

DEPARTMENT OF WORKFORCE SERVICES

Enabling Laws

Act 2183 of 2005, Act 1705 of 2005
AR Code §11-10-101 et seq.

History and Organization

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

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

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.

The administration of the Department is funded with federal funds.

ADMINISTRATION

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

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

Administration activities include communication services by providing information in various formats

within the Agency and outside the Agency to the media; monitor the overall operation of the affirmative action program and promote equal employment opportunities; provide training for agency staff, handle legal agency affairs, organize and control overall information technology activities, and track new hires in the State of Arkansas through the New Hire Registry.

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.

APPEAL TRIBUNAL

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

ADVISORY COUNCIL

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

FINANCIAL MANAGEMENT SERVICES

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

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 Assistant Director for Employment Assistance concerning operating needs or changes necessary for more effective operations; and exercising functional responsibility for procedures, policies and guidelines for the claims taking and adjudication process.

EMPLOYMENT ASSISTANCE

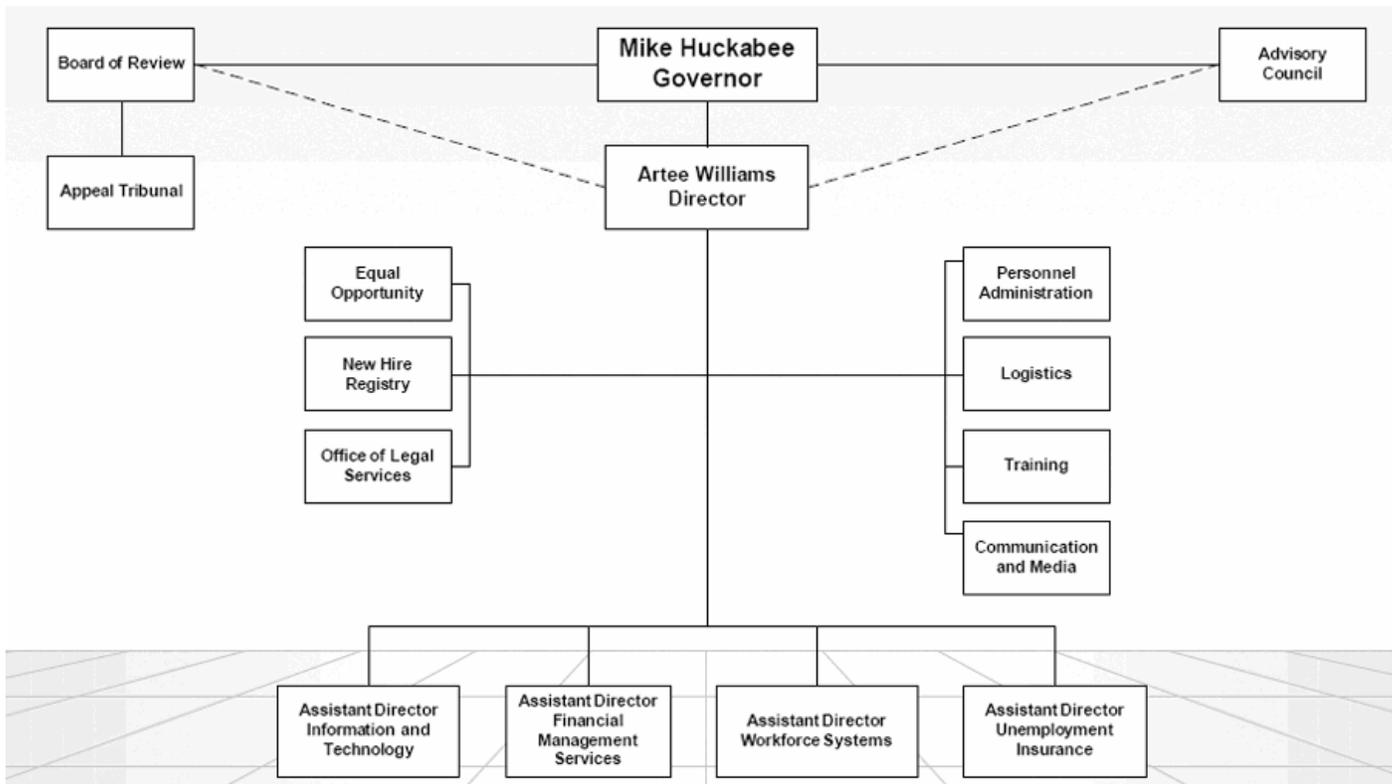
The Employment Assistance Division is responsible through the local offices for the delivery of Department of Workforce Services to the public. These services include: 1) job placement assistance to the applicants; 2) recruiting and screening assistance to employers seeking workers or a central place to post job openings; 3) initial unemployment insurance claims processing for unemployed workers; and 4) other specialized services to applicants and employers through contractual agreement with other local, state, or federal agencies and organizations. The Division plans, directs, coordinates and monitors activities relevant to labor exchange functions, service to military veterans, workshops on work search techniques, and several programs including the Governor's Dislocated Worker Task force, Trade Adjustment Assistance, Work Opportunity Tax Credit and Alien Labor Certification. It provides technical assistance to and training for DWS staff engaged in these activities. Additional functional responsibilities include the provision of financial services, monitoring and technical assistance to DWS local offices and local workforce investment area offices for Titles I and III of the Workforce Investment Act of 1998. The Division also recommends policy to the State Workforce Investment Board.

The Employment Assistance Division provides services through the operation of thirty-two local offices, many of which are career development centers, four outreach offices and the Hope Migrant Farm Labor Center located in Hope, Arkansas.

The Employment Assistance Division provides assistance to TANF/TEA participants in preparing them for gainful employment through work search techniques, job training, skill assessment and career counseling.

LABOR MARKET INFORMATION & ANALYSIS

Labor Market Information & Analysis Division produces and distributes a wide variety of information and statistics about employment and careers in Arkansas. Working closely with U.S. Department of Labor's Bureau of Labor Statistics and Employment & Training Administration, staff members use surveys and employer reports to gather and report statistics describing the state's level and type of employment, unemployment numbers and rates, occupational mix, industry and occupation projections, and other data of use to government, education and citizen users. In conjunction with the Arkansas Workforce Investment Board and the Department of Workforce Education, staff members also provide a variety of career preparation products and services, especially for students.



Agency Commentary

We are requesting an increase in appropriation authority for UI Benefits for unforeseen economic downturns through the 2007-2009 biennium.

The Agency's position request is 779 Regular Salary and 400 Extra Help positions in each year of the biennium. This is an increase of 81 positions based on the assumption of the TANF/TEA program including staff transferred from the Department of Health and Human Services.

Current Status

The Agency is currently operating 32 local offices, 4 outreach offices and the Hope Migrant Farm Labor Center located in Hope, Arkansas which provides services to legal immigrants.

Future Outlook

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

Our forecasts project no Trust Fund Loans or UI Loan Interest Payments.

AGENCY PROGRAM AREAS

A. Public Labor Exchange System

The Department of Workforce Services offers services to employers and to jobseekers at 32 local offices and 4 outreach offices throughout the State as well as the Hope Migrant Farm Labor Center. 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 preferential basis as required by federal statute. Other special applicant groups such as youth, older workers, handicapped and economically disadvantaged receive special attention and referral to services that help in the removal of barriers to employment. Unemployment insurance claimants are given special attention to encourage and assist their re-entry into the workforce.

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

Other services include: Cooperation with partner agencies providing services under the Workforce Investment Act (WIA), participation on workforce investment boards in local workforce investment areas to improve delivery of services, and provide Labor Market Information to educational and community based organizations for use in preparing citizens for the world of work. The Agency contracts with the State Director for Veterans Employment and Training Services to provide Local Veterans Employment Representatives to carry out the Disabled Veterans Outreach program as required by federal statute.

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

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

The 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.) 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 aspects of Title I.

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

employment.

DWS also serves in an advisory capacity to the State Workforce Investment Board in establishing WIA policy. 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.

C. Agency Unemployment Insurance Program

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 \$10,000 of wages paid to each employee during the calendar year or, if the employer is a reimbursable employer, the employer repays the UI Trust Fund for all unemployment insurance benefits paid to their employees. Tax rates for tax rated employers are determined by an experience rating system, which measures each employer's benefit risk and history of contributions and benefit payments. The tax rate calculation considers taxes paid in, benefits paid and charged to the employer's account and the average annual taxable payroll. In addition, a Stabilization Tax of up to 0.80% is added to the calculated tax rate based on the overall balance of the UI Trust Fund as compared to total payrolls for employment during the preceding calendar year. All tax rates are re-calculated each year.

As of July 1, 2006, an individual may qualify for a maximum weekly benefit of \$395 (Act 353 of 2003), with the minimum weekly benefit being \$71 for up to 26 weeks of total unemployment. The maximum and minimum weekly benefit amounts are subject to change each July 1. An individual's weekly benefit amount represents on average, approximately 40.2% of his/her average weekly wage.

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

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

Special benefits administered by 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 re relocation to a more favorable labor market area.

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

When a potential issue related to an unemployment insurance claim is identified, a decision is rendered by 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.

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 remands the Appeal Tribunal decision. Claimants and employers may appeal decisions of the Board of Review through the Arkansas Court of Appeals.

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

D. Temporary Assistance for Needy Families/TANF

States may use TANF funds in any manner "reasonably calculated to accomplish the purposes of TANF." The purposes are: assisting needy families so that children can be cared for in their own homes; reducing dependency of needy parents by promoting job preparation, work, job training, skill assessment, and career counseling.

State Maintenance of Effort Requirements - The TANF block grant program has an annual cost-sharing requirement, referred to as "maintenance of effort," or "MOE." Every fiscal year each state must spend a certain minimum amount of its own money to help eligible families in ways that are consistent with the purposes of the TANF program. The required MOE amount is based on an "applicable percentage" of the state's (nonfederal) expenditures on AFDC and the AFDC-related programs in 2005.

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.

The Agency requests to move State General Revenue funds of \$3,640,650 from Department of Health and Human Services to the Department of Workforce Services to support the TANF/TEA program. The Agency is requesting authority to transfer State General Revenue between Department of Health and Human Services and Department of Workforce Services as needed in support of the TANF/TEA and WorkPays programs. This will be authorized through Special Language in each agency's appropriation act that would allow the transfer of general revenue to the DHS Grants Fund Account if needed.

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

Through contract or financial agreement, DWS:

Administers the Trade Adjustment Act to provide re-employment assistance and re-training to workers dislocated as a result of production moving to another country.

Administers the Work Opportunity Tax Credit Program.

Administers the Alien Certification Program to certify foreign workers for existing employer needs based on a market survey.

Inspects housing of agricultural workers who are legally eligible to work in the United States (as part of the agricultural Alien Labor Certification Program);

Operates the Hope Migrant Farm Labor Center, providing overnight accommodations, employment, health and education services incorporation with other agencies to legal immigrants. These immigrants provide agricultural services throughout the midwest corridor from Rio Grand Valley Texas to Michigan and as far north as upstate New York.

F. Labor Market Information & Analysis

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

1. The ETA is responsible for funding, monitoring, and evaluating the LMI activities relating to the development of state and local market information.

2. The BLS is responsible for developing methods and procedures for federal-state programs. The Bureau is authorized to collect labor market information and reimburse SESA's to provide national statistical information. More specifically, BLS is responsible for funding, administering and providing

technical guidance for the Current Employment Statistics (CES), Local Area Unemployment Statistics (LAUS), Occupational Employment Statistics (OES), Quarterly Census of Employment and Wages (QCEW), and the Mass Layoff Statistics (MLS) programs.

3. SESA Occupational-Career Information/BLS sections carry out the basic work in compliance with the ETA's policies and the BLS technical directives.

4. Section 118 of the Carl Perkins Act provides funds to the states to develop and distribute LMI through a State Career Resource Network. Upon recommendation of the Arkansas Department of Workforce Education, the Governor has designated DWS to handle this responsibility.

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

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

2. Computerized delivery of a career information delivery system (CIDS) provides guidance personnel, students, training program participants, and other job seekers a Career Resource Network of Information.

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

3. A computerized delivery of Educational services provided is found in the Arkansas Consumer Reporting System (ACRS) www.arkansasacrs.org<<<http://www.arkansasacrs.org>>. 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 post-secondary educational institutions, as well as out-of-state post-secondary educational institutions that are certified by the Arkansas Board of Private Career Education.

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

A directory of labor market information publications is also available.

5. Technical assistance and training in the availability and use of labor market information are offered. Additionally, materials are distributed for pre-service and in-service counselor education and training needs. Also, training on the availability and uses of LMI, occupational and career information is now being offered through the special focused LMI training seminars conducted by DWS LMI professionals.

6. Research and special projects are conducted to update labor market information techniques and output, particularly those that streamline programs through computerization.

Labor Market Information is needed by planners and administrators who decide which programs best develop and use the State's human resources. The LMI Program allows 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 Career Development Network (one-stop career development centers) operations. Many new pamphlets, flyers, publications, internet and CD-ROM materials and other additions to the career and planning information systems are being developed primarily for use in these centers and Arkansas' educational institutions.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
ARKANSAS EMPLOYMENT SECURITY DEPARTMENT
FOR THE YEAR ENDED JUNE 30, 2005

<u>Findings</u>	<u>Recommendations</u>
None	None

Employment Summary

	Male	Female	Total	%	
White Employees	117	227	344	57 %	
Black Employees	48	205	253	42 %	
Other Racial Minorities	1	7	8	1 %	
			Total Minorities	261	43 %
			Total Employees	605	100 %

Publications

A.C.A 25-1-204

Name	Statutory Authorization	Required for		# Of Copies	Reason (s) for Continued Publication and Distribution
		Governor	General Assembly		
Annual Mission Statement and Report of Activity	A.C.A 11-10-306 (e)	Y	N	33	To meet the requirements of ACA 11-10-306 (e) and to have sufficient copies for interested parties.
Annual Report to the Arkansas Legislature on the Individual Development Account (IDA) program	Act 1217 of 1999 (Family Savings Initiative Act)	N	Y	10	The annual report on the status of the IDA program is given to the Public Health, Welfare and Labor Committee as required by Act 1217 of 1999.
Arkansas TEA Program Bi-Annual Report on Families Sanctioned and Outcomes of Home visits	ACA 20-76-410 Section 9(c)(l)(f) as amended	Y	Y	20	The Department shall submit a bi-annual report on families sanctioned and the outcomes of the home visits to the Governor and the House and Senate Interim Committees on Public Health, Welfare and Labor

Department Appropriation Summary

Appropriation		Historical Data						Agency Request and Executive Recommendation							
		2005-2006		2006-2007		2006-2007		2007-2008				2008-2009			
		Actual	Pos	Budget	Pos	Authorized	Pos	Agency	Pos	Executive	Pos	Agency	Pos	Executive	Pos
2RD	Administrative Building Upkeep	0	0	455,000	0	0	0	455,000	0	455,000	0	0	0	0	0
2RE	Building and Land Acquisition	0	0	300,000	0	0	0	300,000	0	300,000	0	0	0	0	0
2RF	Annual Assessments	18,000	0	25,000	0	25,000	0	26,000	0	26,000	0	26,000	0	26,000	0
2SA	Rent of Buildings	0	0	96,708	0	0	0	96,708	0	96,708	0	0	0	0	0
2SB	Spec Improvement District Taxes	0	0	1,000	0	0	0	1,000	0	1,000	0	0	0	0	0
2SC	Excess Unemploy Benefits/Exp	1,281,522	0	10,082,630	0	10,082,630	0	14,373,841	0	14,373,841	0	10,878,035	0	10,878,035	0
2SD	Personal Services	28,287,641	637	35,174,062	684	36,454,915	697	39,444,062	778	39,444,062	778	39,444,399	778	39,444,399	778
2SE	Workforce Investment Act	25,939,207	0	58,000,000	0	58,000,000	0	58,000,000	0	58,000,000	0	58,000,000	0	58,000,000	0
2SF	UI Trust Fund Loan Interest	96,508	0	3,000,001	0	3,000,001	0	3,000,001	0	3,000,001	0	3,000,001	0	3,000,001	0
2SG	New Hire Registry-State	149,042	0	151,571	0	181,749	1	151,665	0	151,665	0	151,665	0	151,665	0
2SH	New Hire Registry-Federal	204,915	0	354,091	1	352,809	1	360,317	1	354,317	1	360,317	1	354,317	1
2YZ	Community Investment Initiative	0	0	3,000,000	0	3,000,000	0	0	0	0	0	0	0	0	0
4HW	TANF Treasury Cash	0	0	62,950,000	0	0	0	0	0	0	0	0	0	0	0
4KP	TANF-IDA	0	0	0	0	0	0	500,000	0	500,000	0	500,000	0	500,000	0
4KQ	TANF Block Grant Paying	0	0	0	0	0	0	78,640,650	0	66,590,650	0	78,640,650	0	66,590,650	0
C27	ESD-Cash Operations	14,040,184	0	51,735,929	0	49,735,929	0	52,706,031	0	52,706,031	0	52,154,930	0	52,154,930	0
C28	Federal Employees Benefit-Cash	18,678,359	0	100,000,000	0	100,000,000	0	100,000,000	0	100,000,000	0	100,000,000	0	100,000,000	0
C29	U I Benefits - Taxable Employers - Cash	223,440,794	0	500,000,000	0	500,000,000	0	600,000,000	0	500,000,000	0	600,000,000	0	500,000,000	0
C30	U I Benefits-Reimb Employers-Cash	13,771,100	0	20,000,000	0	20,000,000	0	20,000,000	0	20,000,000	0	20,000,000	0	20,000,000	0
C31	Bldg Improvmt/Land-Reed Act	653,391	0	76,346,609	0	0	0	77,000,000	0	77,000,000	0	0	0	0	0
NOT REQUESTED FOR THE BIENNIUM															
C37	Transitional Employment Program	1,224,161	0	0	0	100,000,000	0	0	0	0	0	0	0	0	0
Total		327,784,824	637	921,672,601	685	880,833,033	698	1,045,055,275	779	932,999,275	779	963,155,997	779	851,099,997	779

Funding Sources			%		%		%		%		%		%
Fund Balance	4000005	17,701,095	5.1	17,698,639	1.9	17,698,639	1.7	17,698,639	1.9	17,698,639	1.8	17,698,639	2.0
General Revenue	4000010	149,042	0.0	151,461	0.0	3,792,315	0.4	3,792,315	0.4	3,792,315	0.4	3,792,315	0.4
Federal Revenue	4000020	325,015,591	94.1	907,560,691	96.6	1,023,010,410	96.3	910,954,410	95.8	945,459,646	96.4	833,403,646	95.9
Cash Fund	4000045	1,221,705	0.4	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Merit Adjustment Fund	4000055	0	0.0	110	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Advance Interest Funds	4000070	96,508	0.0	3,000,001	0.3	3,000,001	0.3	3,000,001	0.3	3,000,001	0.3	3,000,001	0.3
Employer Penalties & Interest	4000225	1,299,522	0.4	10,960,338	1.2	15,252,549	1.3	15,252,549	1.6	10,904,035	1.1	10,904,035	1.4

Funding Sources		%		%		%		%		%		%	
Total Funds	345,483,463	100.0	939,371,240	100.0		1,062,753,914	100.0	950,697,914	100.0	980,854,636	100.0	868,798,636	100.0
Excess Appropriation/(Funding)	(17,698,639)		(17,698,639)			(17,698,639)		(17,698,639)		(17,698,639)		(17,698,639)	
Grand Total	327,784,824		921,672,601			1,045,055,275		932,999,275		963,155,997		851,099,997	

The increase requested by the Agency for 2SC – Excess Unemployment Benefits/Expenses will be transferred from the cash fund; there will be no increase in penalties to cover the requested increase.

Agency Position Usage Report

FY2004-2005						FY2005-2006						FY2006-2007					
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	
625	482	68	550	75	22.88%	698	612	-12	600	98	12.32%	698	605	80	685	13	13.32%

Analysis of Budget Request

Appropriation: 2RD - Administrative Building Upkeep

Funding Sources: TZS-Employment Security Special Fund

The Administration Building Upkeep appropriation provides for maintenance, repairs, equipment, furnishing, and upkeep of the Administration Building and all other agency owned buildings and the adjacent parking areas of these buildings. This is a biennial appropriation.

This appropriation derives its funding from interest and penalties assessed to Arkansas employers on delinquent tax contributions and reimbursable amounts which are collected by ESD, along with amortization payments on building construction. These receipts are forwarded monthly to the State Treasurer.

The Base Level for this appropriation is \$455,000 and represents the Agency Request.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 2RD Administrative Building Upkeep
Funding Sources: TZS-Employment Security Special Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2005-2006	2006-2007	2006-2007	2007-2008			2008-2009		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Construction 5090005	0	455,000	0	455,000	455,000	455,000	0	0	0
Total	0	455,000	0	455,000	455,000	455,000	0	0	0
Funding Sources									
Employer Penalties & Interest 4000225	0	455,000		455,000	455,000	455,000	0	0	0
Total Funding	0	455,000		455,000	455,000	455,000	0	0	0
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	0	455,000		455,000	455,000	455,000	0	0	0

This is a biennial appropriation.

FY2007 Appropriation Carry Forward amount is \$455,000.

Analysis of Budget Request

Appropriation: 2RE - Building and Land Acquisition

Funding Sources: TZS-Employment Security Special Fund

The Building and Land Acquisition appropriation is utilized by the Department of Workforce Services for the acquisition of buildings and land, construction of buildings, and/or modification of existing buildings outside the Pulaski County area. This is a biennial appropriation.

This appropriation is funded from the Employment Security Special Fund derived from penalties and interest assessed to Arkansas employers and delinquent tax contributions.

The Base Level for this appropriation is \$300,000 and represents the Agency Request.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 2RE Building and Land Acquisition
Funding Sources: TZS-Employment Security Special Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2005-2006	2006-2007	2006-2007	2007-2008			2008-2009		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Construction 5090005	0	300,000	0	300,000	300,000	300,000	0	0	0
Total	0	300,000	0	300,000	300,000	300,000	0	0	0
Funding Sources									
Employer Penalties & Interest 4000225	0	300,000		300,000	300,000	300,000	0	0	0
Total Funding	0	300,000		300,000	300,000	300,000	0	0	0
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	0	300,000		300,000	300,000	300,000	0	0	0

This is a biennial appropriation.

FY2007 Appropriation Carry Forward amount is \$300,000.

Analysis of Budget Request

Appropriation: 2RF - Annual Assessments

Funding Sources: TZS-Employment Security Special Fund

The Annual Assessments appropriation pays the annual assessment to maintain voting member rights in the National Association of Workforce Agencies. The funding for this appropriation is derived from penalties and interest assessed to Arkansas employers.

The Base Level for this appropriation is \$25,000 each year of the biennium.

The Agency's Change Level request for this appropriation is \$1,000 each year of the biennium to allow for an increase in membership dues.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 2RF Annual Assessments
Funding Sources: TZS-Employment Security Special Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2005-2006	2006-2007	2006-2007	2007-2008			2008-2009		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Annual Assessment 5900046	18,000	25,000	25,000	25,000	26,000	26,000	25,000	26,000	26,000
Total	18,000	25,000	25,000	25,000	26,000	26,000	25,000	26,000	26,000
Funding Sources									
Employer Penalties & Interest 4000225	18,000	25,000		25,000	26,000	26,000	25,000	26,000	26,000
Total Funding	18,000	25,000		25,000	26,000	26,000	25,000	26,000	26,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	18,000	25,000		25,000	26,000	26,000	25,000	26,000	26,000

Change Level by Appropriation

Appropriation: 2RF-Annual Assessments

Funding Sources: TZS-Employment Security Special Fund

Agency Request

Change Level		2007-2008	Pos	Cumulative	% of BL	2008-2009	Pos	Cumulative	% of BL
BL	Base Level	25,000	0	25,000	100.0	25,000	0	25,000	100.0
C01	Existing Program	1,000	0	26,000	104.0	1,000	0	26,000	104.0

Executive Recommendation

Change Level		2007-2008	Pos	Cumulative	% of BL	2008-2009	Pos	Cumulative	% of BL
BL	Base Level	25,000	0	25,000	100.0	25,000	0	25,000	100.0
C01	Existing Program	1,000	0	26,000	104.0	1,000	0	26,000	104.0

Justification

C01	Additional appropriation is requested to cover an increase in annual dues for the National Association of State Workforce Agencies.
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Analysis of Budget Request

Appropriation: 2SA - Rent of Buildings

Funding Sources: TZS-Employment Security Special Fund

The Rent of Buildings appropriation allows the Department of Workforce Services to utilize the Employment Security Fund for the rent of buildings when the U.S. Department of Labor determines, for an unforeseen reason, that federal funds are not appropriate for rent on a particular facility. This is a biennial appropriation.

The Employment Security Fund is the source of funding for this appropriation, which is derived from penalties and interest assessed to Arkansas employers and delinquent tax contributions.

The Base Level request this appropriation is \$96,708 and represents the Agency Request.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 2SA Rent of Buildings
Funding Sources: TZS-Employment Security Special Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2005-2006	2006-2007	2006-2007	2007-2008			2008-2009		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Rent of Buildings 5900022	0	96,708	0	96,708	96,708	96,708	0	0	0
Total	0	96,708	0	96,708	96,708	96,708	0	0	0
Funding Sources									
Employer Penalties & Interest 4000225	0	96,708		96,708	96,708	96,708	0	0	0
Total Funding	0	96,708		96,708	96,708	96,708	0	0	0
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	0	96,708		96,708	96,708	96,708	0	0	0

This is a biennial appropriation.

FY2007 Appropriation Carry Forward amount is \$96,708.

Analysis of Budget Request

Appropriation: 2SB - Spec Improvement District Taxes

Funding Sources: TZS-Employment Security Special Fund

The Special Improvement District Taxes appropriation allows the Department of Workforce Services (DWS) to pay any required city or county Special Improvement District Taxes. These taxes are levied on local DWS offices. This is a biennial appropriation.

The Employment Security Fund is the source of funding for this appropriation, which is derived from penalties and interest assessed to Arkansas employers and delinquent tax contributions.

The Base Level for this appropriation is \$1,000 and represents the Agency Request.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 2SB Spec Improvement District Taxes
Funding Sources: TZS-Employment Security Special Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2005-2006	2006-2007	2006-2007	2007-2008			2008-2009		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Special Improvement District Taxes 5900046	0	1,000	0	1,000	1,000	1,000	0	0	0
Total	0	1,000	0	1,000	1,000	1,000	0	0	0
Funding Sources									
Employer Penalties & Interest 4000225	0	1,000		1,000	1,000	1,000	0	0	0
Total Funding	0	1,000		1,000	1,000	1,000	0	0	0
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	0	1,000		1,000	1,000	1,000	0	0	0

This is a biennial appropriation.

FY2007 Appropriation Carry Forward amount is \$1,000.

Analysis of Budget Request

Appropriation: 2SC - Excess Unemploy Benefits/Exp

Funding Sources: TZS-Employment Security Special Fund

The Excess Unemployment Benefits and Expenses appropriation allows the Department of Workforce Services to utilize this appropriation for payment of administrative expenditures in excess of other funding sources because of reductions in federal funds. The Employment Security Special Fund is the source of funding for this appropriation, which is derived from penalties and interest assessed to Arkansas employers and delinquent tax contributions.

The Base Level for this appropriation is \$10,082,630 each year of the biennium.

The Agency's Change Level request for this appropriation is \$4,291,211 in FY2008 and \$795,405 in FY2009 to replace the Financial Accounting Reporting System (FARS). This accounting system provides allocation tables that are necessary for DWS. The last purchase of an accounting system was in 1982-1983. The U.S. Department of Labor determines the requirements and guidelines for the accounting system and the system selected by DWS must receive the approval of the federal agency.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 2SC Excess Unemploy Benefits/Exp
Funding Sources: TZS-Employment Security Special Fund

Commitment Item	Historical Data			Agency Request and Executive Recommendation					
	2005-2006 Actual	2006-2007 Budget	2006-2007 Authorized	2007-2008			2008-2009		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Payment/Expenses 5900046	1,281,522	10,082,630	10,082,630	10,082,630	14,373,841	14,373,841	10,082,630	10,878,035	10,878,035
Total	1,281,522	10,082,630	10,082,630	10,082,630	14,373,841	14,373,841	10,082,630	10,878,035	10,878,035
Funding Sources									
Fund Balance 4000005	12,671,071	12,671,071		12,671,071	12,671,071	12,671,071	12,671,071	12,671,071	12,671,071
Employer Penalties & Interest 4000225	1,281,522	10,082,630		10,082,630	14,373,841	14,373,841	10,082,630	10,878,035	10,878,035
Total Funding	13,952,593	22,753,701		22,753,701	27,044,912	27,044,912	22,753,701	23,549,106	23,549,106
Excess Appropriation/(Funding)	(12,671,071)	(12,671,071)		(12,671,071)	(12,671,071)	(12,671,071)	(12,671,071)	(12,671,071)	(12,671,071)
Grand Total	1,281,522	10,082,630		10,082,630	14,373,841	14,373,841	10,082,630	10,878,035	10,878,035

The increase requested by the Agency for will be transferred from the cash fund; there will be no increase in penalties to cover the requested increase.

Change Level by Appropriation

Appropriation: 2SC-Excess Unemploy Benefits/Exp
Funding Sources: TZS-Employment Security Special Fund

Agency Request

Change Level		2007-2008	Pos	Cumulative	% of BL	2008-2009	Pos	Cumulative	% of BL
BL	Base Level	10,082,630	0	10,082,630	100.0	10,082,630	0	10,082,630	100.0
C08	Technology	4,291,211	0	14,373,841	142.5	795,405	0	10,878,035	107.8

Executive Recommendation

Change Level		2007-2008	Pos	Cumulative	% of BL	2008-2009	Pos	Cumulative	% of BL
BL	Base Level	10,082,630	0	10,082,630	100.0	10,082,630	0	10,082,630	100.0
C08	Technology	4,291,211	0	14,373,841	142.5	795,405	0	10,878,035	107.8

Justification

C08	The Agency requests an increase to replace the Financial Accounting Reporting System (FARS). This accounting system provides allocation tables that are necessary for DWS. The last purchase of an accounting system was in 1982-1983.
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Analysis of Budget Request

Appropriation: 2SD - Personal Services

Funding Sources: TES-Arkansas Employment Security Trust Fund

Act 1705 of 2005 renamed the Arkansas Employment Security Department to the Department of Workforce Services. This appropriation provides for payment of Regular Salaries, Personal Services Matching, Extra Help and Overtime. A.C.A. §19-5-912 authorized the creation of the "Employment Security Department Trust Fund." 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.

A cost of living increase is not incorporated in Base Level pending the outcome of the Classification and Compensation Study. FY07 salary levels have been held flat each year for all incumbents. Personal Services Matching may reflect increases in the Base Level due to the Social Security Tax maximum income limit and certain increases in Worker's Compensation and Unemployment Tax rates. Personal Services Matching also includes a \$30 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$350 per month.

The Base Level for this appropriation is \$33,391,069 in FY2008 and \$33,391,406 in FY2009 with 603 positions.

The Agency's Change Level requests for this appropriation total \$6,052,993 each year of the biennium and are reflected below:

- Restoration of ninety-four (94) unbudgeted positions with salary and matching appropriation to meet the requirements and services for approximately forty-seven (47) mandated federal programs in thirty-six (36) offices throughout the State.
- Additional eighty-one (81) positions with salary and matching appropriation that were established through Act 2183 of 2005, Section 24 to operate the Transitional Employment Assistance (TEA) programs that was transferred from the Department of Health and Human Services (DHHS). These positions are for employees transferred from DHHS and any additional staff.
- \$52,848 each year of the biennium in the Overtime line item to provide sufficient appropriation for payments. Employees may be required to work overtime as outlined in federal mandates, disaster situations, or on a demand basis.

The Executive Recommendation provides the Agency Request.

Appropriation Summary

Appropriation: 2SD Personal Services
Funding Sources: TES-Arkansas Employment Security Trust Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item		2005-2006	2006-2007	2006-2007	2007-2008			2008-2009		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	19,447,166	23,680,033	24,599,115	21,687,516	26,005,867	26,005,867	21,687,516	26,005,867	26,005,867
#Positions		637	684	697	603	778	778	603	778	778
Extra Help	5010001	2,751,217	4,093,000	4,093,000	4,093,000	4,093,000	4,093,000	4,093,000	4,093,000	4,093,000
#Extra Help		297	400							
Personal Services Matching	5010003	6,074,626	7,393,877	7,755,648	7,603,401	9,285,195	9,285,195	7,603,738	9,285,532	9,285,532
Overtime	5010006	14,632	7,152	7,152	7,152	60,000	60,000	7,152	60,000	60,000
Total		28,287,641	35,174,062	36,454,915	33,391,069	39,444,062	39,444,062	33,391,406	39,444,399	39,444,399
Funding Sources										
Federal Revenue	4000020	28,287,641	35,174,062		33,391,069	39,444,062	39,444,062	33,391,406	39,444,399	39,444,399
Total Funding		28,287,641	35,174,062		33,391,069	39,444,062	39,444,062	33,391,406	39,444,399	39,444,399
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		28,287,641	35,174,062		33,391,069	39,444,062	39,444,062	33,391,406	39,444,399	39,444,399

Actual exceeds Authorized in Overtime due to transfer from the Overtime Holding Account.

Change Level by Appropriation

Appropriation:

2SD-Personal Services

Funding Sources:

TES-Arkansas Employment Security Trust Fund

Agency Request

Change Level		2007-2008	Pos	Cumulative	% of BL	2008-2009	Pos	Cumulative	% of BL
BL	Base Level	33,391,069	603	33,391,069	100.0	33,391,406	603	33,391,406	100.0
C01	Existing Program	3,288,696	94	36,679,765	109.8	3,288,696	94	36,680,102	109.8
C06	Restored Position	2,764,297	81	39,444,062	118.1	2,764,297	81	39,444,399	118.1

Executive Recommendation

Change Level		2007-2008	Pos	Cumulative	% of BL	2008-2009	Pos	Cumulative	% of BL
BL	Base Level	33,391,069	603	33,391,069	100.0	33,391,406	603	33,391,406	100.0
C01	Existing Program	3,288,696	94	36,679,765	109.8	3,288,696	94	36,680,102	109.8
C06	Restored Position	2,764,297	81	39,444,062	118.1	2,764,297	81	39,444,399	118.1

Justification

C01 Agency requests restoration of 94 positions. The agency is responsible for approximately 47 mandated federal programs, which include the Arkansas Work Pays and Transitional Employment Assistance (TEA) Programs. Position reductions would significantly and critically affect the needed flexibility to respond effectively to these new programs and others. These restorations are needed to sufficiently support the delivery of service mandated by federal law. An increase of \$52,848 in Overtime is requested to respond to federal mandates and disasters.

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 derived from the Workforce Investment Act of 1998, Public Law 105-220.

The Base Level for this appropriation is \$58,000,000 each year of the biennium and represents the Agency Request.

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	2005-2006	2006-2007	2006-2007	2007-2008			2008-2009		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid 5100004	25,939,207	58,000,000	58,000,000	58,000,000	58,000,000	58,000,000	58,000,000	58,000,000	58,000,000
Total	25,939,207	58,000,000							
Funding Sources									
Federal Revenue 4000020	25,939,207	58,000,000		58,000,000	58,000,000	58,000,000	58,000,000	58,000,000	58,000,000
Total Funding	25,939,207	58,000,000		58,000,000	58,000,000	58,000,000	58,000,000	58,000,000	58,000,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	25,939,207	58,000,000		58,000,000	58,000,000	58,000,000	58,000,000	58,000,000	58,000,000

Analysis of Budget Request

Appropriation: 2SF - UI Trust Fund Loan Interest

Funding Sources: TZR-Employment Security Advance Interest Trust Fund

Arkansas Code Annotated §11-10-708 (Act 482 of 1983), created an Advance Interest Tax to be paid by employers on employee wages paid by that employer. Employers that have elected to reimburse the Unemployment Compensation Fund are exempted from this additional and separate tax. The tax when created was at a rate of .3% in 1983 and 1984, and .14% in 1985. The tax was levied for three distinct purposes:

1. To pay interest incurred by the State on advances obtained from the Federal Unemployment Trust Fund;
2. Making refunds of this tax which were erroneously paid, and;
3. Returning monies to the unemployment compensation fund clearing account which may have been incorrectly identified and erroneously transferred to the tax's account.

The Advance Interest Tax is triggered if the trust fund, on the computation date, has a positive balance but the assets of the fund are equal to or less than .7% of the total payrolls for employment during the previous year, or if the Trust has a negative balance on the computation date. According to ACA §11-10-219, Computation Date refers to June 30 of the preceding calendar year unless specified otherwise.

Arkansas was in Loan Status from December 6, 1982 to April 19, 1983. Advances secured totaled \$118,075,000 which was paid off in May 1984, and the balance of the interest bearing portion of the loan was paid in September 1984. Interest was paid on \$54,075,000 for a total of \$5,830,270. The Advance Interest Tax is only collected when the State must secure advances to pay unemployment benefits. There is neither indication for nor anticipation of a need for the State to borrow funds from the Federal Unemployment Trust Fund to pay benefits. A \$1 appropriation was established so the Agency would have the flexibility to utilize this line item in the event it is needed to pay interest on a loan and the spending authority would be established. 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 exceeded \$5 million. Excess funds over the \$5 million in FY2002 totaled \$279,210 and were transferred to the Trust Fund. A.C.A. §411-10-708(B) amended the rate of tax to be collected to .2% for the years beginning on and after January 1, 1993 when the State had an outstanding interest-bearing advance. The Code further authorizes the State to initiate collection of the tax when advances occur.

The Base Level for this appropriation is \$3,000,001 each year of the biennium and represents the Agency Request.

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	2005-2006	2006-2007	2006-2007	2007-2008			2008-2009		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Refunds/Investments/Transfers 5110020	96,508	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	0	1	1	1	1	1	1	1	1
Total	96,508	3,000,001	3,000,001	3,000,001	3,000,001	3,000,001	3,000,001	3,000,001	3,000,001
Funding Sources									
Fund Balance 4000005	5,027,568	5,027,568		5,027,568	5,027,568	5,027,568	5,027,568	5,027,568	5,027,568
Advance Interest Funds 4000070	96,508	3,000,001		3,000,001	3,000,001	3,000,001	3,000,001	3,000,001	3,000,001
Total Funding	5,124,076	8,027,569		8,027,569	8,027,569	8,027,569	8,027,569	8,027,569	8,027,569
Excess Appropriation/(Funding)	(5,027,568)	(5,027,568)		(5,027,568)	(5,027,568)	(5,027,568)	(5,027,568)	(5,027,568)	(5,027,568)
Grand Total	96,508	3,000,001		3,000,001	3,000,001	3,000,001	3,000,001	3,000,001	3,000,001

Analysis of Budget Request

Appropriation: 2SG - New Hire Registry-State

Funding Sources: HUA-Miscellaneous Agencies Fund

The New Hire Registry - State appropriation was established to support the state portion of the New Hire Registry Division. The purpose of the legislation and establishment of a New Hire Registry Division is to develop and maintain a state directory which employers report newly hired and returning employees to aid in the establishment and enforcement of child support orders. Funding for this appropriation is derived from General Revenue.

A cost of living increase is not incorporated in Base Level pending the outcome of the Classification and Compensation Study. FY07 salary levels have been held flat each year for all incumbents. Personal Services Matching may reflect increases in the Base Level due to the Social Security Tax maximum income limit and certain increases in Worker's Compensation and Unemployment Tax rates. Personal Services Matching also includes a \$30 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$350 per month.

The Base Level for this appropriation is \$151,665 each year of the biennium and represents the Agency Request.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 2SG New Hire Registry-State
Funding Sources: HUA-Miscellaneous Agencies Fund

Commitment Item	Historical Data			Agency Request and Executive Recommendation					
	2005-2006 Actual	2006-2007 Budget	2006-2007 Authorized	2007-2008			2008-2009		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	25,656	26,325	26,325	26,325	26,325	26,325	26,325	26,325	26,325
#Positions	0	0	1	0	0	0	0	0	0
Personal Services Matching 5010003	6,214	6,992	6,343	7,086	7,086	7,086	7,086	7,086	7,086
Operating Expenses 5020002	117,172	118,254	149,081	118,254	118,254	118,254	118,254	118,254	118,254
Conference & Travel Expenses 5050009	0	0	0	0	0	0	0	0	0
Professional Fees 5060010	0	0	0	0	0	0	0	0	0
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Capital Outlay 5120011	0	0	0	0	0	0	0	0	0
Total	149,042	151,571	181,749	151,665	151,665	151,665	151,665	151,665	151,665
Funding Sources									
General Revenue 4000010	149,042	151,461		151,665	151,665	151,665	151,665	151,665	151,665
Merit Adjustment Fund 4000055	0	110		0	0	0	0	0	0
Total Funding	149,042	151,571		151,665	151,665	151,665	151,665	151,665	151,665
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	149,042	151,571		151,665	151,665	151,665	151,665	151,665	151,665

Funding for this position is derived from state (2SG - New Hire Registry - State) and federal (2SH - New Hire Registry - Federal) funds.

Analysis of Budget Request

Appropriation: 2SH - New Hire Registry-Federal

Funding Sources: FED-Federal Funds

The New Hire Registry - Federal appropriation was established to support the federal portion of the New Hire Registry Division. The purpose of the legislation and establishment of a New Hire Registry Division is to develop and maintain a state directory which employers report newly hired and returning employees to aid in the establishment and enforcement of child support orders. Funding for this appropriation is derived from federal funds.

A cost of living increase is not incorporated in Base Level pending the outcome of the Classification and Compensation Study. FY07 salary levels have been held flat each year for all incumbents. Personal Services Matching may reflect increases in the Base Level due to the Social Security Tax maximum income limit and certain increases in Worker's Compensation and Unemployment Tax rates. Personal Services Matching also includes a \$30 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$350 per month.

The Base Level for this appropriation is \$354,317 each year of the biennium with 1 position. The general revenue portion for this base level position is paid from the New Hire Registry - State appropriation.

The Agency's Change Level request for this appropriation is \$6,000 each year of the biennium in the Operating Expenses line item to cover any necessary expenses in the instance that general revenue funds in the state portion of the New Hire Registry is less than projected.

The Executive Recommendation provides Base Level.

Appropriation Summary

Appropriation: 2SH New Hire Registry-Federal
Funding Sources: FED-Federal Funds

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2005-2006	2006-2007	2006-2007	2007-2008			2008-2009		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	52,321	53,448	53,448	53,448	53,448	53,448	53,448	53,448	53,448
#Positions	0	1							
Personal Services Matching 5010003	14,168	14,168	12,886	14,394	14,394	14,394	14,394	14,394	14,394
Operating Expenses 5020002	138,426	286,475	286,475	286,475	292,475	286,475	286,475	292,475	286,475
Conference & Travel Expenses 5050009	0	0	0	0	0	0	0	0	0
Professional Fees 5060010	0	0	0	0	0	0	0	0	0
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Capital Outlay 5120011	0	0	0	0	0	0	0	0	0
Total	204,915	354,091	352,809	354,317	360,317	354,317	354,317	360,317	354,317
Funding Sources									
Federal Revenue 4000020	204,915	354,091		354,317	360,317	354,317	354,317	360,317	354,317
Total Funding	204,915	354,091		354,317	360,317	354,317	354,317	360,317	354,317
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	204,915	354,091		354,317	360,317	354,317	354,317	360,317	354,317

Funding for this position is derived from state (2SG - New Hire Registry - State) and federal (2SH - New Hire Registry - Federal) funds.

The FY07 Budgeted amount in Personal Services Matching exceeds the authorized amount due to matching rate adjustments during the 2005-07 biennium.

Change Level by Appropriation

Appropriation: 2SH-New Hire Registry-Federal

Funding Sources: FED-Federal Funds

Agency Request

Change Level		2007-2008	Pos	Cumulative	% of BL	2008-2009	Pos	Cumulative	% of BL
BL	Base Level	354,317	1	354,317	100.0	354,317	1	354,317	100.0
C01	Existing Program	6,000	0	360,317	101.6	6,000	0	360,317	101.6

Executive Recommendation

Change Level		2007-2008	Pos	Cumulative	% of BL	2008-2009	Pos	Cumulative	% of BL
BL	Base Level	354,317	1	354,317	100.0	354,317	1	354,317	100.0
C01	Existing Program	0	0	354,317	100.0	0	0	354,317	100.0

Justification

C01	An increase in appropriation of \$6,000 is requested in Operating Expenses to provide additional funds in the instance that general revenue is less than projected.
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Analysis of Budget Request

Appropriation: 2YZ - Community Investment Initiative

Funding Sources: PES-TANF Block Grant

The Community Investment Initiative appropriation was established to allow Department of Workforce Services to contract with private or community organizations, including faith-based organizations, to offer services and support to parents, children, and youth in their communities as outlined by ACA §20-76-446. These services include, but are not limited to, academics, employment skills, and civic participation. It additionally allows the Agency to authorize contracts with state agencies or community organizations to provide training and capacity building services to organizations eligible to apply for initiative funds. Funding for this appropriation was derived from TANF Block Grant.

The Base Level for this appropriation is \$3,000,000 each year of the biennium.

The Agency's Change Level request for this appropriation is (\$3,000,000) each year of the biennium to discontinue this program.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 2YZ Community Investment Initiative
Funding Sources: PES-TANF Block Grant

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2005-2006	2006-2007	2006-2007	2007-2008			2008-2009		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid 5100004	0	3,000,000	3,000,000	3,000,000	0	0	3,000,000	0	0
Total	0	3,000,000	3,000,000	3,000,000	0	0	3,000,000	0	0
Funding Sources									
Federal Revenue 4000020	0	3,000,000		3,000,000	0	0	3,000,000	0	0
Total Funding	0	3,000,000		3,000,000	0	0	3,000,000	0	0
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	0	3,000,000		3,000,000	0	0	3,000,000	0	0

Change Level by Appropriation

Appropriation: 2YZ-Community Investment Initiative

Funding Sources: PES-TANF Block Grant

Agency Request

Change Level		2007-2008	Pos	Cumulative	% of BL	2008-2009	Pos	Cumulative	% of BL
BL	Base Level	3,000,000	0	3,000,000	100.0	3,000,000	0	3,000,000	100.0
C03	Discontinue Program	(3,000,000)	0	0	0.0	(3,000,000)	0	0	0.0

Executive Recommendation

Change Level		2007-2008	Pos	Cumulative	% of BL	2008-2009	Pos	Cumulative	% of BL
BL	Base Level	3,000,000	0	3,000,000	100.0	3,000,000	0	3,000,000	100.0
C03	Discontinue Program	(3,000,000)	0	0	0.0	(3,000,000)	0	0	0.0

Analysis of Budget Request

Appropriation: 4HW - TANF Treasury Cash

Funding Sources: NWS-Cash in Treasury

This appropriation was created to establish a cash in treasury fund to replace a cash in bank fund. This was necessary to enable fund transfers of TANF Block Grant dollars between state agencies.

The Base Level for this appropriation is \$62,950,000 each year of the biennium.

The Agency's Change Level request for this appropriation is (\$62,950,000) each year of the biennium to discontinue this appropriation. This appropriation is being replaced with appropriation (4KQ) TANF Block Grant Paying.

The Executive Recommendation provides for Agency Request.

Appropriation Summary

Appropriation: 4HW TANF Treasury Cash
Funding Sources: NWS-Cash in Treasury

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2005-2006	2006-2007	2006-2007	2007-2008			2008-2009		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Arkansas Transitional Employment Pro5900046	0	62,950,000	0	62,950,000	0	0	62,950,000	0	0
Total	0	62,950,000	0	62,950,000	0	0	62,950,000	0	0
Funding Sources									
Federal Revenue 4000020	0	62,950,000		62,950,000	0	0	62,950,000	0	0
Total Funding	0	62,950,000		62,950,000	0	0	62,950,000	0	0
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	0	62,950,000		62,950,000	0	0	62,950,000	0	0

This appropriation is not requested for the new biennium.

This appropriation replaced C37 - Transitional Employment Program.

Change Level by Appropriation

Appropriation: 4HW-TANF Treasury Cash

Funding Sources: NWS-Cash in Treasury

Agency Request

Change Level		2007-2008	Pos	Cumulative	% of BL	2008-2009	Pos	Cumulative	% of BL
BL	Base Level	62,950,000	0	62,950,000	100.0	62,950,000	0	62,950,000	100.0
C03	Discontinue Program	(62,950,000)	0	0	0.0	(62,950,000)	0	0	0.0

Executive Recommendation

Change Level		2007-2008	Pos	Cumulative	% of BL	2008-2009	Pos	Cumulative	% of BL
BL	Base Level	62,950,000	0	62,950,000	100.0	62,950,000	0	62,950,000	100.0
C03	Discontinue Program	(62,950,000)	0	0	0.0	(62,950,000)	0	0	0.0

Justification

C03	This will replace funds center C37 to allow receipt of federal monies into the state treasury.
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Analysis of Budget Request

Appropriation: 4KP - TANF-IDA

Funding Sources: TID-Individual Development Account

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

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

The Agency's Change Level request for this appropriation is \$500,000 each year of the biennium and is reflected below:

- Transfer the Individual Development Account appropriation of \$35,781 each year of the biennium and the Individual Development Account Trust Fund (A.C.A. 19-5-999) from the Department of Health and Human Services to the Department of Workforce Services in conjunction with the State initiatives and organizational changes prescribed by Act 1705 of 2005.
- \$464,219 each year of the biennium to reestablish this appropriation to the original appropriated level.

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	2005-2006	2006-2007	2006-2007	2007-2008			2008-2009		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses 5020002	0	0	0	0	0	0	0	0	0
Conference & Travel Expenses 5050009	0	0	0	0	0	0	0	0	0
Professional Fees 5060010	0	0	0	0	500,000	500,000	0	500,000	500,000
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Capital Outlay 5120011	0	0	0	0	0	0	0	0	0
Total	0	0	0	0	500,000	500,000	0	500,000	500,000
Funding Sources									
Federal Revenue 4000020	0	0		0	500,000	500,000	0	500,000	500,000
Total Funding	0	0		0	500,000	500,000	0	500,000	500,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	0	0		0	500,000	500,000	0	500,000	500,000

Change Level by Appropriation

Appropriation:

4KP-TANF-IDA

Funding Sources:

TID-Individual Development Account

Agency Request

Change Level		2007-2008	Pos	Cumulative	% of BL	2008-2009	Pos	Cumulative	% of BL
C01	Existing Program	464,219	0	464,219	100.0	464,219	0	464,219	100.0
C07	Agency Transfer	35,781	0	500,000	107.7	35,781	0	500,000	107.7

Executive Recommendation

Change Level		2007-2008	Pos	Cumulative	% of BL	2008-2009	Pos	Cumulative	% of BL
C01	Existing Program	464,219	0	464,219	100.0	464,219	0	464,219	100.0
C07	Agency Transfer	35,781	0	500,000	107.7	35,781	0	500,000	107.7

Justification

C01	This funds center will replace funds center 761 at DHHS. The amount of \$464,219 combined with the remaining funds of \$35,781 at DHHS will re-establish the base level of \$500,000.
C07	Transfer of remaining funds from DHHS (funds center 761) to DWS.

Analysis of Budget Request

Appropriation: 4KQ - TANF Block Grant Paying

Funding Sources: PWS-TANF Block Grant Paying

With the enactment of Public Law 104-193, the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 and the Arkansas Personal Responsibility and Public Assistance Reform Act of 1997, open-ended entitlement for Aid to Families with Dependent Children (AFDC) was replaced with Temporary Assistance to Needy Families federal block grant funding to states. The Arkansas program is entitled Transitional Employment Assistance (TEA). The Arkansas 81st General Assembly passed Act 1058 of 1997 and in so doing, declared that "welfare reform is one of the major human service priorities of state government and establishes the goals of achieving a significant reduction in the number of citizens who are enrolled in such programs, transforming a "one size fits all" welfare system that fosters dependence, low self-esteem, and irresponsible behavior to one that rewards work and fosters self-reliance, responsibility and family stability. Act 1567 of 1999 amended Act 1058 of 1997 by establishing the Arkansas Transitional Employment Board. Act 1264 of 2001 and Act 1306 of 2003 enacted other provisions to strengthen the Arkansas TEA Program. Arkansas Act 1705 of 2005 transferred responsibility for the program to the Department of Workforce Services (DWS). Under this Act, responsibility for determining eligibility for the program and delivering cash assistance benefits remains with the Division of County Operations (DCO) while DWS is responsible for the provision of case management services and overall administration of the program. 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 Temporary Assistance for Needy Families (TANF) Block Grant and general revenue from a newly created general revenue holding fund in Revenue Stabilization.

The Agency's Change Level request to establish this paying appropriation is \$78,640,650 each year of the biennium with a general revenue funding transfer request of \$3,640,650 each year of the biennium from the Department of Health and Human Services, Division of County Operations (DGF-DHS Grants Fund), to support the TEA program.

The Executive Recommendation provides for \$66,590,650 in appropriation and \$3,640,650 in general revenue funding each year of the biennium.

In summary, the Executive Recommendation for new general revenue above the Base Level is:

- A transfer from existing allocation of general revenue of \$3,640,650 each year of the biennium from the Department of Health and Human Services, Division of County Operations (DGF - DHS Grants Fund), to support the TEA program.

Appropriation Summary

Appropriation: 4KQ TANF Block Grant Paying
Funding Sources: PWS-TANF Block Grant Paying

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2005-2006	2006-2007	2006-2007	2007-2008			2008-2009		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Arkansas Transitional Employment Pro5900046	0	0	0	0	78,640,650	66,590,650	0	78,640,650	66,590,650
Total	0	0	0	0	78,640,650	66,590,650	0	78,640,650	66,590,650
Funding Sources									
General Revenue 4000010	0	0		0	3,640,650	3,640,650	0	3,640,650	3,640,650
Federal Revenue 4000020	0	0		0	75,000,000	62,950,000	0	75,000,000	62,950,000
Total Funding	0	0		0	78,640,650	66,590,650	0	78,640,650	66,590,650
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	0	0		0	78,640,650	66,590,650	0	78,640,650	66,590,650

Change Level by Appropriation

Appropriation: 4KQ-TANF Block Grant Paying

Funding Sources: PWS-TANF Block Grant Paying

Agency Request

Change Level		2007-2008	Pos	Cumulative	% of BL	2008-2009	Pos	Cumulative	% of BL
C01	Existing Program	78,640,650	0	78,640,650	100.0	78,640,650	0	78,640,650	100.0

Executive Recommendation

Change Level		2007-2008	Pos	Cumulative	% of BL	2008-2009	Pos	Cumulative	% of BL
C01	Existing Program	66,590,650	0	66,590,650	100.0	66,590,650	0	66,590,650	100.0

Justification

C01	This funds center replaces 4HW to allow federal and state monies for TANF.
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Analysis of Budget Request

Appropriation: C27 - ESD-Cash Operations

Funding Sources: 177-Department of Workforce Services-Cash

The Department of Workforce Services Operations appropriation provides for the operational costs of the Agency. The appropriation is funded by federal dollars and 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.

ESD Special Fund - for repayment to the Special Fund for building construction costs from the federally funded operating budget.

The Base Level for this appropriation is \$49,735,929 each year of the biennium.

The Agency's Change Level request is \$2,970,102 in FY2008 and \$2,419,001 in FY2009 for various IT projects that include working on the mainframe and updating programs that have not been updated since the 1970's. These updates will assist the Agency in complying with federal reporting requirements.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: C27 ESD-Cash Operations
Funding Sources: 177-Department of Workforce Services-Cash

Commitment Item	Historical Data			Agency Request and Executive Recommendation					
	2005-2006 Actual	2006-2007 Budget	2006-2007 Authorized	2007-2008			2008-2009		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses 5020002	9,234,699	22,632,178	22,632,178	22,632,178	22,632,178	22,632,178	22,632,178	22,632,178	22,632,178
Conference & Travel Expenses 5050009	321,519	608,130	608,130	608,130	608,130	608,130	608,130	608,130	608,130
Professional Fees 5060010	150,668	865,104	865,104	865,104	865,104	865,104	865,104	865,104	865,104
Data Processing 5090012	3,265,327	8,530,516	8,530,516	8,530,516	8,530,516	8,530,516	8,530,516	8,530,516	8,530,516
Grants and Aid 5100004	725,603	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Capital Outlay 5120011	342,368	2,000,000	0	0	2,970,102	2,970,102	0	2,419,001	2,419,001
Training Allowances 5900046	0	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Pay To Part Contractors 5900047	0	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000
UI Loan Repayment 5900048	0	1	1	1	1	1	1	1	1
ESD Special Fund 5900049	0	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Total	14,040,184	51,735,929	49,735,929	49,735,929	52,706,031	52,706,031	49,735,929	52,154,930	52,154,930
Funding Sources									
Federal Revenue 4000020	14,040,184	51,735,929		49,735,929	52,706,031	52,706,031	49,735,929	52,154,930	52,154,930
Total Funding	14,040,184	51,735,929		49,735,929	52,706,031	52,706,031	49,735,929	52,154,930	52,154,930
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	14,040,184	51,735,929		49,735,929	52,706,031	52,706,031	49,735,929	52,154,930	52,154,930

Budget exceeds Authorized Appropriation in Capital Outlay in FY2006 by authority of Budget Classification Transfer.

Budget exceeds Authorized Appropriation in Capital Outlay in FY2007 due to a transfer from the Cash Fund Holding Account.

Change Level by Appropriation

Appropriation: C27-ESD-Cash Operations

Funding Sources: 177-Department of Workforce Services-Cash

Agency Request

Change Level		2007-2008	Pos	Cumulative	% of BL	2008-2009	Pos	Cumulative	% of BL
BL	Base Level	49,735,929	0	49,735,929	100.0	49,735,929	0	49,735,929	100.0
C08	Technology	2,970,102	0	52,706,031	105.9	2,419,001	0	52,154,930	104.8

Executive Recommendation

Change Level		2007-2008	Pos	Cumulative	% of BL	2008-2009	Pos	Cumulative	% of BL
BL	Base Level	49,735,929	0	49,735,929	100.0	49,735,929	0	49,735,929	100.0
C08	Technology	2,970,102	0	52,706,031	105.9	2,419,001	0	52,154,930	104.8

Justification

C08	An increase is requested for various IT projects that include working on the mainframe and updating programs to assist the Agency in complying with federal reporting requirements.
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Analysis of Budget Request

Appropriation: C28 - Federal Employees Benefit-Cash

Funding Sources: 177-Department of Workforce Services-Cash

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

The Base Level for this appropriation is \$100,000,000 each year of the biennium and represents the Agency Request.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: C28 Federal Employees Benefit-Cash
Funding Sources: 177-Department of Workforce Services-Cash

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2005-2006	2006-2007	2006-2007	2007-2008			2008-2009		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Benefits-Non Employee 5100023	18,678,359	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000
Total	18,678,359	100,000,000							
Funding Sources									
Federal Revenue 4000020	18,678,359	100,000,000		100,000,000	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000
Total Funding	18,678,359	100,000,000		100,000,000	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	18,678,359	100,000,000		100,000,000	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000

Analysis of Budget Request

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

Funding Sources: 177-Department of Workforce Services-Cash

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

The Base Level for this appropriation is \$500,000,000 each year of the biennium.

The Agency's Change Level request for this appropriation is \$100,000,000 each year of the biennium to address economic downturns that may occur.

The Executive Recommendation provides for Base Level.

Appropriation Summary

Appropriation: C29 U I Benefits - Taxable Employers - Cash
Funding Sources: 177-Department of Workforce Services-Cash

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2005-2006	2006-2007	2006-2007	2007-2008			2008-2009		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Benefits-Non Employee 5100023	223,440,794	500,000,000	500,000,000	500,000,000	600,000,000	500,000,000	500,000,000	600,000,000	500,000,000
Total	223,440,794	500,000,000	500,000,000	500,000,000	600,000,000	500,000,000	500,000,000	600,000,000	500,000,000
Funding Sources									
Federal Revenue 4000020	223,440,794	500,000,000		500,000,000	600,000,000	500,000,000	500,000,000	600,000,000	500,000,000
Total Funding	223,440,794	500,000,000		500,000,000	600,000,000	500,000,000	500,000,000	600,000,000	500,000,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	223,440,794	500,000,000		500,000,000	600,000,000	500,000,000	500,000,000	600,000,000	500,000,000

Change Level by Appropriation

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

Funding Sources: 177-Department of Workforce Services-Cash

Agency Request

Change Level		2007-2008	Pos	Cumulative	% of BL	2008-2009	Pos	Cumulative	% of BL
BL	Base Level	500,000,000	0	500,000,000	100.0	500,000,000	0	500,000,000	100.0
C01	Existing Program	100,000,000	0	600,000,000	120.0	100,000,000	0	600,000,000	120.0

Executive Recommendation

Change Level		2007-2008	Pos	Cumulative	% of BL	2008-2009	Pos	Cumulative	% of BL
BL	Base Level	500,000,000	0	500,000,000	100.0	500,000,000	0	500,000,000	100.0
C01	Existing Program	0	0	500,000,000	100.0	0	0	500,000,000	100.0

Justification

C01	An increase of \$100,000,000 per fiscal year is requested to address economic downturns that may occur. If additional appropriation is required after the Agency's appropriation act is approved by the General Assembly, the issue will need to be addressed by a Special Session of the General Assembly.
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Analysis of Budget Request

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

Funding Sources: 177-Department of Workforce Services-Cash

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

The Base Level for this appropriation is \$20,000,000 each year of the biennium and represents the Agency Request.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: C30 U I Benefits-Reimb Employers-Cash
Funding Sources: 177-Department of Workforce Services-Cash

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2005-2006	2006-2007	2006-2007	2007-2008			2008-2009		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Benefits-Non Employee 5100023	13,771,100	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000
Total	13,771,100	20,000,000							
Funding Sources									
Federal Revenue 4000020	13,771,100	20,000,000		20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000
Total Funding	13,771,100	20,000,000		20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	13,771,100	20,000,000		20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000

Analysis of Budget Request

Appropriation: C31 - Bldg Improvmt/Land-Reed Act

Funding Sources: 167-Department of Workforce Services-Cash

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

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

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

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

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

The Base Level for this appropriation is \$77,000,000 and represents the Agency Request.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: C31 Bldg Improvmt/Land-Reed Act
Funding Sources: 167-Department of Workforce Services-Cash

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2005-2006	2006-2007	2006-2007	2007-2008			2008-2009		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Building Improvement/Land-Reed Act 5900046	653,391	76,346,609	0	77,000,000	77,000,000	77,000,000	0	0	0
Total	653,391	76,346,609	0	77,000,000	77,000,000	77,000,000	0	0	0
Funding Sources									
Federal Revenue 4000020	653,391	76,346,609		77,000,000	77,000,000	77,000,000	0	0	0
Total Funding	653,391	76,346,609		77,000,000	77,000,000	77,000,000	0	0	0
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	653,391	76,346,609		77,000,000	77,000,000	77,000,000	0	0	0

This is a biennial appropriation.

FY2007 Appropriation Carry Forward amount is \$76,346,609.

Appropriation Summary

Appropriation: C37 Transitional Employment Program
Funding Sources: NWS-Cash in Treasury

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2005-2006	2006-2007	2006-2007	2007-2008			2008-2009		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Arkansas Transitional Employment Pro5900046	1,224,161	0	100,000,000	0	0	0	0	0	0
Total	1,224,161	0	100,000,000	0	0	0	0	0	0
Funding Sources									
Fund Balance 4000005	2,456	0		0	0	0	0	0	0
Cash Fund 4000045	1,221,705	0		0	0	0	0	0	0
Total Funding	1,224,161	0		0	0	0	0	0	0
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	1,224,161	0		0	0	0	0	0	0

This appropriation is not requested for the new biennium.