	8,071
Objective Total	144,711	131,192	131,192	131,192	131,192	131,192	131,192	131,192

Objective Summary

Objective: KM05 St Workforce Services Program-Objective 2-Goal 2-Cash

Description: To assist veterans in locating job training and employment.

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
Operating Expenses 5020002	1,731	6,783	6,783	6,783	6,783	6,783	6,783	6,783
Objective Total	1,731	6,783	6,783	6,783	6,783	6,783	6,783	6,783

Objective Summary

Objective: KM06 St Workforce Services Program-Objective 1-Goal 3-Cash

Description: Pay unemployment insurance benefits to eligible claimants.

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
Operating Expenses 5020002	813,308	9,811,712	9,811,712	10,273,530	10,273,530	9,811,712	9,816,712	9,816,712
Travel-Conference Fees 5050009	237,770	5,016,475	5,016,475	5,016,475	443,500	5,016,475	5,016,475	443,500
Professional Fees and Services 5060010	10	1,652	1,652	1,652	1,652	1,652	1,652	1,652
Data Processing 5090012	0	5,944,349	5,944,349	11,879,108	5,944,349	5,944,349	11,678,134	5,944,349
Grants and Aid 5100004	0	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Benefits-Non-Emp. 5100023	316,478,406	620,000,000	620,000,000	620,000,000	620,000,000	620,000,000	620,000,000	620,000,000
Capital Outlay 5120011	0	0	0	135,070	0	0	30,000	0
Objective Total	317,529,494	642,774,188	642,774,188	649,305,835	638,663,031	642,774,188	648,542,973	638,206,213

Objective Summary

Objective: KM07 St Workforce Services Program-Objective 2-Goal 3-Cash

Description: Collect unemployment insurance taxes.

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
Operating Expenses 5020002	324,585	265,397	265,397	265,397	265,397	265,397	265,397	265,397
Travel-Conference Fees 5050009	3,367	5,201	5,201	5,201	5,201	5,201	5,201	5,201
Professional Fees and Services 5060010	30,232	28,558	28,558	28,558	28,558	28,558	28,558	28,558
Objective Total	358,184	299,156	299,156	299,156	299,156	299,156	299,156	299,156

Objective Summary

Objective: KM08 St Workforce Services Program-Objective 3-Goal 3-Cash

Description: To distribute federal funds to displaced workers pursuant to the Trade Adjustment Assistance and North American Free Trade Acts.

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	
Operating Expenses 5020002	42,587	85,884	85,884	85,884	85,884	85,884	85,884	85,884	85,884
Travel-Conference Fees 5050009	8,499	3,407	3,407	3,407	3,407	3,407	3,407	3,407	3,407
Objective Total	51,086	89,291	89,291	89,291	89,291	89,291	89,291	89,291	89,291

Objective Summary

Objective: KM09 St Workforce Services Program-Objective 1-Goal 4-Cash

Description: To maintain labor market information and labor statistics as needed to support state and local workforce services.

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
Operating Expenses 5020002	33,412	140,541	140,541	140,541	140,541	140,541	140,541	140,541
Travel-Conference Fees 5050009	13,178	7,731	7,731	7,731	7,731	7,731	7,731	7,731
Objective Total	46,590	148,272	148,272	148,272	148,272	148,272	148,272	148,272

Objective Summary

Objective: KM10 St Workforce Services Program-Objective 2-Goal 4-Cash

Description: Produce Occupational/Career Information for business, government and individuals.

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	
Operating Expenses 5020002	136,618	35,549	35,549	35,549	35,549	35,549	35,549	35,549	35,549
Travel-Conference Fees 5050009	14,644	8,506	8,506	8,506	8,506	8,506	8,506	8,506	8,506
Professional Fees and Services 5060010	0	36,768	36,768	36,768	36,768	36,768	36,768	36,768	36,768
Data Processing 5090012	0	0	0	325,486	0	0	202,742	0	0
Capital Outlay 5120011	4,460	0	0	0	0	0	0	0	0
Objective Total	155,722	80,823	80,823	406,309	80,823	80,823	283,565	80,823	80,823

Analysis of Budget Request

Appropriation / Program: 0810P03 - Local Wkforce Dev Board Srvs

Funding Sources: 177-Federal,FCG-Federal,TES-Federal

The Local Workforce Development Board Services Program provides training and employment assistance at the State and local level. More specifically, this Program provides Workforce Investment Act (WIA) employment and training to assist lower income persons to make the transition from dependence on welfare assistance to becoming economically self-sufficient through Local Workforce Investment Boards.

For the Fiscal Year ending June 30, 2004, ESD was able to meet some of the Performance Measures set forth in the 2003-07 Strategic Plan. Performance Measures 1,2, and 4 were off target. The Agency has made clear in their Strategic Plan that a lack of direct administration and oversight of the funds in the Program make it difficult to control. The Welfare to Work program ended June 30, 2003, making measures 6,7, and 8 obsolete. This issue has been addressed in the Agency's 2005-09 Strategic Plan.

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 7 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 is requesting a decrease of \$15,400 in Data Processing for each year of the biennium in an effort to more effectively follow their IT plan.

The Executive Recommendation provides for Base Level.

Appropriation / Program Summary

Appropriation / Program: 0810P03 Local Workforce Development Board Services Program

Funding Sources: 177-Federal,FCG-Federal,TES-Federal

Program Description	Program Goals	
Provide training and employment assistance at the state and local level.	1	Provide training and employment assistance for the citizens of Arkansas at the state and local level.

Objective Code	Name	Description
11KM	Objective 1	To provide Workforce Investment Act employment and training to assist lower income persons to make the transition from dependence on welfare assistance to becoming economically self-sufficient through Local Workforce Investment Boards.
KM11	Objective 1	To provide Workforce Investment Act employment and training to assist lower income persons to make the transition from dependence on welfare assistance to becoming economically self-sufficient through Local Workforce Investment Boards.

Performance Measures

Objective	Key Measures		Type	Description	2004 Target Authorized / Actual	2006 Target	2007 Target
	Exec	Leg					
1	X	X	Output	Compare combined WIA Entered Employment Rate, first quarter after exit (percent), for adults, dislocated workers and older youth	87%/84%	87%	89%
1	X	X	Output	Produce a combined unduplicated count of WIA participants (adult, dislocated workers, older youth, younger youth) received through local investment boards	10,400/8,713	10,400	10,500
1	X	X	Output	Compare combined count of participants (adult, dislocated workers) who received WIA training services	3,200/4,521	Not Determined	Not Determined
1			Output	Compare combined average number of weeks participated in a training service(adult, dislocated workers)	57/77%	Not Determined	Not Determined
1			Output	Conduct annual fiscal and program monitoring and audit resolution on ten LWIAs and three statewide programs.	95%/100%	95%	95%
1			Output	Calculate average unsubsidized hourly rate of pay for participants first unsubsidized employment activity screen.	5.2/N/A	NA	NA
1			Output	Compare average hourly wage to placement(exit)	2.4/N/A	NA	NA

Appropriation / Program Summary

Appropriation / Program: 0810P03 Local Workforce Development Board Services Program

Funding Sources: 177-Federal,FCG-Federal,TES-Federal

Performance Measures

Objective	Key Measures		Type	Description	2004 Target Authorized / Actual	2006 Target	2007 Target
	Exec	Leg					
1			Output	Obtain an unduplicated count of WtW participants receiving Welfare to Work assistance through local investment boards	2,250/N/A	NA	NA

Appropriation / Program Summary

Appropriation / Program: 0810P03 Local Wkforce Dev Board Srvs

Authorized Program Amount **70,099,136**

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data		Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2003-2004 Actual	2004-2005 Budget	2005-2006			2006-2007		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	242,993	272,912	281,090	281,090	281,090	289,482	289,482	289,482
#Positions		7	7	7	7	7	7	7	7
Personal Services Matching	5010003	38,369	76,370	81,103	81,103	81,103	82,721	82,721	82,721
Operating Expenses	5020002	14,040,317	54,923	54,923	54,923	54,923	54,923	54,923	54,923
Travel-Conference Fees	5050009	3,286	8,130	8,130	8,130	8,130	8,130	8,130	8,130
Professional Fees and Services	5060010	22,500	168,901	168,901	168,901	168,901	168,901	168,901	168,901
Data Processing	5090012	0	15,400	15,400	0	15,400	15,400	0	15,400
Grants and Aid	5100004	13,888,342	69,500,000	69,500,000	69,500,000	69,500,000	69,500,000	69,500,000	69,500,000
Total		28,235,807	70,096,636	70,109,547	70,094,147	70,109,547	70,119,557	70,104,157	70,119,557

Funding Sources									
Federal Revenue	4000020	28,235,807	70,096,636	70,109,547	70,094,147	70,109,547	70,119,557	70,104,157	70,119,557
Total Funding		28,235,807	70,096,636	70,109,547	70,094,147	70,109,547	70,119,557	70,104,157	70,119,557
Excess Appro/(Funding)		0	0	0	0	0	0	0	0
Grand Total		28,235,807	70,096,636	70,109,547	70,094,147	70,109,547	70,119,557	70,104,157	70,119,557

Objective Summary

Objective: 11KM Local Wkforce Dev Board Srvs-Objective 1-Treasury

Description: To provide Workforce Investment Act employment and training to assist lower income persons to make the transition from dependence on welfare assistance to becoming economically self-sufficient through Local Workforce Investment Boards.

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	242,993	272,912	281,090	281,090	281,090	289,482	289,482	289,482
#Positions	7	7	7	7	7	7	7	7
Personal Services Matching 5010003	38,369	76,370	81,103	81,103	81,103	82,721	82,721	82,721
Operating Expenses 5020002	14,024,707	0	0	0	0	0	0	0
Grants and Aid 5100004	13,282,201	58,000,000	58,000,000	58,000,000	58,000,000	58,000,000	58,000,000	58,000,000
Objective Total	27,588,270	58,349,282	58,362,193	58,362,193	58,362,193	58,372,203	58,372,203	58,372,203

Objective Summary

Objective: KM11 Local Wkforce Dev Board Srvs-Objective 1-Cash

Description: To provide Workforce Investment Act employment and training to assist lower income persons to make the transition from dependence on welfare assistance to becoming economically self-sufficient through Local Workforce Investment Boards.

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
Operating Expenses 5020002	15,610	54,923	54,923	54,923	54,923	54,923	54,923	54,923
Travel-Conference Fees 5050009	3,286	8,130	8,130	8,130	8,130	8,130	8,130	8,130
Professional Fees and Services 5060010	22,500	168,901	168,901	168,901	168,901	168,901	168,901	168,901
Data Processing 5090012	0	15,400	15,400	0	15,400	15,400	0	15,400
Grants and Aid 5100004	606,141	11,500,000	11,500,000	11,500,000	11,500,000	11,500,000	11,500,000	11,500,000
Objective Total	647,537	11,747,354	11,747,354	11,731,954	11,747,354	11,747,354	11,731,954	11,747,354

Analysis of Budget Request

Appropriation / Program: 0810P04 - New Hire Registry

Funding Sources: HUA-Miscellaneous Agencies Fund, FED-Federal

The New Hire Registry Program provides a current source of data on all new hires in Arkansas. The main purpose of this Program is to aide DFA-Child Support Enforcement.

For the Fiscal Year ending June 30, 2004, ESD was able to meet both of the Performance Measures set forth in the 2003-07 Strategic Plan.

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 1 Base Level position. 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 is requesting Base Level for this Program. They are requesting that their General Revenue funding be brought back to the levels indicated in their 2003-05 appropriation act.

The Executive Recommendation provides for Base Level. No additional General Revenue will be provided.

Appropriation / Program Summary

Appropriation / Program: 0810P04 New Hire Registry

Funding Sources: HUA-Miscellaneous Agencies Fund, FED-Federal

Program Description	Program Goals	
Provide a current source of data on all new hires in Arkansas.	1	Provide current source of data on all new hires.

Objective Code	Name	Description
12KM		Produce and administer New Hire Registry.

Performance Measures

Objective	Key Measures		Type	Description	2004 Target Authorized / Actual	2006 Target	2007 Target
	Exec	Leg					
1	X	X	Output	Enter data in New Hire Registry within five business days of receipt.	95%/99%	95%	95%
1			Output	Provide Arkansas data to National Directory within three business days	95%/100%	95%	95%

Appropriation / Program Summary

Appropriation / Program: 0810P04 New Hire Registry

Authorized Program Amount **529,286**

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	73,911	75,757	77,746	77,746	77,746	79,773	79,773	79,773
#Positions		1							
Personal Services Matching	5010003	16,714	17,973	18,837	18,837	18,837	19,229	19,229	19,229
Operating Expenses	5020002	5,922	435,556	435,556	435,556	435,556	435,556	435,556	435,556
Travel-Conference Fees	5050009	2,409	0	0	0	0	0	0	0
Professional Fees and Services	5060010	252,524	0	0	0	0	0	0	0
Total		351,480	529,286	532,139	532,139	532,139	534,558	534,558	534,558

Funding Sources									
General Revenue	4000010	100,000	146,189	149,042	180,927	149,042	151,461	181,749	151,461
Federal Revenue	4000020	251,480	383,097	351,212	351,212	351,212	352,809	352,809	352,809
Total Funding		351,480	529,286	500,254	532,139	500,254	504,270	534,558	504,270
Excess Appro/(Funding)		0	0	31,885	0	31,885	30,288	0	30,288
Grand Total		351,480	529,286	532,139	532,139	532,139	534,558	534,558	534,558

Objective Summary

Objective: 12KM New Hire Registry-Objective 1-Treasury

Description: Produce and administer New Hire Registry.

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	73,911	75,757	77,746	77,746	77,746	79,773	79,773	79,773
#Positions	1	1	1	1	1	1	1	1
Personal Services Matching 5010003	16,714	17,973	18,837	18,837	18,837	19,229	19,229	19,229
Operating Expenses 5020002	5,922	435,556	435,556	435,556	435,556	435,556	435,556	435,556
Travel-Conference Fees 5050009	2,409	0	0	0	0	0	0	0
Professional Fees and Services 5060010	252,524	0	0	0	0	0	0	0
Objective Total	351,480	529,286	532,139	532,139	532,139	534,558	534,558	534,558