

# DEPARTMENT OF WORKFORCE SERVICES

## Enabling Laws

Act 280 of 2014  
A.C.A. §11-10-101 et seq.

## History and Organization

### History and Organization

The Arkansas Department of Workforce Services (DWS) was created as the Arkansas Employment Security Department (AESD), a division of the Department of Labor (DOL), by Act 391 of 1941 to administer the Employment Security Law. Act 100 of 1991 made AESD independent of the State DOL and established it as a separate department. The Director is appointed by and serves at the pleasure of the Governor. The primary responsibilities of the Department are to promote and provide employment security by increasing opportunities for job placement through a system of public employment offices; which is funded by 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 was enacted by Congress as Public Law 105-220 of 1998 to replace the Job Training Partnership Act with new workforce investment systems to induce local businesses to participate in the delivery of Workforce Development Services. In addition, the Workforce Investment Act also created WIA Boards which are chaired by private sector members in the local community. Other state acts which govern the operations of the Department include Act 35 of 1971, as amended; Act 1205 of 1975 (Extended Session of 1976); and Act 173 of 1935.

Act 1705 of 2005 changed the name of the agency to Arkansas Department of Workforce Services. This Act authorized the transfer of the Transitional Employment Assistance (TEA) program to this agency and receipt of Temporary Assistance for Needy Families (TANF) block grant funds from the U.S. Department of Health and Human Services.

Act 490 of 2007 changed the name of the unemployment insurance (UI) law from "Arkansas Employment Security Law" to "Department of Workforce Services Law".

Act 1487 of 2009 transferred the Arkansas Workforce Investment Board to DWS and restructured the Workforce Investment Board to be in compliance with applicable federal law.

## **ADMINISTRATION**

The Department of Workforce Services Law provides that DWS shall be administered by a Director appointed by the Governor. The Director is responsible for the proper administration of the Department and the workforce services programs in conformity with state and federal law and regulations.

DWS operates through a central administrative office and local offices strategically located throughout the state, frequently in one-stop career development centers known in Arkansas as "Arkansas Workforce Centers." Within the central administrative offices are located six main departments: Administration, Financial Management and Administrative Services, Unemployment Insurance, Employment Assistance, TANF, and New Hire Registry and Career Readiness Certification.

Administrative activities include: communication services by providing information in various formats within and outside the Agency; monitor the overall operation of the affirmative action program and promote equal employment opportunities; provide training for agency staff; handle legal agency affairs; and organize and control overall information technology activities.

Financial Management activities include preparation of budgets, disbursements of agency funds, preparation of payroll, maintenance of the agency accounting system, preparation of financial reports, and forecasting expenditures. Additional activities include monitoring the fiscal affairs of the agency and sub grantees; conducting audits, studies and investigations to prevent waste, theft, and undesirable practices; and making recommendations for improvement of the operations of the agency. Financial Management Services also provides material support for leasing, records management, maintenance, printing, contracts, shipping/receiving, personnel administration and maintenance of the Agency's classification and compensation plan as well as developing and implementing policies, programs, and services to meet agency needs.

## **APPEAL TRIBUNAL**

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

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

## **BOARD OF REVIEW**

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

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

### **ADVISORY COUNCIL**

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

### **UNEMPLOYMENT INSURANCE**

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

The Arkansas Unemployment Insurance Program provides workers with protection against temporary loss of income during periods of involuntary unemployment. Tax rated employers subject to the Arkansas Department of Workforce Services law presently pay a quarterly payroll tax on the first \$12,000 of wages paid to each employee during the calendar year or, if the employer is a reimbursable employer, the employer repays the UI Trust Fund for all unemployment insurance benefits paid to their former employees. Tax rates for employers are determined by an experience rating system, which measures each employer's benefit risk and history of contributions and benefit payments. The tax rate calculation considers taxes paid in, benefits paid and charged to the employer's account and the average annual taxable payroll. In addition, a Stabilization Tax of up to 0.80% is added to the calculated tax rate based on the overall balance of the UI Trust Fund as compared to total payrolls for covered employment during the preceding calendar year. All tax rates are recalculated each year.

As of July 1, 2014, an individual may qualify for a maximum weekly benefit of \$451, with the minimum weekly benefit being \$81 for up to 25 weeks of total unemployment. As of March 2014, an individual's weekly benefit amount represents on average, approximately 39% 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 funds.

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

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

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

## **EMPLOYMENT ASSISTANCE**

The Office of Employment Assistance plans, directs, coordinates and evaluates activities relevant to labor exchange functions, service to military veterans, Workforce Investment Act programs, Reemployment Services, the Governor's Dislocated Worker Task Force, Trade Adjustment Assistance, Work Opportunity Tax Credit, Alien Labor Certification, Labor Market Information, and National Emergency grants.

The Office of Employment Assistance provides staff support to the Arkansas Workforce Investment Board and technical assistance for the operation of the Arkansas Workforce Centers statewide. Arkansas Workforce Centers provide locally developed and operated services linking employers and job seekers through a statewide delivery system of convenient one-stop centers designed to eliminate the need to visit different locations. The Centers integrate multiple workforce development programs into a single system, making the resources much more accessible and user friendly to job seekers as well as expanding services to employers. Arkansas Workforce Centers are designed "by employers for employers" to find and train qualified workers and help job seekers find new opportunities.

## **Workforce Investment Act Title I Programs; Adult, Youth and Dislocated Worker Employment Assistance**

The Department of Workforce Services serves as the Governor's Administrative Entity (GAE) for Arkansas programs funded by Title I of the federal Workforce Investment Act (WIA) of 1998. WIA seeks to provide needed employment and preparation services for adults, youth and

dislocated workers through programs operated by agencies in the ten local workforce investment areas (LWIAs). Each area's Local Workforce Investment Board (LWIB) selects their operation entities. WIA program activities include core (e.g. employment information, employment self-service centers, etc.), intensive (e.g., comprehensive assessments, employment planning, and counseling, etc.) and training (e.g. classroom instruction, on-the-job training, etc.) activities. DWS monitors the fiscal and performance integrity of the Title I programs and provides technical assistance on the program, fiscal, and governance aspects of Title I.

The Workforce Investment Act (WIA) authorizes the nation's public workforce development system, a state-local system helping businesses increase productivity, strengthen competitiveness and meet skill and hiring needs as it helps Americans gain skills, attain jobs, improve earnings and advance their careers. Governors are required by statute to conduct certain activities with WIA set-aside funding and are given the authority to use any remaining funding for initiatives and innovations that address state-specific needs.

DWS acts as the lead agency for the Governor's Dislocated Worker Task Force. Composed of DWS, the Department of Economic Development and the Arkansas American Federation of Labor and Congress of Industrial Organizations (AFL-CIO), this group provides on-site rapid response assistance in the event of a business closing or major layoff. The assistance ranges from help in securing a replacement company for a vacated building to help for laid off individuals to find new employment or training for employment. The Task Force also helps the community and the individuals cope with the loss of employment.

DWS also serves as the staff of the State Workforce Investment Board. DWS serves as the fiscal agency for Title I of WIA. Workforce Investment Act dollars are distributed by formula under direction of the State WIB.

Furthermore, DWS:

- Administers the Trade Adjustment Act to provide re-employment assistance and re-training to workers dislocated as a result of production moving to another country;
- Administers the Work Opportunity Tax Credit Program;
- Administers the Alien Certification Program to certify foreign workers for existing employer needs based on a market survey;
- Inspects housing of agricultural workers who are legally eligible to work in the United States (as part of the agricultural Alien Labor Certification Program);
- Provides occupational assessments through the TORQ online system to individuals to determine skills gaps and match them with job openings;
- Administers the Arkansas Career Readiness Certificate program, a portable credential based upon the ACT Work Keys assessments that confirms to employers that a job seeker possesses the basic workplace skills required for 21<sup>st</sup> century jobs.

- Offers the Microsoft IT Academy to adult learners through 26 workforce centers throughout Arkansas. With the Microsoft IT Academy (ITA) program, job seekers get digital curriculum and certifications for fundamental technology skills - as well as courses critical to be successful in today's technologically evolving world.

The Labor Market Information (LMI) program is administered by the U.S. Department of Labor through three (3) organizations: the Employment and Training Administration (ETA), the Bureau of Labor Statistics (BLS), and the State Workforce Agency (SWA).

- The ETA is responsible for funding, monitoring, and evaluating the LMI activities relating to the development of state and local labor market information.
- The BLS is responsible for developing methods and procedures for federal-state programs. The Bureau is authorized to collect labor market information and reimburse SWA's to provide national statistical information. More specifically, BLS is responsible for funding, administering, and providing technical guidance for the Current Employment Statistics (CES), Local Area Unemployment Statistics (LAUS), Occupational Employment Statistics (OES), Quarterly Census of Employment and Wages (QCEW) programs.
- SWA's Occupational-Career Information/BLS sections carry out the basic work in compliance with the ETA's policies and the BLS technical directives.

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

- Occupational employment projections, employment supply and demand data, labor force statistics on employment and unemployment, and employment estimates by industry are produced for the state and many of its labor market areas. This information, with other Labor Market Information (LMI) is available via Internet through LMI's web portal. Through this portal, the DWS/LMI is able to provide instant industry, occupational, career, and workforce information to its many customers including counselors, employers, planners, job seekers, and others needing occupational, career, and workforce information.
- A computerized delivery of educational training provider services provided is found in the Arkansas Consumer Reporting System (ACRS). This system is designed for two different but complimentary purposes. First, it is intended to be a reference for any Arkansan wishing to pursue post-secondary education. Secondly, it is intended to assist in the automation of applications submitted by education providers who wish to become or remain eligible training providers under the Workforce Investment Act. DWS has attempted to include all Arkansas postsecondary educational institutions, as well as out-of-state post-secondary educational institutions that are certified by the Arkansas Board of Private Career Education.
- A computerized Lifestyle Budget Calculator program that serves as a learning tool for students and job seekers. It shows how education impacts earnings, how living expenses add up, and which careers can support a preferred type of lifestyle. The site uses Labor Market Information data from the Occupational Employment Statistics (OES) Wage survey and the Short and Long Term Projections Programs. It also uses information from the American Chamber of Commerce Researchers Association Cost of Living Index, and Department of Labor's America's Career Info Net.

- Publications that provide the following type of labor market information on the Internet and in hard copy format are produced on a regular basis: monthly analyses of total employment, unemployment, industrial employment, and hours and earnings statistics for the state and major labor areas; monthly labor force estimates and unemployment rates for the state and 75 counties; annual affirmative action information for the state and its 75 counties; annual planning information for the state, local workforce investment areas (LWIAs) and metropolitan statistical areas (MSAs); projections by industry and occupation for the state and LWIAs; and wage data for manufacturing industries and occupations within those industries for the state, LWIAs and 75 counties. A directory of labor market information publications is also available.
- Technical assistance and training in the availability and use of labor market information are offered. Additionally, materials are distributed for pre-service and in-service counselor education and training needs. Also, training on the availability and uses of LMI, occupational and career information is now being offered through the LMI training seminars conducted by DWS LMI professionals.
- Research and special projects are conducted to update labor market information techniques and output, particularly those that streamline programs through computerization.

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

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

### **WORKFORCE INVESTMENT BOARD**

The Arkansas Workforce Investment Board (AWIB), an advisory board to the Governor, coordinates and establishes policy for conducting employment and training activities in the state, including all activities within the Arkansas Workforce Centers. The AWIB was established by Arkansas Annotated Code §15-4-2204. The Board is comprised of a majority of business and industry leaders from throughout Arkansas, including representatives from local chief elected officials, organized labor, legislative appointments, and the state agency directors of Workforce Services, Career Education, Economic Development, Higher Education, Human Services, Rehabilitation Services, and Services for the Blind.

## **TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF)**

The TANF Division provides assistance to TEA and Work Pays participants in preparing them for gainful employment through skills assessment, career counseling, work search techniques, job training, and provides supportive services. TANF contracts with various community and faith-based providers in Arkansas for services to low-income families to assist them in reaching self-sufficiency.

TANF provides technical assistance related to the delivery of TANF program services to agency staff in the statewide network of Arkansas Workforce Centers and DWS Local Offices. TANF Division staff also provides technical assistance to the community and faith-based contractors across the state.

Arkansas Act 514 of 2007 created the Temporary Assistance for Needy Families Oversight Board to provide program oversight for the delivery of effective services to the Transitional Employment Assistance (TEA) and Work Pays Program recipients. The nine-member TANF Oversight Board is required to meet no less than one time every three months and is responsible for the development of a vision and blueprint for the state's TANF Program. The Board provides recommendations to the Governor, the General Assembly, DWS, and other state agencies on a variety of topics. The main focus of the TANF Oversight Board is the provision of effective program services to clients, improved performance in client outcomes, and increased integration of TEA and Work Pays Program services into local workforce offices. The Director of the Department of Workforce Services is required to designate a senior manager of DWS as staff director for the board. Additional staff support to the board is provided by DWS and DHS.

The TANF program provides a wide variety of employment and training activities, supportive services, and benefits that will enable clients to get a job, keep a job, and improve their economic circumstances. The four purposes of TANF are to 1) provide assistance to needy families; 2) end dependence of needy parents by promoting job preparation, work and marriage; 3) prevent and reduce out-of-wedlock pregnancies; and 4) encourage the formation and maintenance of two-parent families.

State Maintenance of Effort Requirements - The TANF block grant program has an annual cost-sharing requirement referred to as "maintenance of effort" or "MOE." Every fiscal year each state must spend a certain minimum amount of its own money to help eligible families in ways that are consistent with the purposes of the TANF program. The required MOE amount is based on an "applicable percentage" of the state's (non federal) expenditure on Aid to Families with Dependent Children (AFDC) and the AFDC-related programs in 1994.

Congress reauthorized the TANF program through the Deficit Reduction Act of 2005. Although the Act requires states to meet higher rates of work participation, no significant changes were made in the program design beyond the initiatives and organizational changes prescribed by Act 1705 of 2005 and Act 514 of 2007.

## **NEW HIRE REGISTRY**

The New Hire Registry was created to compile an automated state registry of newly hired and returning employees. Information shall be entered into the registry database maintained by the Department of Workforce Services or its designated contractor within five (5) business days of receipt from an employer. This information shall be furnished to the National Registry of New Hires. This is required by the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, Pub. L. No. 104-193.

## **FIELD OPERATIONS**

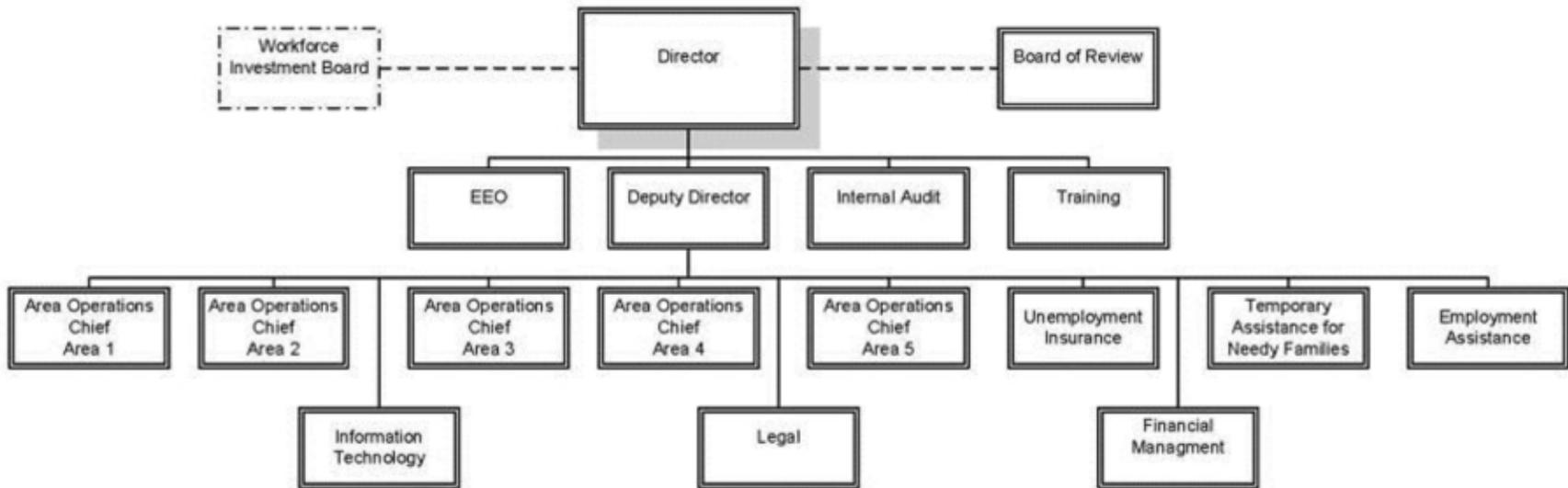
Field Operations, overseen by the Deputy Director, is responsible for the delivery of services to the public through 30 local workforce centers, 13 satellite offices, and six mobile offices. These services include: 1) job placement assistance to job seekers; 2) recruiting and screening assistance to employers seeking workers or a central place to post job openings; 3) initial unemployment insurance claims processing for unemployed workers; 4) career readiness certificate preparation and issuance; 5) case management services to low-income families enrolled in TEA and Work Pays; 6) assistance to migrant seasonal farm workers; 7) other specialized services to applicants and employers through contractual agreements with other local, state, or federal agencies and organizations; and 8) coordinates all logistical support for all DWS workforce centers.

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

Employer services include: Assessment, screening, selection of qualified applicants for job referral, labor surveys, and recruitment of applicants in shortage occupations locally and nationwide, Career Readiness Certification, and conditionally certifying applicants for Work Opportunity Tax Credits.

Other services include: Cooperation with partner agencies providing services under the Workforce Investment Act (WIA), participation on workforce investment boards in local workforce investment areas to improve delivery of services, and provide Labor Market Information to educational and community-based organizations for use in preparing citizens for the world of work. The Agency also administers the Jobs for Veterans state grant provided by the Veterans Employment and Training Service to staff Local Veterans Employment Representatives and Disabled Veterans Outreach Program specialists in local offices dedicated to meeting the employment needs of veterans.

The delivery of service to both employers and applicants is enhanced by a computerized statewide job order sharing system to bring applicants and employers together, thereby speeding up the placement process. To increase efficiency and save staff time in the delivery of services, DWS uses a computerized file search system to match job applicants with employer openings. This computerized matching system, known as the Arkansas Job Link (AJL) is active in all local offices and workforce centers in Arkansas.



## Agency Commentary

### Agency Commentary

The Department of Workforce Services (DWS) requests the following changes in appropriation for the 2015 - 2017 Biennium.

A. DWS is requesting to restore previously authorized appropriation for Annual Assessments (2RF), Excess Unemployment Benefits/Expenses (2SC), DWS Training Trust Fund (35Q), DWS Unemployment Insurance Fund (35R), Temporary Assistance for Needy Families (TANF) Block Grant/New Hire Registry (4KQ), Temporary Assistance for Needy Families - IDA (4KP), Workforce Investment Act (2SE), Federal Employees Benefit-Cash (C28), Unemployment Benefits - Taxable Employers - Cash (C29), UI Benefits-Reimburse Employers - Cash (C30), Reed Act (C31), Loans to Local WIB's (C56).

B. In UI Trust Fund Loan Interest (2SF), our agency is requesting that line item Refunds/Investments/Transfers be restored to the previously authorized appropriation of \$3,000,000. In addition the agency is requesting that line item Loan Interest is reduced to \$1 as a holding amount in case we are to require another Advance Loan due to our states economic conditions.

C. In Unemployment Benefits and Expenses - Cash (C27), our agency is requesting to restore appropriation in Grants and Aid line item to the previously authorized amount of \$5,000,000.

DWS is requesting to restore previously authorized amounts in Training Allowance (C27A) to \$5,000,000 due to Arkansas receiving approval for Travel Stipend Modification by the U.S. Department of Labor, the mileage requirement for receipt of a Travel stipend was reduced from 50 miles one-way to 10 miles one-way. In Payments to Participant Contractors (C27B) the agency is requesting to increase appropriation to \$10,000,000, due to the increase cost of tuition, fees, tools, supplies, and books required by the schools participating in the training program.

UI Benefits Loan Repayment (C27C) will be fully expended in FY2015. The agency is requesting that this line item remain available and be reduced to \$1 each biennium year in case our economy takes a downturn.

D. DWS position request is for nine hundred seven eight (978) Regular Salary Positions. This includes nine hundred sixty (960) currently budgeted positions with restoration of eighteen (18) authorized positions. The requested restoration positions are needed to address the agencies new requirement of determining TANF eligibility. This process is currently administered by the Department of Human Services. Neither the positions nor the appropriation are being transferred to DWS. Therefore, DWS will need additional positions to complete eligibility determination, as well as three hundred eighty (380) Base Level Extra Help positions. These positions are requested based on the need to provide prompt, quality service to Arkansans in a difficult labor market where both the need for unemployment and employment services is great. Should federal funding end, so will the additional requested positions.

E. Appropriation for Operation 2SD, requesting that Overtime, Conference & Travel, and Capital Outlay be restore to previously authorized appropriation levels. Requesting operating expense base level is increased by \$10,757,645 for a total of \$21,335,741 and increase Professional Fees & Services base level by \$2,386,164 for a total of \$4,000,000. Professional Services & Fees requested increase is due to the Department Information Service (DIS) cost and agencies migrating from the mainframe.

These appropriation requests are to ensure sufficient authority in the event the economy should take a turn for the worst. When the economy is sluggish DWS receives more funding than during robust times in order to pay increased Unemployment Insurance benefits to promote training for the unemployed individuals. This will increase skill levels and additional administrative funds for the increased workload.

## Audit Findings

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
ARKANSAS DEPARTMENT OF WORKFORCE SERVICES  
FOR THE YEAR ENDED JUNE 30, 2013

Findings	Recommendations
None	None

## Employment Summary

	Male	Female	Total	%
White Employees	120	283	403	50 %
Black Employees	79	305	384	48 %
Other Racial Minorities	9	8	17	2 %
Total Minorities			401	50 %
Total Employees			804	100 %

## Cash Fund Balance Description as of June 30, 2014

Fund Account	Balance	Type	Location
1170300	\$0	Emergency Cash Fund for Local Workforce Investment Boards	Bank of America

### Statutory/Other Restrictions on use:

Act 280 provides for this appropriation from FCG0100

Statutory Provisions for Fees, Fines, Penalties:

Approved by Legislative Council for State Fiscal Years 2014 and 2015

Revenue Receipts Cycle:

Federal Revenue deposited as needed.

Fund Balance Utilization:

Funds in this account are for loans to Local Workforce Investment Boards (WIB) for local WIB wire transfers by the Department of Workforce Services.

---

Fund Account	Balance	Type	Location
1770200	\$1,966,942	Checking-UI Benefits	Bank of America

Statutory/Other Restrictions on use:

Title 11 Chapter 10 of the Arkansas Code and federal regulations require that funds in 1770200 can only be used for the payment of benefits. Funds are drawn from the appropriations Federal account in the US Treasury, including the Arkansas UITF (Unemployment Insurance Trust Fund) as benefit payments are authorized.

Statutory Provisions for Fees, Fines, Penalties:

Title 11 Chapter 10 Subchapter 3 of Arkansas Code addresses Administration and Enforcement.

Revenue Receipts Cycle:

Federal Revenue deposited as needed.

Fund Balance Utilization:

Funds in this account are disbursed normally within 24 hours, although there may be occasional "lags" due to Federal/Bank holidays and rejected electronic payments. Fund Balance for UI Benefit check processing will require balances to be retained for a longer duration.

## Publications

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

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution	Unbound Black & White Copies Produced During the Last Two Years	Cost of Unbound Copies Produced During the Last Two Years
		Governor	General Assembly				
Comprehensive Annual Program Report to the Arkansas Legislature	A.C.A. §20-76-106	Y	Y	10	Arkansas Act 817 of 2011 required this comprehensive TANF Program Report, as required by A.C.A. §20-76-106. This requirement replaced the various legislatively-mandate reports and consolidated all of the prior reporting requirements.	0	0.00

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

**AGENCY: 0810 DEPARTMENT OF WORKFORCE SERVICES**

Minority Business	Total Contract Awarded	Minority Type per A.C.A. 15-4-303 (2)					
		African American	Hispanic American	American Indian	Asian American	Pacific Islander American	Disabled Veteran
Andre Morgan	\$85,950	X					
KRL Properties	\$246,330	X					
Southern Maid	\$64,376	X					

<b>TOTAL NUMBER OF MINORITY CONTRACTS AWARDED</b>	<u>3</u>
<b>TOTAL EXPENDITURES FOR CONTRACTS AWARDED</b>	<u>\$8,171,505</u>
<b>% OF MINORITY CONTRACTS AWARDED</b>	<u>3.98 %</u>

# Department Appropriation Summary

## Historical Data

## Agency Request and Executive Recommendation

Appropriation	2013-2014		2014-2015		2014-2015		2015-2016					2016-2017						
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
2RF Annual Assessments	0	0	26,000	0	26,000	0	26,000	0	26,000	0	26,000	0	26,000	0	26,000	0	26,000	0
2SC Excess Unemploy Benefits/Expenses	4,290,111	0	11,304,389	0	11,304,389	0	11,304,389	0	11,304,389	0	11,304,389	0	11,304,389	0	11,304,389	0	11,304,389	0
2SD Operations	56,676,992	868	61,529,090	916	81,605,322	934	61,271,335	916	78,184,629	934	78,184,629	934	61,311,104	916	78,224,398	934	78,224,398	934
2SE Workforce Investment Act	20,252,480	0	21,849,540	0	60,000,000	0	21,849,540	0	60,000,000	0	60,000,000	0	21,849,540	0	60,000,000	0	60,000,000	0
2SF UI Trust Fund Loan Interest	5,716,085	0	24,000,000	0	24,000,000	0	24,000,000	0	3,000,001	0	3,000,001	0	24,000,000	0	3,000,001	0	3,000,001	0
35Q DWS Training Trust Fund	2,440,759	0	5,000,000	0	5,000,000	0	5,000,000	0	5,000,000	0	5,000,000	0	5,000,000	0	5,000,000	0	5,000,000	0
35R DWS Unemployment Insurance Fund	3,328,350	0	5,000,000	0	5,000,000	0	5,000,000	0	5,000,000	0	5,000,000	0	5,000,000	0	5,000,000	0	5,000,000	0
4KP TANF-IDA	546,073	0	850,000	0	1,700,000	0	850,000	0	1,700,000	0	1,700,000	0	850,000	0	1,700,000	0	1,700,000	0
4KQ TANF Block Grant Paying/New Hire Registry	9,593,555	47	34,420,979	44	40,000,000	44	34,442,725	44	40,000,000	44	40,000,000	44	34,445,921	44	40,000,000	44	40,000,000	44
C27 Unemployment Benefits & Expenses - Cash	61,182,447	0	62,000,000	0	62,000,000	0	62,000,000	0	20,000,001	0	20,000,001	0	62,000,000	0	20,000,001	0	20,000,001	0
C28 Federal Employees Benefit-Cash	79,540,247	0	175,000,000	0	175,000,000	0	175,000,000	0	175,000,000	0	175,000,000	0	175,000,000	0	175,000,000	0	175,000,000	0
C29 U I Benefits - Taxable Employers - Cash	259,093,166	0	464,226,951	0	600,000,000	0	464,226,951	0	600,000,000	0	600,000,000	0	464,226,951	0	600,000,000	0	600,000,000	0
C30 U I Benefits-Reimb Employers - Cash	14,287,735	0	30,000,000	0	30,000,000	0	30,000,000	0	30,000,000	0	30,000,000	0	30,000,000	0	30,000,000	0	30,000,000	0
C31 Bldg Improvmnt/Land-Reed Act	0	0	0	0	38,500,000	0	0	0	38,500,000	0	38,500,000	0	0	0	38,500,000	0	38,500,000	0
C56 Loans to Local WIBs	579,764	0	500,000	0	1,500,000	0	500,000	0	1,500,000	0	1,500,000	0	500,000	0	1,500,000	0	1,500,000	0
<b>Total</b>	<b>517,527,764</b>	<b>915</b>	<b>895,706,949</b>	<b>960</b>	<b>1,135,635,711</b>	<b>978</b>	<b>895,470,940</b>	<b>960</b>	<b>1,069,215,020</b>	<b>978</b>	<b>1,069,215,020</b>	<b>978</b>	<b>895,513,905</b>	<b>960</b>	<b>1,069,254,789</b>	<b>978</b>	<b>1,069,254,789</b>	<b>978</b>

Funding Sources		%		%		%		%		%		%		%		%		%
Fund Balance	4000005	66,537,035	11.0	85,835,153	8.9	67,134,679	7.1	67,134,679	7.0	67,134,679	7.0	52,906,862	5.8	52,906,862	5.6	52,906,862	5.6	
General Revenue	4000010	3,901,924	0.6	3,902,163	0.4	3,902,163	0.4	3,902,163	0.4	3,902,163	0.4	3,902,163	0.4	3,902,163	0.4	3,902,163	0.4	
Federal Revenue	4000020	498,850,535	82.7	847,274,397	88.0	845,787,165	89.5	884,287,165	91.9	884,287,165	91.9	835,021,400	90.8	873,521,400	93.2	873,521,400	93.2	
Stabilization Tax	4000033	5,097,606	0.8	4,016,577	0.4	4,000,000	0.4	4,000,000	0.4	4,000,000	0.4	4,000,000	0.4	4,000,000	0.4	4,000,000	0.4	
Advance Interest Funds	4000070	26,642,575	4.4	19,087,338	2.0	21,000,000	2.2	1	0.0	1	0.0	21,000,000	2.3	1	0.0	1	0.0	
Employer Penalties & Interest	4000225	3,333,242	0.6	3,526,000	0.4	3,526,000	0.4	3,526,000	0.4	3,526,000	0.4	3,526,000	0.4	3,526,000	0.4	3,526,000	0.4	
Transfer to DHS-DCO	4000612	(1,000,000)	(0.2)	(800,000)	(0.1)	(800,000)	(0.1)	(800,000)	(0.1)	(800,000)	(0.1)	(800,000)	(0.1)	(800,000)	(0.1)	(800,000)	(0.1)	
<b>Total Funds</b>		<b>603,362,917</b>	<b>100.0</b>	<b>962,841,628</b>	<b>100.0</b>	<b>944,550,007</b>	<b>100.0</b>	<b>962,050,008</b>	<b>100.0</b>	<b>962,050,008</b>	<b>100.0</b>	<b>919,556,425</b>	<b>100.0</b>	<b>937,056,426</b>	<b>100.0</b>	<b>937,056,426</b>	<b>100.0</b>	
Excess Appropriation/(Funding)		(85,835,153)		(67,134,679)		(49,079,067)		107,165,012		107,165,012		(24,042,520)		132,198,363		132,198,363		
<b>Grand Total</b>		<b>517,527,764</b>		<b>895,706,949</b>		<b>895,470,940</b>		<b>1,069,215,020</b>		<b>1,069,215,020</b>		<b>895,513,905</b>		<b>1,069,254,789</b>		<b>1,069,254,789</b>		

Variations in fund balance due to unfunded appropriation in (2SD) Operations, (2SE) Workforce Investment Act, (4KP) TANF - IDA, (4KP) TANF Block Grant Paying/New Hire Registry, (C29) UI Benefits - Taxable Employers - Cash, (C31) Bldg Improvmnt/Land - Reed Act, and (C56) Loans to Local WIBs.

## Agency Position Usage Report

FY2012 - 2013						FY2013 - 2014						FY2014 - 2015					
Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused
	Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total	
979	851	125	976	3	13.07 %	978	801	159	960	18	18.10 %	978	804	156	960	18	17.79 %

## **Analysis of Budget Request**

**Appropriation:** 2RF - Annual Assessments

**Funding Sources:** TZS - DWS Special Fund

The Annual Assessments appropriation pays the annual assessment to maintain voting member rights in the National Association of Workforce Agencies. This appropriation is funded from the Department of Workforce Services Special Fund derived from penalties and interest assessed to Arkansas employers and delinquent tax contributions.

Base Level Regular Salaries and Personal Services Matching include continuation of the previously authorized 2015 1% Cost of Living Adjustment and Career Service Payments for eligible employees. Personal Services Matching also includes a \$10 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for Merit Pay Increases.

The Agency Request provides for Base Level for the 2015-2017 Biennium.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 2RF - Annual Assessments

**Funding Sources:** TZS - DWS Special Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Annual Assessment 5900046	0	26,000	26,000	26,000	26,000	26,000	26,000	26,000	26,000
Total	0	26,000	26,000	26,000	26,000	26,000	26,000	26,000	26,000
<b>Funding Sources</b>									
Employer Penalties & Interest 4000225	0	26,000		26,000	26,000	26,000	26,000	26,000	26,000
Total Funding	0	26,000		26,000	26,000	26,000	26,000	26,000	26,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	0	26,000		26,000	26,000	26,000	26,000	26,000	26,000

## **Analysis of Budget Request**

**Appropriation:** 2SC - Excess Unemploy Benefits/Expenses

**Funding Sources:** TZS - DWS Special Fund

The Excess Unemployment Benefits and Expenses appropriation is utilized by the Department of Workforce Services for payment of administrative expenditures in excess of other funding sources due to reductions in federal funds. This appropriation is funded from the Department of Workforce Services Special Fund derived from penalties and interest assessed to Arkansas employers and delinquent tax contributions.

Base Level Regular Salaries and Personal Services Matching include continuation of the previously authorized 2015 1% Cost of Living Adjustment and Career Service Payments for eligible employees. Personal Services Matching also includes a \$10 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for Merit Pay Increases.

The Agency Request provides for Base Level for the 2015-2017 Biennium.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 2SC - Excess Unemploy Benefits/Expenses

**Funding Sources:** TZS - DWS Special Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	2015-2016			2016-2017		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Payment/Expenses 5900046	4,290,111	11,304,389	11,304,389	11,304,389	11,304,389	11,304,389	11,304,389	11,304,389	11,304,389
<b>Total</b>	<b>4,290,111</b>	<b>11,304,389</b>	<b>11,304,389</b>	<b>11,304,389</b>	<b>11,304,389</b>	<b>11,304,389</b>	<b>11,304,389</b>	<b>11,304,389</b>	<b>11,304,389</b>
<b>Funding Sources</b>									
Fund Balance 4000005	13,989,075	13,032,206		5,227,817	5,227,817	5,227,817	0	0	0
Employer Penalties & Interest 4000225	3,333,242	3,500,000		3,500,000	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000
<b>Total Funding</b>	<b>17,322,317</b>	<b>16,532,206</b>		<b>8,727,817</b>	<b>8,727,817</b>	<b>8,727,817</b>	<b>3,500,000</b>	<b>3,500,000</b>	<b>3,500,000</b>
Excess Appropriation/(Funding)	(13,032,206)	(5,227,817)		2,576,572	2,576,572	2,576,572	7,804,389	7,804,389	7,804,389
<b>Grand Total</b>	<b>4,290,111</b>	<b>11,304,389</b>		<b>11,304,389</b>	<b>11,304,389</b>	<b>11,304,389</b>	<b>11,304,389</b>	<b>11,304,389</b>	<b>11,304,389</b>

## **Analysis of Budget Request**

**Appropriation:** 2SD - Operations

**Funding Sources:** TES - DWS Trust Fund

The Department of Workforce Services Trust Fund (A.C.A. §19-5-912) provides operational support for the various programs of the Department. Funding for this appropriation is derived from revenues authorized by the federal government for support of various programs, any interest earned on these revenues, and any other funds made available by the Arkansas General Assembly.

Base Level Regular Salaries and Personal Services Matching include continuation of the previously authorized 2015 1% Cost of Living Adjustment and Career Service Payments for eligible employees. Personal Services Matching also includes a \$10 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for Merit Pay Increases.

The Base Level request is \$61,271,335 in FY16 and \$61,311,104 in FY17.

The Agency's Change Level request is \$16,913,294 each year of the biennium, and reflects the following:

- Regular Salaries and Personal Services Matching in the amount of \$675,676 each year of the biennium due to 18 restored positions and 9 reclassification positions.
- Overtime and Personal Services Matching in the amount of \$40,000 each year of the biennium.
- Operating Expenses in the amount of \$10,757,645 due to the agencies new requirement of determining TANF eligibility, which was administered by the Department of Human Services.
- Conference & Travel Expenses in the amount of \$634,808 due to the agencies new requirement of determining TANF eligibility, which was administered by the Department of Human Services.
- Professional Fees in the amount of \$2,386,164 due to an increase in the monthly DIS bill caused from agencies migrating from the old mainframe to the new mainframe.
- Capital Outlay in the amount of \$2,419,001 for each of the biennium due to the agencies new requirement of determining TANF eligibility, which was administered by the Department of Human Services.

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

# Appropriation Summary

**Appropriation:** 2SD - Operations  
**Funding Sources:** TES - DWS Trust Fund

## Historical Data

## Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	2015-2016			2016-2017		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	27,709,753	33,352,762	36,251,490	33,179,070	33,647,288	33,647,288	33,211,170	33,679,388	33,679,388
<b>#Positions</b>		<b>868</b>	<b>916</b>	<b>934</b>	<b>916</b>	<b>934</b>	<b>934</b>	<b>916</b>	<b>934</b>	<b>934</b>
Extra Help	5010001	3,009,145	3,300,000	3,300,000	3,300,000	3,300,000	3,300,000	3,300,000	3,300,000	3,300,000
<b>#Extra Help</b>		<b>246</b>	<b>380</b>	<b>380</b>	<b>380</b>	<b>380</b>	<b>380</b>	<b>380</b>	<b>380</b>	<b>380</b>
Personal Services Matching	5010003	11,736,460	12,439,024	13,363,180	12,509,701	12,717,159	12,717,159	12,517,370	12,724,828	12,724,828
Overtime	5010006	11,102	20,000	60,000	20,000	60,000	60,000	20,000	60,000	60,000
Operating Expenses	5020002	11,793,035	10,578,096	23,721,905	10,578,096	21,335,741	21,335,741	10,578,096	21,335,741	21,335,741
Conference & Travel Expenses	5050009	84,228	70,632	705,440	70,632	705,440	705,440	70,632	705,440	705,440
Professional Fees	5060010	2,102,043	1,613,836	1,784,306	1,613,836	4,000,000	4,000,000	1,613,836	4,000,000	4,000,000
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	231,226	154,740	2,419,001	0	2,419,001	2,419,001	0	2,419,001	2,419,001
<b>Total</b>		<b>56,676,992</b>	<b>61,529,090</b>	<b>81,605,322</b>	<b>61,271,335</b>	<b>78,184,629</b>	<b>78,184,629</b>	<b>61,311,104</b>	<b>78,224,398</b>	<b>78,224,398</b>
<b>Funding Sources</b>										
Federal Revenue	4000020	56,676,992	61,529,090		60,020,112	60,020,112	60,020,112	59,182,313	59,182,313	59,182,313
Total Funding		56,676,992	61,529,090		60,020,112	60,020,112	60,020,112	59,182,313	59,182,313	59,182,313
Excess Appropriation/(Funding)		0	0		1,251,223	18,164,517	18,164,517	2,128,791	19,042,085	19,042,085
<b>Grand Total</b>		<b>56,676,992</b>	<b>61,529,090</b>		<b>61,271,335</b>	<b>78,184,629</b>	<b>78,184,629</b>	<b>61,311,104</b>	<b>78,224,398</b>	<b>78,224,398</b>

## Change Level by Appropriation

**Appropriation:** 2SD - Operations  
**Funding Sources:** TES - DWS Trust Fund

### Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>61,271,335</b>	<b>916</b>	<b>61,271,335</b>	<b>100.0</b>	<b>61,311,104</b>	<b>916</b>	<b>61,311,104</b>	<b>100.0</b>
C01	Existing Program	16,913,294	18	78,184,629	127.6	16,913,294	18	78,224,398	127.6
C10	Reclass	0	0	78,184,629	127.6	0	0	78,224,398	127.6

### Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>61,271,335</b>	<b>916</b>	<b>61,271,335</b>	<b>100.0</b>	<b>61,311,104</b>	<b>916</b>	<b>61,311,104</b>	<b>100.0</b>
C01	Existing Program	16,913,294	18	78,184,629	127.6	16,913,294	18	78,224,398	127.6
C10	Reclass	0	0	78,184,629	127.6	0	0	78,224,398	127.6

### Justification

C01	The Department of Workforce Services is requesting the restoration of 18 positions that had been unbudgeted effective July 1, 2015. These positions are needed to address the agencies new requirement of determining TANF eligibility. This process is currently administered by the Department of Human Services. Neither the positions nor the appropriation are being transferred to DWS. Therefore, DWS will need additional positions to complete eligibility determination. Agency is requesting that Overtime, Conference & Travel and Capital Outlay be restored to the previously authorized appropriation levels. Agency is requesting that the operating expense base level is increased by \$10,757,645 for a total of \$21,335,741 and that the Professional Fees & Services base level is increased by \$2,386,164 for a total of \$4,000,000. Professional Services & Fees request an increase; due to an increase in the Department Information Service (DIS) general billing line that was caused by the increased cost to operate and agencies migrating from the mainframe.
C10	Reflects agency's request to reclass positions to more accurately represent the job function within the operations of the agency.

## **Analysis of Budget Request**

**Appropriation:** 2SE - Workforce Investment Act

**Funding Sources:** FCG - Federal Funds

The Workforce Investment Act appropriation provides for payment of federal funds to agencies in the ten local workforce investment areas (LWIAs). These programs provide needed employment and employment preparation services for adults, youth, and dislocated workers. Funding for this appropriation is provided by federal funds derived from the Workforce Investment Act of 1998, Public Law 105-220.

Base Level Regular Salaries and Personal Services Matching include continuation of the previously authorized 2015 1% Cost of Living Adjustment and Career Service Payments for eligible employees. Personal Services Matching also includes a \$10 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for Merit Pay Increases.

The Base Level request is \$21,849,540 each year of the biennium.

The Agency's Change Level request provides for an increase in Grants and Aid of \$38,150,460 each year of the biennium due to anticipation of additional WIA grants.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 2SE - Workforce Investment Act

**Funding Sources:** FCG - Federal Funds

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			2015-2016			2016-2017		
		2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid	5100004	20,252,480	21,849,540	60,000,000	21,849,540	60,000,000	60,000,000	21,849,540	60,000,000	60,000,000
Total		20,252,480	21,849,540	60,000,000	21,849,540	60,000,000	60,000,000	21,849,540	60,000,000	60,000,000
<b>Funding Sources</b>										
Federal Revenue	4000020	20,252,480	21,849,540		21,849,540	21,849,540	21,849,540	20,243,320	20,243,320	20,243,320
Total Funding		20,252,480	21,849,540		21,849,540	21,849,540	21,849,540	20,243,320	20,243,320	20,243,320
Excess Appropriation/(Funding)		0	0		0	38,150,460	38,150,460	1,606,220	39,756,680	39,756,680
Grand Total		20,252,480	21,849,540		21,849,540	60,000,000	60,000,000	21,849,540	60,000,000	60,000,000

## Change Level by Appropriation

**Appropriation:** 2SE - Workforce Investment Act  
**Funding Sources:** FCG - Federal Funds

### Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>21,849,540</b>	<b>0</b>	<b>21,849,540</b>	<b>100.0</b>	<b>21,849,540</b>	<b>0</b>	<b>21,849,540</b>	<b>100.0</b>
C01	Existing Program	38,150,460	0	60,000,000	274.6	38,150,460	0	60,000,000	274.6

### Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>21,849,540</b>	<b>0</b>	<b>21,849,540</b>	<b>100.0</b>	<b>21,849,540</b>	<b>0</b>	<b>21,849,540</b>	<b>100.0</b>
C01	Existing Program	38,150,460	0	60,000,000	274.6	38,150,460	0	60,000,000	274.6

### Justification

C01	The Agency is requesting to restore previously authorized appropriation of \$60,000,000 for 2SE, expenditures of appropriation will be contingent upon available funding.
-----	---

## **Analysis of Budget Request**

**Appropriation:** 2SF - UI Trust Fund Loan Interest

**Funding Sources:** TZR - Employment Security Advance Interest Trust Fund

A.C.A. §11-10-708 created an Advance Interest Tax in addition to the contributions and any stabilization and extended benefits taxes levied under other provisions of A.C.A. §11-10-703 - §11-10-708. Each employer, except employers that have made an election to reimburse the Unemployment Compensation Fund under A.C.A. §11-10-713(c), shall pay a separate and additional tax known as the advance interest tax on wages paid by that employer with respect to employment.

For rate years beginning on and after January 1, 1993, the advance interest tax shall be two-tenths of one percent (0.2%) when the state has an outstanding interest-bearing advance under Title XII of the Social Security Act. The Advance Interest Tax is only triggered "on" when such outstanding interest-bearing advance loan status is in effect. At all other times there is no assessment of the Advance Interest Tax.

When triggered "on", the tax is effective the first month of the quarter following the state's obtaining an interest-bearing advance and shall remain until the quarter immediately following the repayment of the advancement and the Employment Security Advance Interest Trust Fund (A.C.A. §19-5-935) attains a balance of five million dollars (\$5,000,000).

This Advance Interest Tax shall be levied and collected in the same manner as contributions and shall be subject to the same penalty and interest, collection, impoundment, priority, lien, certificate of assessment, and assessment provisions and procedures set forth in A.C.A. §11-10-716 - §11-10-722. When in effect, at least once each month, deposits which have been established as Advance Interest Tax payments and any interest and penalty payments applicable to the advance interest payments shall be paid over to the Treasurer of State and credited by the Treasurer of State to the Employment Security Advance Interest Trust Fund created and established in the State Treasury. In addition, all income from investment of the Employment Security Advance Interest Trust Fund shall be deposited and credited to that Employment Security Advance Interest Trust Fund.

All withdrawals shall be upon voucher warrants issued, or caused to be issued, by the Director of the Arkansas Department of Workforce Services as authorized by legislative appropriation and, shall be used only for the purposes of:

- A. Paying interest incurred by the state on advances obtained from the federal Unemployment Trust Fund under Title XII of the Social Security Act;
- B. Making refunds of the aforementioned advance interest tax and interest and penalty payments attributed to the advance interest tax which were erroneously paid; and
- C. Returning moneys to the Unemployment Compensation Fund Clearing Account which may have been incorrectly identified and erroneously transferred to the Employment Security Advance Interest Trust Fund in the State Treasury.

In November of each calendar year, the director shall transfer all assets of the Employment Security Advance Interest Trust Fund, which exceed five million dollars (\$5,000,000) to the Unemployment Compensation Fund, A.C.A. §11-10-801, provided that the state has no interest-bearing advances obtained from the federal Unemployment Fund under Title XII of the Social Security Act outstanding.

Any interest required to be paid on advances obtained by the state under Title XII of the Social Security Act shall be paid in a timely manner and shall not be paid directly or indirectly by an equivalent reduction in unemployment contributions or taxes imposed under other provisions of §11-10-701 - §11-10-715 or otherwise from amounts in the Unemployment Compensation Fund established under A.C.A. §11-10-801 -- § 11-10-804.

The UI Trust Fund Transfer line item was established for transferring from the Advance Interest Trust Fund as was required by law when the Advanced Interest Tax Fund exceeds \$5 million. Excess funds over the \$5 million in FY2010 totaled \$81,354 and were transferred to the Unemployment Insurance Trust Fund as required.

Base Level Regular Salaries and Personal Services Matching include continuation of the previously authorized 2015 1% Cost of Living Adjustment and Career Service Payments for eligible employees. Personal Services Matching also includes a \$10 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for Merit Pay Increases.

The Base Level request is \$24,000,000 each year of the biennium.

The Agency's Change Level request provides for a decrease to the Loan Interest line item by \$(20,999,999) each year of the biennium due to reduced amounts being transferred to the clearing fund. Agency would like to maintain \$1 in Loan Interest line item as a holding marker in case the economy takes a downturn.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 2SF - UI Trust Fund Loan Interest

**Funding Sources:** TZR - Employment Security Advance Interest Trust Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Refunds/Investments/Transfers 5110020	0	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
Loan Interest 5900046	5,716,085	21,000,000	21,000,000	21,000,000	1	1	21,000,000	1	1
<b>Total</b>	<b>5,716,085</b>	<b>24,000,000</b>	<b>24,000,000</b>	<b>24,000,000</b>	<b>3,000,001</b>	<b>3,000,001</b>	<b>24,000,000</b>	<b>3,000,001</b>	<b>3,000,001</b>
<b>Funding Sources</b>									
Fund Balance 4000005	36,637,251	57,563,741		52,651,079	52,651,079	52,651,079	49,651,079	49,651,079	49,651,079
Advance Interest Funds 4000070	26,642,575	19,087,338		21,000,000	1	1	21,000,000	1	1
<b>Total Funding</b>	<b>63,279,826</b>	<b>76,651,079</b>		<b>73,651,079</b>	<b>52,651,080</b>	<b>52,651,080</b>	<b>70,651,079</b>	<b>49,651,080</b>	<b>49,651,080</b>
Excess Appropriation/(Funding)	(57,563,741)	(52,651,079)		(49,651,079)	(49,651,079)	(49,651,079)	(46,651,079)	(46,651,079)	(46,651,079)
<b>Grand Total</b>	<b>5,716,085</b>	<b>24,000,000</b>		<b>24,000,000</b>	<b>3,000,001</b>	<b>3,000,001</b>	<b>24,000,000</b>	<b>3,000,001</b>	<b>3,000,001</b>

## Change Level by Appropriation

**Appropriation:** 2SF - UI Trust Fund Loan Interest  
**Funding Sources:** TZR - Employment Security Advance Interest Trust Fund

### Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>24,000,000</b>	<b>0</b>	<b>24,000,000</b>	<b>100.0</b>	<b>24,000,000</b>	<b>0</b>	<b>24,000,000</b>	<b>100.0</b>
C03	Discontinue Program	(20,999,999)	0	3,000,001	12.5	(20,999,999)	0	3,000,001	12.5

### Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>24,000,000</b>	<b>0</b>	<b>24,000,000</b>	<b>100.0</b>	<b>24,000,000</b>	<b>0</b>	<b>24,000,000</b>	<b>100.0</b>
C03	Discontinue Program	(20,999,999)	0	3,000,001	12.5	(20,999,999)	0	3,000,001	12.5

### Justification

C03	Reduce appropriation (2SFL) due to reduced amounts being transferred to clearing fund. Our agency would like to maintain an appropriation level of \$1 as a holding marker in case the economy takes a downturn.
-----	--

## **Analysis of Budget Request**

**Appropriation:** 35Q - DWS Training Trust Fund

**Funding Sources:** TWT - DWS Training Trust Fund

The Department of Workforce Services Training Trust Fund was established in A.C.A. §19-5-1131 to be used for worker training by providing a state funding source under certain conditions for benefits to Arkansas employers and employees. Funding for this appropriation consists of the proceeds of the Stabilization Tax, any interest accruing on these revenues, and any other funds made available by the General Assembly.

Base Level Regular Salaries and Personal Services Matching include continuation of the previously authorized 2015 1% Cost of Living Adjustment and Career Service Payments for eligible employees. Personal Services Matching also includes a \$10 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for Merit Pay Increases.

The Agency Request provides for Base Level for the 2015-2017 Biennium.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 35Q - DWS Training Trust Fund

**Funding Sources:** TWT - DWS Training Trust Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Personal Services, Operating Exp 5900046	2,440,759	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Total	2,440,759	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
<b>Funding Sources</b>									
Fund Balance 4000005	6,475,630	6,632,477		3,725,114	3,725,114	3,725,114	725,114	725,114	725,114
Stabilization Tax 4000033	2,597,606	2,092,637		2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Total Funding	9,073,236	8,725,114		5,725,114	5,725,114	5,725,114	2,725,114	2,725,114	2,725,114
Excess Appropriation/(Funding)	(6,632,477)	(3,725,114)		(725,114)	(725,114)	(725,114)	2,274,886	2,274,886	2,274,886
Grand Total	2,440,759	5,000,000		5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000

## **Analysis of Budget Request**

**Appropriation:** 35R - DWS Unemployment Insurance Fund

**Funding Sources:** MUI - DWS Unemployment Insurance Administration Fund

The Department of Workforce Services Unemployment Insurance Administration Fund was established in A.C.A. §19-5-1232 to be used for operating expenses of the unemployment insurance program necessary for the proper administration of the Arkansas Employment Security Law. This appropriation is used to maintain current programs during federal funding shortfalls to avoid reducing services to the state. Funding for this appropriation consists of the proceeds of the Stabilization Tax, any interest accruing on these revenues, and any other funds made available by the General Assembly.

A.C.A. 11-10-106 (f)(2)(A) provides 0.025% of taxable wages from the Stabilization Tax to support this program, which includes a sunset clause of June 30, 2011. The Agency will request to continue this funding during the 88th Legislative Session. If the funding is not continued, the Agency will still require this appropriation in order to spend the balance remaining in the fund.

Base Level Regular Salaries and Personal Services Matching include continuation of the previously authorized 2015 1% Cost of Living Adjustment and Career Service Payments for eligible employees. Personal Services Matching also includes a \$10 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for Merit Pay Increases.

The Agency Request provides for Base Level for the 2015-2017 Biennium.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 35R - DWS Unemployment Insurance Fund

**Funding Sources:** MUI - DWS Unemployment Insurance Administration Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	2015-2016			2016-2017		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5900046	3,328,350	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Total		3,328,350	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Funding Sources										
Fund Balance	4000005	9,435,079	8,606,729		5,530,669	5,530,669	5,530,669	2,530,669	2,530,669	2,530,669
Stabilization Tax	4000033	2,500,000	1,923,940		2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Total Funding		11,935,079	10,530,669		7,530,669	7,530,669	7,530,669	4,530,669	4,530,669	4,530,669
Excess Appropriation/(Funding)		(8,606,729)	(5,530,669)		(2,530,669)	(2,530,669)	(2,530,669)	469,331	469,331	469,331
Grand Total		3,328,350	5,000,000		5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000

## **Analysis of Budget Request**

**Appropriation:** 4KP - TANF-IDA

**Funding Sources:** TID - Individual Development Account

The Individual Development Account (IDA) appropriation was created by Act 1217 of 1999 to assist in the Welfare Reform effort by providing low income families with an opportunity to accumulate assets, facilitate good savings habits, promote home ownership, micro enterprise development, education, saving for retirement, and stabilize and build communities. Program participants must participate in mandatory training and establish a savings goal. For each \$1 contributed by program participants to their IDA savings account, the state matches their deposits by \$3. Funds are only available once the savings goal has been met or for qualified emergency withdrawals as specified by the Agency. The Department of Workforce Services provides IDA program services by contracting with fiduciary organizations that are non-profit organizations.

Funding for this appropriation is 100% federally funded with Transitional Employment Assistance Program funds (TANF Block Grant).

Base Level Regular Salaries and Personal Services Matching include continuation of the previously authorized 2015 1% Cost of Living Adjustment and Career Service Payments for eligible employees. Personal Services Matching also includes a \$10 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for Merit Pay Increases.

The Base Level request is \$850,000 each year of the biennium.

The Agency's Change Level request provides for an increase in Professional Fees of \$850,000 each year of the biennium due to the anticipation of more individual TANF contracts given out in FY16 and FY17.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 4KP - TANF-IDA

**Funding Sources:** TID - Individual Development Account

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
	2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	2015-2016			2016-2017		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses 5020002	0	0	0	0	0	0	0	0	0
Conference & Travel Expenses 5050009	0	0	0	0	0	0	0	0	0
Professional Fees 5060010	546,073	850,000	1,700,000	850,000	1,700,000	1,700,000	850,000	1,700,000	1,700,000
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Capital Outlay 5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>546,073</b>	<b>850,000</b>	<b>1,700,000</b>	<b>850,000</b>	<b>1,700,000</b>	<b>1,700,000</b>	<b>850,000</b>	<b>1,700,000</b>	<b>1,700,000</b>
<b>Funding Sources</b>									
Federal Revenue 4000020	546,073	850,000		850,000	850,000	850,000	850,000	850,000	850,000
<b>Total Funding</b>	<b>546,073</b>	<b>850,000</b>		<b>850,000</b>	<b>850,000</b>	<b>850,000</b>	<b>850,000</b>	<b>850,000</b>	<b>850,000</b>
Excess Appropriation/(Funding)	0	0		0	850,000	850,000	0	850,000	850,000
<b>Grand Total</b>	<b>546,073</b>	<b>850,000</b>		<b>850,000</b>	<b>1,700,000</b>	<b>1,700,000</b>	<b>850,000</b>	<b>1,700,000</b>	<b>1,700,000</b>

## Change Level by Appropriation

**Appropriation:** 4KP - TANF-IDA  
**Funding Sources:** TID - Individual Development Account

### Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>850,000</b>	<b>0</b>	<b>850,000</b>	<b>100.0</b>	<b>850,000</b>	<b>0</b>	<b>850,000</b>	<b>100.0</b>
C01	Existing Program	850,000	0	1,700,000	200.0	850,000	0	1,700,000	200.0

### Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>850,000</b>	<b>0</b>	<b>850,000</b>	<b>100.0</b>	<b>850,000</b>	<b>0</b>	<b>850,000</b>	<b>100.0</b>
C01	Existing Program	850,000	0	1,700,000	200.0	850,000	0	1,700,000	200.0

### Justification

C01	The agency is requesting to restore previously authorized appropriation for 4KP to \$1,700,000
-----	--

## **Analysis of Budget Request**

**Appropriation:** 4KQ - TANF Block Grant Paying/New Hire Registry

**Funding Sources:** PWS - TANF Block Grant Paying

With the enactment of Public Law 104-193, the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 and the Arkansas Personal Responsibility and Public Assistance Reform Act of 1997, open-ended entitlement for Aid to Families with Dependent Children (AFDC) was replaced with Temporary Assistance to Needy Families federal block grant funding to states. The Arkansas program is entitled Transitional Employment Assistance (TEA). The Arkansas 81<sup>st</sup> General Assembly passed Act 1058 of 1997 and in so doing, declared that "welfare reform is one of the major human service priorities of state government and establishes the goals of achieving a significant reduction in the number of citizens who are enrolled in such programs, transforming a "one size fits all" welfare system that fosters dependence, low self-esteem, and irresponsible behavior to one that rewards work and fosters self-reliance, responsibility and family stability. Act 1567 of 1999 amended Act 1058 of 1997 by establishing the Arkansas Transitional Employment Board. Act 1264 of 2001 and Act 1306 of 2003 enacted other provisions to strengthen the Arkansas TEA Program. Arkansas Act 1705 of 2005 transferred responsibility for the program to the Department of Workforce Services (DWS). Under this Act, responsibility for determining eligibility for the program and delivering cash assistance benefits remained with the Division of County Operations (DCO) while DWS was responsible for the provision of case management services and overall administration of the program. Special Language in Act 1289 of 2007 allows for the transfer of general revenue to DCO of up to \$3,640,650 each fiscal year in support of Arkansas' Temporary Assistance for Needy Families (TANF) programs or any related State programs. Act 1705 of 2005 also created the Work Pays program, which is an extension of the TEA program for former TEA recipients who are working. DWS has overall responsibility for the Work Pays program with eligibility determination and benefit delivery remaining with DCO.

TEA Program eligibility is limited to economically needy families with children under the age of 18 who are U.S. citizens or aliens lawfully admitted to the United States under specific criteria and are residing in Arkansas. The parent(s) living with the children must cooperate in child support enforcement activities, if applicable to the family, and must sign and comply with a Personal Responsibility Agreement, which includes ensuring that their children are immunized and that they attend school. All able-bodied parent(s) must actively engage in work related activities as a condition of the family's on-going eligibility. TEA cash assistance is limited to a maximum of twenty-four (24) months in an adult's lifetime. For those former TEA recipients who are employed at least 24 hours per week and meet the minimum federal work participation rates, an additional twenty-four (24) months of Work Pays benefits are available.

Assistance under the TEA and Work Pays Programs may include: monthly cash assistance payments to help meet the family's basic needs; employment services such as work experience, job search, and job readiness activities; assistance with basic and vocational education; assistance with supportive services such as childcare, transportation and other expenses related to work activity; case management services; and eligibility for extended support services to help the parent retain a job after the cash assistance case closes due to employment.

Congress reauthorized the TANF program through the Deficit Reduction Act of 2005. Although the Act requires States to meet higher rates of work participation, no significant changes were made in the program design beyond the State initiatives and organizational changes prescribed by Act 1705 of 2005.

Funding for this appropriation is derived from the federal TANF Block Grant and General Revenue.

Base Level Regular Salaries and Personal Services Matching include continuation of the previously authorized 2015 1% Cost of Living Adjustment and Career Service Payments for eligible employees. Personal Services Matching also includes a \$10 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for Merit Pay Increases.

The Base Level request is \$34,442,725 in FY16 and \$34,445,921 in FY17.

The Agency's Change Level request provides for an increase in TANF/New Hire Registry of \$5,557,275 in FY16 and \$5,554,079 in FY17 due to ADWS taking over new TANF eligibility from Department of Human Services.

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

## Appropriation Summary

**Appropriation:** 4KQ - TANF Block Grant Paying/New Hire Registry

**Funding Sources:** PWS - TANF Block Grant Paying

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	2015-2016			2016-2017		
					Base Level	Agency	Executive	Base Level	Agency	Executive
TANF/New Hire Registry	5900046	9,593,555	34,420,979	40,000,000	34,442,725	40,000,000	40,000,000	34,445,921	40,000,000	40,000,000
Total		9,593,555	34,420,979	40,000,000	34,442,725	40,000,000	40,000,000	34,445,921	40,000,000	40,000,000
Funding Sources										
General Revenue	4000010	3,901,924	3,902,163		3,902,163	3,902,163	3,902,163	3,902,163	3,902,163	3,902,163
Federal Revenue	4000020	6,691,631	31,318,816		31,340,562	31,340,562	31,340,562	23,018,816	23,018,816	23,018,816
Transfer to DHS-DCO	4000612	(1,000,000)	(800,000)		(800,000)	(800,000)	(800,000)	(800,000)	(800,000)	(800,000)
Total Funding		9,593,555	34,420,979		34,442,725	34,442,725	34,442,725	26,120,979	26,120,979	26,120,979
Excess Appropriation/(Funding)		0	0		0	5,557,275	5,557,275	8,324,942	13,879,021	13,879,021
Grand Total		9,593,555	34,420,979		34,442,725	40,000,000	40,000,000	34,445,921	40,000,000	40,000,000

## Change Level by Appropriation

**Appropriation:** 4KQ - TANF Block Grant Paying/New Hire Registry  
**Funding Sources:** PWS - TANF Block Grant Paying

### Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>34,442,725</b>	<b>44</b>	<b>34,442,725</b>	<b>100.0</b>	<b>34,445,921</b>	<b>44</b>	<b>34,445,921</b>	<b>100.0</b>
C01	Existing Program	5,557,275	0	40,000,000	116.1	5,554,079	0	40,000,000	116.1

### Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>34,442,725</b>	<b>44</b>	<b>34,442,725</b>	<b>100.0</b>	<b>34,445,921</b>	<b>44</b>	<b>34,445,921</b>	<b>100.0</b>
C01	Existing Program	5,557,275	0	40,000,000	116.1	5,554,079	0	40,000,000	116.1

### Justification

C01	The agency requests that previously authorized appropriation of \$40,000,000 for TANF be restored in order to be able to assist Arkansans with both unemployment and employment services.
-----	---

**CARRY FORWARD OF ANY REMAINING FUND BALANCES  
FROM FISCAL YEAR 2014 TO FISCAL YEAR 2015**

Agency: Workforce Services Department

Program: TANF Block Grant Paying/New Hire Registry

Act #: 964 Section(s) #: 9 & 16

Estimated Carry Forward Amount \$ 72,771.00 Funding Source: General Revenue

**Accounting Information:**

Business Area: 0810 Funds Center: 4KQ Fund: PWS Functional Area: COMM

Current law requires a written statement be submitted to the DFA Office of Budget stating the reason(s) to carry forward funding for a program or a specific line item within a program remaining on June 30th of a fiscal year.

**Justification for carry forward of fund balance:**

The Carry Forward is necessary to continue the normal operations of the Agency, Specifically New Hire Registry Services, overall administration of the New Hire program. This Carry Forward is critical when an unanticipated increase in service are required.

**Actual Funding Carry Forward Amount** \$ 111,289.34

**Current status of carry forward funding:**

Carry Forward balance of the State General Revenue for the New Hire Registry Program will be utilized for any unanticipated increase in services.

Artee Williams

Director

08-26-2014

Date

## **Analysis of Budget Request**

**Appropriation:** C27 - Unemployment Benefits & Expenses - Cash

**Funding Sources:** 177 - DWS Cash

The Department of Workforce Services Unemployment Benefits & Expenses - Cash appropriation currently provides for the operational costs of the Agency as well as Unemployment Insurance (UI) programs. This appropriation is funded by federal dollars deposited into a cash account. An explanation of the line items other than those for normal departmental operations is listed below:

- Training Allowances - federal funding is provided to pay allowances to economically disadvantaged, unemployed, and underemployed individuals so that they can attend training to maximize their employment opportunities and enhance self-sufficiency.
- Payments to Participant Contractors - federal funding is provided to reimburse private and nonprofit employers for costs incurred to train individuals who are economically disadvantaged, unemployed, and underemployed.
- UI Loan Repayments - to repay loans taken by the State from the federal Unemployment Insurance Trust Fund during times of high unemployment.
- Department of Workforce Services Special Fund - for repayment to the Special Fund for building construction costs from the federally funded operating budget.

Base Level Regular Salaries and Personal Services Matching include continuation of the previously authorized 2015 1% Cost of Living Adjustment and Career Service Payments for eligible employees. Personal Services Matching also includes a \$10 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for Merit Pay Increases.

The Base Level request is \$62,000,000 each year of the biennium.

The Agency's Change Level request provides for a reduction of \$(41,999,999) each year of the biennium, and reflects the following:

- Training Allowances in the amount of \$3,000,000 due to Arkansas receiving approval from U.S. Department of Labor for Travel Stipend Modification.
- Payments to Participating Contractors in the amount of \$5,000,000 due to increase of tuition, fees, tools and books required by the school for participating students in this program.
- UI Advance Repayment reduction in the amount \$(49,999,999) both years of the biennium as the agency will have paid the Title XII loan back in FY15.

The Executive Recommendations provides for the Agency Request.

## Appropriation Summary

**Appropriation:** C27 - Unemployment Benefits & Expenses - Cash

**Funding Sources:** 177 - DWS Cash

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			2015-2016			2016-2017		
		2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid	5100004	9,436	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Training Allowances	5900046	3,015,429	2,000,000	2,000,000	2,000,000	5,000,000	5,000,000	2,000,000	5,000,000	5,000,000
Payments to Part Contractors	5900047	8,157,582	5,000,000	5,000,000	5,000,000	10,000,000	10,000,000	5,000,000	10,000,000	10,000,000
UI Advance Repayment	5900048	50,000,000	50,000,000	50,000,000	50,000,000	1	1	50,000,000	1	1
<b>Total</b>		<b>61,182,447</b>	<b>62,000,000</b>	<b>62,000,000</b>	<b>62,000,000</b>	<b>20,000,001</b>	<b>20,000,001</b>	<b>62,000,000</b>	<b>20,000,001</b>	<b>20,000,001</b>
<b>Funding Sources</b>										
Federal Revenue	4000020	61,182,447	62,000,000		62,000,000	62,000,000	62,000,000	62,000,000	62,000,000	62,000,000
<b>Total Funding</b>		<b>61,182,447</b>	<b>62,000,000</b>		<b>62,000,000</b>	<b>62,000,000</b>	<b>62,000,000</b>	<b>62,000,000</b>	<b>62,000,000</b>	<b>62,000,000</b>
Excess Appropriation/(Funding)		0	0		0	(41,999,999)	(41,999,999)	0	(41,999,999)	(41,999,999)
<b>Grand Total</b>		<b>61,182,447</b>	<b>62,000,000</b>		<b>62,000,000</b>	<b>20,000,001</b>	<b>20,000,001</b>	<b>62,000,000</b>	<b>20,000,001</b>	<b>20,000,001</b>

## Change Level by Appropriation

**Appropriation:** C27 - Unemployment Benefits & Expenses - Cash  
**Funding Sources:** 177 - DWS Cash

### Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>62,000,000</b>	<b>0</b>	<b>62,000,000</b>	<b>100.0</b>	<b>62,000,000</b>	<b>0</b>	<b>62,000,000</b>	<b>100.0</b>
C01	Existing Program	8,000,000	0	70,000,000	112.9	8,000,000	0	70,000,000	112.9
C03	Discontinue Program	(49,999,999)	0	20,000,001	32.3	(49,999,999)	0	20,000,001	32.3

### Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>62,000,000</b>	<b>0</b>	<b>62,000,000</b>	<b>100.0</b>	<b>62,000,000</b>	<b>0</b>	<b>62,000,000</b>	<b>100.0</b>
C01	Existing Program	8,000,000	0	70,000,000	112.9	8,000,000	0	70,000,000	112.9
C03	Discontinue Program	(49,999,999)	0	20,000,001	32.3	(49,999,999)	0	20,000,001	32.3

### Justification

C01	The agency is requesting to restore previously authorized appropriation for Disaster Relief Payments C27 to \$5,000,000. The agency is requesting an increase in Training Allowance C27A to \$5,000,000 due to Arkansas receiving approval from the U.S. Department of Labor of Travel Stipend Modification, the agency also request an increase of Payments to Participant Contractors to \$10,000,000 due to the increase cost of tuition, fees, tools and books required by the school and the cost of supplies appropriate for students in this program. Books and tools must be on the official school required list for approval of purchase.
C03	The agency is requesting to reduce appropriation of UI Loan Repayment C27C to \$1 as a holding amount, the agency will have paid the Title XII loan back in SFY15.

## **Analysis of Budget Request**

**Appropriation:** C28 - Federal Employees Benefit-Cash

**Funding Sources:** 177 - DWS Cash

The Federal Employees Benefit Payments appropriation is funded by federal dollars deposited into a cash account. These funds are provided to pay unemployment benefits to unemployed federal civilian employees, ex-servicemen, and public service employees. Additionally, this appropriation pays the federal share of the extended benefits program (50%) and the Emergency Unemployment Compensation Program.

Base Level Regular Salaries and Personal Services Matching include continuation of the previously authorized 2015 1% Cost of Living Adjustment and Career Service Payments for eligible employees. Personal Services Matching also includes a \$10 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for Merit Pay Increases.

The Agency Request provides for Base Level for the 2015-2017 Biennium.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** C28 - Federal Employees Benefit-Cash

**Funding Sources:** 177 - DWS Cash

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			2015-2016			2016-2017		
		2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Benefits-Non Employee	5100023	79,540,247	175,000,000	175,000,000	175,000,000	175,000,000	175,000,000	175,000,000	175,000,000	175,000,000
Total		79,540,247	175,000,000	175,000,000	175,000,000	175,000,000	175,000,000	175,000,000	175,000,000	175,000,000
<b>Funding Sources</b>										
Federal Revenue	4000020	79,540,247	175,000,000		175,000,000	175,000,000	175,000,000	175,000,000	175,000,000	175,000,000
Total Funding		79,540,247	175,000,000		175,000,000	175,000,000	175,000,000	175,000,000	175,000,000	175,000,000
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		79,540,247	175,000,000		175,000,000	175,000,000	175,000,000	175,000,000	175,000,000	175,000,000

## **Analysis of Budget Request**

**Appropriation:** C29 - U I Benefits - Taxable Employers - Cash

**Funding Sources:** 177 - DWS Cash

The Unemployment Insurance (UI) Benefits - Taxable Employers appropriation allows for payment of Unemployment Insurance benefits to unemployed individuals. The individuals receive payments based on wages paid by Arkansas employers. The employer must be a for-profit organization and pay contributions to the Unemployment Compensation Fund.

Base Level Regular Salaries and Personal Services Matching include continuation of the previously authorized 2015 1% Cost of Living Adjustment and Career Service Payments for eligible employees. Personal Services Matching also includes a \$10 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for Merit Pay Increases.

The Base Level request is \$464,226,951 each year of the biennium.

The Agency's Change Level request provides for an increase in appropriation of \$135,773,049 each year of the biennium in order to ensure that there is sufficient authority to address any needs that may arise from an economic downturn and additional appropriation would become necessary.

The Executive Recommendation provides for the Agency Request.

# Appropriation Summary

**Appropriation:** C29 - U I Benefits - Taxable Employers - Cash

**Funding Sources:** 177 - DWS Cash

## Historical Data

## Agency Request and Executive Recommendation

Commitment Item	2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Benefits-Non Employee 5100023	259,093,166	464,226,951	600,000,000	464,226,951	600,000,000	600,000,000	464,226,951	600,000,000	600,000,000
<b>Total</b>	259,093,166	464,226,951	600,000,000	464,226,951	600,000,000	600,000,000	464,226,951	600,000,000	600,000,000
<b>Funding Sources</b>									
Federal Revenue 4000020	259,093,166	464,226,951		464,226,951	464,226,951	464,226,951	464,226,951	464,226,951	464,226,951
<b>Total Funding</b>	259,093,166	464,226,951		464,226,951	464,226,951	464,226,951	464,226,951	464,226,951	464,226,951
Excess Appropriation/(Funding)	0	0		0	135,773,049	135,773,049	0	135,773,049	135,773,049
<b>Grand Total</b>	259,093,166	464,226,951		464,226,951	600,000,000	600,000,000	464,226,951	600,000,000	600,000,000

## Change Level by Appropriation

**Appropriation:** C29 - U I Benefits - Taxable Employers - Cash  
**Funding Sources:** 177 - DWS Cash

### Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>464,226,951</b>	<b>0</b>	<b>464,226,951</b>	<b>100.0</b>	<b>464,226,951</b>	<b>0</b>	<b>464,226,951</b>	<b>100.0</b>
C01	Existing Program	135,773,049	0	600,000,000	129.2	135,773,049	0	600,000,000	129.2

### Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>464,226,951</b>	<b>0</b>	<b>464,226,951</b>	<b>100.0</b>	<b>464,226,951</b>	<b>0</b>	<b>464,226,951</b>	<b>100.0</b>
C01	Existing Program	135,773,049	0	600,000,000	129.2	135,773,049	0	600,000,000	129.2

### Justification

C01	The agency is requesting to restore previously authorized appropriation of UI Benefits-Taxable Employers C29 to \$600,000,000, this request in Benefits-Non-Employee will be to address any needs that may arise from an economic downturn.
-----	---

## **Analysis of Budget Request**

**Appropriation:** C30 - U I Benefits-Reimb Employers - Cash

**Funding Sources:** 177 - DWS Cash

The Unemployment Insurance (UI) Benefits - Reimbursable Employers appropriation allows for payments for Unemployment Insurance benefits to unemployed individuals. The individuals receive payments based on wages paid by any Arkansas non-profit organization or government employing unit which elects to reimburse the Unemployment Compensation Fund rather than pay contributions.

Base Level Regular Salaries and Personal Services Matching include continuation of the previously authorized 2015 1% Cost of Living Adjustment and Career Service Payments for eligible employees. Personal Services Matching also includes a \$10 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for Merit Pay Increases.

The Agency Request provides for Base Level for the 2015-2017 Biennium.

The Executive Recommendation provides for the Agency Request.

# Appropriation Summary

**Appropriation:** C30 - U I Benefits-Reimb Employers - Cash

**Funding Sources:** 177 - DWS Cash

## Historical Data

## Agency Request and Executive Recommendation

Commitment Item	Historical Data			2015-2016			2016-2017		
	2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Benefits-Non Employee 5100023	14,287,735	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000
<b>Total</b>	<b>14,287,735</b>	<b>30,000,000</b>	<b>30,000,000</b>	<b>30,000,000</b>	<b>30,000,000</b>	<b>30,000,000</b>	<b>30,000,000</b>	<b>30,000,000</b>	<b>30,000,000</b>
<b>Funding Sources</b>									
Federal Revenue 4000020	14,287,735	30,000,000		30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000
<b>Total Funding</b>	<b>14,287,735</b>	<b>30,000,000</b>		<b>30,000,000</b>	<b>30,000,000</b>	<b>30,000,000</b>	<b>30,000,000</b>	<b>30,000,000</b>	<b>30,000,000</b>
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
<b>Grand Total</b>	<b>14,287,735</b>	<b>30,000,000</b>		<b>30,000,000</b>	<b>30,000,000</b>	<b>30,000,000</b>	<b>30,000,000</b>	<b>30,000,000</b>	<b>30,000,000</b>

## **Analysis of Budget Request**

**Appropriation:** C31 - Bldg Improvmnt/Land–Reed Act

**Funding Sources:** 167 - DWS Cash - Reed Act

A provision of Title IX of the Social Security Act makes excess funds collected under the Federal Unemployment Tax Act (FUTA) available for administration of the Employment Security Program. These funds are often referred to as "Reed Act" Funds.

The appropriation authorizing the use of Reed Act Funds must be specific and must:

1. Limit the use of funds appropriated exclusively for Employment Security purposes, and;
2. Must specify the purpose of the funds being appropriated.

Reed Act funds become a part of a State's unemployment fund as defined in Section 3306(f) of the Federal Unemployment Tax Act as of the date they are transferred to the account of the State in the Unemployment Trust Fund. The funds must retain legal status as part of the State's unemployment fund until expended for the payment benefits or expenses of Employment Security Administration. Reed Act funds may be withdrawn from the State Unemployment Fund and deposited in another State account for use for Employment Security Administration only pending payment of obligations which have become due or the maturity of which is imminent. Since any amount withdrawn remains legally part of the State's Unemployment Fund until expended, it must be accounted for as part of the State's Unemployment Fund.

This appropriation is funded by Reed Act Funds for the purpose of construction and improvement of buildings, rent/lease costs, acquisition of data processing equipment and/or land, and for the payment of salaries and related benefits of local office staff.

Base Level Regular Salaries and Personal Services Matching include continuation of the previously authorized 2015 1% Cost of Living Adjustment and Career Service Payments for eligible employees. Personal Services Matching also includes a \$10 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for Merit Pay Increases.

The Base Level request is \$0 each year of the biennium.

The Agency's Change Level request provides for an increase in appropriation of \$38,500,000 each year of the biennium. Agency does not anticipate any funding for this program during 2015-2017 Biennium but request appropriation of \$38,500,000 be restored in the event funding becomes available

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** C31 - Bldg Improvmnt/Land-Reed Act

**Funding Sources:** 167 - DWS Cash - Reed Act

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Reed Act Funds 5900046	0	0	38,500,000	0	38,500,000	38,500,000	0	38,500,000	38,500,000
Total	0	0	38,500,000	0	38,500,000	38,500,000	0	38,500,000	38,500,000
<b>Funding Sources</b>									
Federal Revenue 4000020	0	0		0	38,500,000	38,500,000	0	38,500,000	38,500,000
Total Funding	0	0		0	38,500,000	38,500,000	0	38,500,000	38,500,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	0	0		0	38,500,000	38,500,000	0	38,500,000	38,500,000

## Change Level by Appropriation

**Appropriation:** C31 - Bldg Improvmnt/Land-Reed Act  
**Funding Sources:** 167 - DWS Cash - Reed Act

### Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
C01	Existing Program	38,500,000	0	38,500,000	100.0	38,500,000	0	38,500,000	100.0

### Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
C01	Existing Program	38,500,000	0	38,500,000	100.0	38,500,000	0	38,500,000	100.0

### Justification

C01	The agency does not anticipate any funding for this program during the 2015-2017 biennium, but request appropriation of \$38,500,000 be restored in the event funding becomes available.
-----	--

## **Analysis of Budget Request**

**Appropriation:** C56 - Loans to Local WIBs

**Funding Sources:** 177 - DWS - Cash

Local Workforce Investment Boards (WIBs) request funding for payroll and other operating expenses from Arkansas Department of Workforce Services (DWS) as needed. Upon receiving the request, DWS orders funds from the US Department of Labor (DOL). These funds are then deposited into the state treasury overnight and an Automated Clearing House transaction is processed to send the funds overnight the following night to the WIB. The entire process normally takes three days. The timing of the requests is controlled to comply with the federal Cash Management Improvement Act (Public Law 101-453).

Base Level Regular Salaries and Personal Services Matching include continuation of the previously authorized 2015 1% Cost of Living Adjustment and Career Service Payments for eligible employees. Personal Services Matching also includes a \$10 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for Merit Pay Increases.

The Base Level request is \$500,000 each year of the biennium.

The Agency's Change Level request provides for an increase in appropriation of \$1,000,000 each year of the biennium in order to assist in the process of making loans to local workforce investment boards.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** C56 - Loans to Local WIBs

**Funding Sources:** 177 - DWS - Cash

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			2015-2016			2016-2017		
		2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Loans	5120029	579,764	500,000	1,500,000	500,000	1,500,000	1,500,000	500,000	1,500,000	1,500,000
Total		579,764	500,000	1,500,000	500,000	1,500,000	1,500,000	500,000	1,500,000	1,500,000
<b>Funding Sources</b>										
Federal Revenue	4000020	579,764	500,000		500,000	500,000	500,000	500,000	500,000	500,000
Total Funding		579,764	500,000		500,000	500,000	500,000	500,000	500,000	500,000
Excess Appropriation/(Funding)		0	0		0	1,000,000	1,000,000	0	1,000,000	1,000,000
Grand Total		579,764	500,000		500,000	1,500,000	1,500,000	500,000	1,500,000	1,500,000

## Change Level by Appropriation

**Appropriation:** C56 - Loans to Local WIBs  
**Funding Sources:** 177 - DWS - Cash

### Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>500,000</b>	<b>0</b>	<b>500,000</b>	<b>100.0</b>	<b>500,000</b>	<b>0</b>	<b>500,000</b>	<b>100.0</b>
C01	Existing Program	1,000,000	0	1,500,000	300.0	1,000,000	0	1,500,000	300.0

### Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>500,000</b>	<b>0</b>	<b>500,000</b>	<b>100.0</b>	<b>500,000</b>	<b>0</b>	<b>500,000</b>	<b>100.0</b>
C01	Existing Program	1,000,000	0	1,500,000	300.0	1,000,000	0	1,500,000	300.0

### Justification

C01	The agency requests that previously authorized appropriation of \$1,500,000 be restored in order to assist in the process of making loans to local workforce investment boards.
-----	---