

# DHS - County Operations

**Audit Findings**

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
Arkansas Department of Human Services  
FOR THE YEAR ENDED JUNE 30, 2015

Findings

Recommendations

Audit findings are reported under the DHS Director's Office/Office of Chief Counsel.

## **State Contracts Over \$50,000 Awarded To Minority Owned Businesses Fiscal Year 2015**

State Contracts over \$50,000 awarded to Minority Owned Businesses are reported under the DHS Director's Office/Office of Chief Counsel.

# Department Appropriation Summary

## Historical Data

## Agency Request and Recommendations

Appropriation	2014-2015		2015-2016		2015-2016		2016-2017					
	Actual	Pos	Budget	Pos	Authorized	Pos	Legislative Recommendation	Pos	Agency Request	Pos	Executive Recommendation	Pos
1DK Cty-Shelter Plus Care Program	1,797,321	0	1,923,644	0	2,004,028	0	2,008,800	0	2,008,800	0	2,008,800	0
396 Cty-Aid To Aged, Blind, Disabled	0	0	4,000	0	4,000	0	4,000	0	4,000	0	4,000	0
410 Cty-Emergency Food Program	808,716	0	727,563	0	727,563	0	729,295	0	729,295	0	729,295	0
411 Cty-Low Income Energy Assistance Prgm	23,279,959	0	28,000,000	0	29,400,000	0	29,470,000	0	29,470,000	0	29,470,000	0
412 Cty-Refugee Resettlement Program	1,782	0	12,000	0	24,000	0	24,000	0	24,000	0	24,000	0
426 Cty-Homeless Assistance Grant	1,215,903	0	2,631,825	0	2,631,825	0	2,638,091	0	2,638,091	0	2,638,091	0
59H Hunger Coalition	995,113	0	995,113	0	995,113	0	995,113	0	995,113	0	995,113	0
642 Medicaid Expansion-County Ops	2,258,517	58	2,831,558	60	2,884,501	60	2,885,980	60	2,885,980	60	2,885,980	60
896 Division of County Operations	117,807,766	1,877	115,176,923	1,705	126,853,802	1,871	126,257,222	1,871	126,257,222	1,871	126,257,222	1,871
897 TANF Block Grant	11,079,726	0	14,637,000	0	18,277,650	0	18,277,650	0	18,277,650	0	18,277,650	0
898 Community Svcs. Block Grant	8,043,675	0	9,299,077	0	9,760,062	0	9,783,146	0	9,783,146	0	9,783,146	0
898 Supplemental Nutrition Assist(SNAP)	156,041	0	343,235	0	343,235	0	343,235	0	343,235	0	343,235	0
930 Cty-Commodity Distrib & Salvage Container	23,496	0	289,087	0	291,300	0	291,300	0	291,300	0	291,300	0
<b>Total</b>	<b>167,468,015</b>	<b>1,935</b>	<b>176,871,025</b>	<b>1,765</b>	<b>194,197,079</b>	<b>1,931</b>	<b>193,707,832</b>	<b>1,931</b>	<b>193,707,832</b>	<b>1,931</b>	<b>193,707,832</b>	<b>1,931</b>

Funding Sources		%		%		%		%		%	
General Revenue	4000010	48,657,024	29.1	48,638,926	27.5	49,226,136	26.1	50,232,562	26.4	49,226,136	26.1
Federal Revenue	4000020	99,295,735	59.3	116,354,476	65.8	125,052,406	66.4	125,731,531	66.2	125,052,406	66.4
Cash Fund	4000045	23,496	0.0	289,087	0.2	291,300	0.2	291,300	0.2	291,300	0.2
Merit Adjustment Fund	4000055	0	0.0	281,461	0.2	0	0.0	0	0.0	0	0.0
Reallocation of Resources	4000410	0	0.0	(2,151,253)	(1.2)	0	0.0	0	0.0	0	0.0
Tobacco Settlement	4000495	1,129,259	0.7	1,415,779	0.8	1,442,990	0.8	1,442,990	0.8	1,442,990	0.8
Transfer From DWS	4000527	466,400	0.3	0	0.0	0	0.0	0	0.0	0	0.0
Transfer to Medicaid Match	4000660	(79,000)	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Various Program Support	4000730	17,975,101	10.7	12,044,549	6.8	12,368,799	6.6	12,368,799	6.5	12,368,799	6.6
<b>Total Funds</b>		<b>167,468,015</b>	<b>100.0</b>	<b>176,871,025</b>	<b>100.0</b>	<b>188,381,631</b>	<b>100.0</b>	<b>190,067,182</b>	<b>100.0</b>	<b>188,381,631</b>	<b>100.0</b>
Excess Appropriation/(Funding)		0		0		5,326,201		3,640,650		5,326,201	
<b>Grand Total</b>		<b>167,468,015</b>		<b>176,871,025</b>		<b>193,707,832</b>		<b>193,707,832</b>		<b>193,707,832</b>	

## **Analysis of Budget Request**

**Appropriation:** 1DK - Cty-Shelter Plus Care Program

**Funding Sources:** FWF - DHS Federal

The Shelter Plus Care Program initially began in 1995 through a grant from the U. S. Department of Housing and Urban Development, Office of Community Planning and Development. The program provides rental assistance to hard-to-serve homeless persons (primarily those with serious mental illness, chronic problems with alcohol and/or drugs, and acquired immunodeficiency syndrome (AIDS) or related diseases) and their families who are homeless or in emergency shelters. The Department of Human Services is the grantee for one (1) sub-grantee that has a total of four (4) grants. There are two components to the program, Tenant-Based Rental Assistance and Sponsor-Based Rental Assistance. The Tenant-Based program allows for applicants to request funds to provide rental assistance on behalf of program participants who choose their own housing. Under the Sponsor-Based program, an applicant may request funds through a contract with a non-profit organization for rental of housing owned by the non-profit organization. The program provides outreach, support and coordination of housing and services and monitoring.

Funding for this appropriation is 100% funded from federal sources such as the federal Department of Housing and Urban Development.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

## Appropriation Summary

**Appropriation:** 1DK - Cty-Shelter Plus Care Program

**Funding Sources:** FWF - DHS Federal

Appropriation	2014-2015	2015-2016	2015-2016	2016-2017		
	Actual	Budget	Authorized	Legislative Recommendation	Agency Request	Executive Recommendation
Grants and Aid 5100004	1,797,321	1,923,644	2,004,028	2,008,800	2,008,800	2,008,800
<b>Total</b>	<b>1,797,321</b>	<b>1,923,644</b>	<b>2,004,028</b>	<b>2,008,800</b>	<b>2,008,800</b>	<b>2,008,800</b>
<b>Funding Sources</b>						
Federal Revenue 4000020	1,797,321	1,923,644		2,008,800	2,008,800	2,008,800
<b>Total Funding</b>	<b>1,797,321</b>	<b>1,923,644</b>		<b>2,008,800</b>	<b>2,008,800</b>	<b>2,008,800</b>
Excess Appropriation/(Funding)	0	0		0	0	0
<b>Grand Total</b>	<b>1,797,321</b>	<b>1,923,644</b>		<b>2,008,800</b>	<b>2,008,800</b>	<b>2,008,800</b>

## **Analysis of Budget Request**

**Appropriation:** 396 - Cty-Aid To Aged, Blind, Disabled

**Funding Sources:** DGF - DHS Grants Fund

In 1974, the Aid to Aged, Blind and Disabled (AABD) program was converted to the Supplemental Security Income (SSI) Program through an amendment to the Medicaid State Plan. This amendment allowed individuals in the AABD categories that were not eligible under SSI criteria, but meet the State Medicaid eligibility criteria to receive SSI benefits. The Aid to Aged, Blind and Disabled appropriation provides cash assistance to individuals residing in Arkansas to supplement their SSI payments. These payments are made in accordance with section 1616 of the Social Security Act and section 212 of P. L. 93-66.

Through an agreement entered into between the Social Security Administration (SSA) and the Department of Human Services, the Social Security Administration makes these payments to individuals determined eligible by SSA. The State pays Social Security Administration for making the payments to eligible individuals and for administrative fees for determining eligibility.

Funding for this appropriation is from general revenues through the Department of Human Services Grants Fund Account (DGF-DHS Grants Fund) as authorized in Arkansas Code Annotated §19-5-306(10)(A)(iii).

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

## Appropriation Summary

**Appropriation:** 396 - Cty-Aid To Aged, Blind, Disabled

**Funding Sources:** DGF - DHS Grants Fund

Appropriation	2014-2015	2015-2016	2015-2016	2016-2017		
	Actual	Budget	Authorized	Legislative Recommendation	Agency Request	Executive Recommendation
Grants and Aid 5100004	0	4,000	4,000	4,000	4,000	4,000
<b>Total</b>	0	4,000	4,000	4,000	4,000	4,000
<b>Funding Sources</b>						
General Revenue 4000010	0	4,000		4,000	4,000	4,000
<b>Total Funding</b>	0	4,000		4,000	4,000	4,000
Excess Appropriation/(Funding)	0	0		0	0	0
<b>Grand Total</b>	0	4,000		4,000	4,000	4,000

## **Analysis of Budget Request**

**Appropriation:** 410 - Cty-Emergency Food Program

**Funding Sources:** FWF - DHS Federal

The Emergency Food Program provides food on an emergency basis for families in need and the homeless. Donated food is also made available for Disaster Assistance. Additionally, Division of County Operations (DCO) utilizes surplus USDA commodities to supplement low-income food programs in Arkansas. Agencies such as Food Banks and Community Program Action Agencies have agreements with DCO to provide food through soup kitchens, food pantries and mass distribution to households.

This appropriation also includes the Commodity Supplemental Food Program which provides food to seniors in need on a monthly basis. The caseload level can be adjusted each Federal Fiscal year based on availability of food products and administrative funding. Community Action Agencies throughout the State have agreements with DCO to distribute food to this client base.

Funding for this appropriation is 100% federal from the U. S. Department of Agriculture, Food and Consumer Services.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

## Appropriation Summary

**Appropriation:** 410 - Cty-Emergency Food Program

**Funding Sources:** FWF - DHS Federal

Appropriation	2014-2015	2015-2016	2015-2016	2016-2017		
	Actual	Budget	Authorized	Legislative Recommendation	Agency Request	Executive Recommendation
Grants and Aid 5100004	808,716	727,563	727,563	729,295	729,295	729,295
<b>Total</b>	<b>808,716</b>	<b>727,563</b>	<b>727,563</b>	<b>729,295</b>	<b>729,295</b>	<b>729,295</b>
<b>Funding Sources</b>						
Federal Revenue 4000020	808,716	727,563		729,295	729,295	729,295
<b>Total Funding</b>	<b>808,716</b>	<b>727,563</b>		<b>729,295</b>	<b>729,295</b>	<b>729,295</b>
Excess Appropriation/(Funding)	0	0		0	0	0
<b>Grand Total</b>	<b>808,716</b>	<b>727,563</b>		<b>729,295</b>	<b>729,295</b>	<b>729,295</b>

## **Analysis of Budget Request**

**Appropriation:** 411 - Cty-Low Income Energy Assistance Prgm

**Funding Sources:** FWF - DHS Federal

The Low Income Home Energy Assistance (LIHEAP) program provides federal funds to assist low-income households with the cost of their home energy expenses such as gas, electricity, propane, etc. The agency administers the Winter/Summer Assistance Program and Crisis Intervention Program. Assistance is provided in the form of a one-time per year payment to the energy supplier of an eligible household, or in some cases, directly to the applicant. The Crisis Intervention Program provides assistance to eligible households in energy related emergencies. Eligibility is based on 150% of current Office of Management and Budget (OMB) income poverty guidelines for all households.

Funding for this appropriation is 100% federal from the U. S. Department of Health and Human Services, Administration for Children and Families.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

## Appropriation Summary

**Appropriation:** 411 - Cty-Low Income Energy Assistance Prgm

**Funding Sources:** FWF - DHS Federal

Appropriation	2014-2015	2015-2016	2015-2016	2016-2017		
	Actual	Budget	Authorized	Legislative Recommendation	Agency Request	Executive Recommendation
Grants and Aid 5100004	23,279,959	28,000,000	29,400,000	29,470,000	29,470,000	29,470,000
<b>Total</b>	<b>23,279,959</b>	<b>28,000,000</b>	<b>29,400,000</b>	<b>29,470,000</b>	<b>29,470,000</b>	<b>29,470,000</b>
<b>Funding Sources</b>						
Federal Revenue 4000020	23,279,959	28,000,000		29,470,000	29,470,000	29,470,000
<b>Total Funding</b>	<b>23,279,959</b>	<b>28,000,000</b>		<b>29,470,000</b>	<b>29,470,000</b>	<b>29,470,000</b>
Excess Appropriation/(Funding)	0	0		0	0	0
<b>Grand Total</b>	<b>23,279,959</b>	<b>28,000,000</b>		<b>29,470,000</b>	<b>29,470,000</b>	<b>29,470,000</b>

## **Analysis of Budget Request**

**Appropriation:** 412 - Cty-Refugee Resettlement Program

**Funding Sources:** FWF - DHS Federal

The Refugee Resettlement Program provides temporary assistance to refugees and entrants to the state to help in becoming self-sufficient and self-reliant. This program was established by the 1980 Immigration and Nationality Act and authorizes cash assistance and medical assistance for up to eight months following entry. Social services may be provided to refugees for up to five years. Refugees may apply for cash, medical and the supplemental nutrition assistance program (SNAP) assistance at Department of Human Services offices in their county of residence.

Due to the steady decline in eligibles, Arkansas chose to discontinue the optional Social Services component of the program effective October 1, 2002. Refugee Cash Assistance (RCA) and Refugee Medical Assistance (RMA) will continue to be available through the county offices to any new arrivals entering the state in the future. The federal Office of Refugee Resettlement contracts directly with an agency outside of DHS for the social services aspects of the program.

Funding for this appropriation is 100% federal from the U. S. Department of Health and Human Services, Administration for Children and Families and is available to states as well as non-profit organizations to help offset costs related to resettlement efforts.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

## Appropriation Summary

**Appropriation:** 412 - Cty-Refugee Resettlement Program

**Funding Sources:** FWF - DHS Federal

Appropriation	2014-2015	2015-2016	2015-2016	2016-2017		
	Actual	Budget	Authorized	Legislative Recommendation	Agency Request	Executive Recommendation
Grants and Aid 5100004	1,782	12,000	24,000	24,000	24,000	24,000
<b>Total</b>	<b>1,782</b>	<b>12,000</b>	<b>24,000</b>	<b>24,000</b>	<b>24,000</b>	<b>24,000</b>
<b>Funding Sources</b>						
Federal Revenue 4000020	1,782	12,000		24,000	24,000	24,000
<b>Total Funding</b>	<b>1,782</b>	<b>12,000</b>		<b>24,000</b>	<b>24,000</b>	<b>24,000</b>
Excess Appropriation/(Funding)	0	0		0	0	0
<b>Grand Total</b>	<b>1,782</b>	<b>12,000</b>		<b>24,000</b>	<b>24,000</b>	<b>24,000</b>

## **Analysis of Budget Request**

**Appropriation:** 426 - Cty-Homeless Assistance Grant

**Funding Sources:** FWF - DHS Federal

The Homeless Assistance Grant is a federal program through the U. S. Department of Housing and Urban Development. This program is designed to assist local communities in helping to improve the quality of life for the homeless by providing grants for renovation, rehabilitation or conversion of buildings to be used as emergency shelters. Funds can be used for paying for operations, maintenance, insurance, utilities, and furnishings, essential social services that are connected with the shelters and for prevention efforts. The estimated homeless count in the State of Arkansas for 2011 is 19,135. Funding for this appropriation is 100% federal.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

## Appropriation Summary

**Appropriation:** 426 - Cty-Homeless Assistance Grant

**Funding Sources:** FWF - DHS Federal

Appropriation	2014-2015	2015-2016	2015-2016	2016-2017		
	Actual	Budget	Authorized	Legislative Recommendation	Agency Request	Executive Recommendation
Grants and Aid 5100004	1,215,903	2,631,825	2,631,825	2,638,091	2,638,091	2,638,091
<b>Total</b>	1,215,903	2,631,825	2,631,825	2,638,091	2,638,091	2,638,091
<b>Funding Sources</b>						
Federal Revenue 4000020	1,215,903	2,631,825		2,638,091	2,638,091	2,638,091
<b>Total Funding</b>	1,215,903	2,631,825		2,638,091	2,638,091	2,638,091
Excess Appropriation/(Funding)	0	0		0	0	0
<b>Grand Total</b>	1,215,903	2,631,825		2,638,091	2,638,091	2,638,091

## **Analysis of Budget Request**

**Appropriation:** 59H - Hunger Coalition  
**Funding Sources:** DCO - County Operations Account

This appropriation was originally authorized by Act 1385 of 2009. Arkansas food banks have reported an increase in utilization which is attributed to poor economic conditions and local disasters coupled with the increased cost of food storage and transportation. To address this need, the State Food Purchasing Program was created and funded with state general revenues generated from an increase in the tax on cigarettes and other tobacco products provided in Act 180 of 2009. The Division of County Operations grants these funds to the Arkansas Hunger Relief Alliance for distribution to the local food distribution networks for the purpose of purchasing Arkansas products through the State Food Purchasing Program.

Funding for this appropriation is 100% general revenue (DCO - County Operations Fund Account).

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

## Appropriation Summary

**Appropriation:** 59H - Hunger Coalition

**Funding Sources:** DCO - County Operations Account

Appropriation	2014-2015	2015-2016	2015-2016	2016-2017		
	Actual	Budget	Authorized	Legislative Recommendation	Agency Request	Executive Recommendation
Grants and Aid 5100004	995,113	995,113	995,113	995,113	995,113	995,113
<b>Total</b>	995,113	995,113	995,113	995,113	995,113	995,113
<b>Funding Sources</b>						
General Revenue 4000010	995,113	995,113		995,113	995,113	995,113
<b>Total Funding</b>	995,113	995,113		995,113	995,113	995,113
Excess Appropriation/(Funding)	0	0		0	0	0
<b>Grand Total</b>	995,113	995,113		995,113	995,113	995,113

## **Analysis of Budget Request**

**Appropriation:** 642 - DHS Medicaid Expansion Program

**Funding Sources:** PTA - Medicaid Expansion Program Account

This appropriation is for the additional administrative costs to the Division of County Operations associated with the Medicaid Expansion Programs established by Initiated Act 1 of 2000. The expanded Medicaid programs are as follows:

1. Expansion of Medicaid coverage and benefits to pregnant women with incomes up to 200 percent of the Federal Poverty Level (approved for implementation November 1, 2001);
2. Expansion of inpatient and outpatient hospital reimbursements and benefits to adults age 19 to 64 to reduce coinsurance payment from 22 percent to 10 percent of the cost of the first Medicaid covered day of each admission and cover additional medically necessary days in the hospital from 20 days up to 24 allowed days per State Fiscal Year (approved for implementation November 1, 2001);
3. Expansion of non-institutional coverage and benefits to adults aged 65 and over. Referred to as ARSeniors, this program extends full Medicaid benefits to adults age 65 and over who have been identified as Qualified Medicare Beneficiaries (QMB) and meet specific income limits (approved for implementation October 1, 2002).

Funding for this appropriation is derived from tobacco settlement funds and federal revenue provided through the U. S. Department of Health and Human Services, Centers for Medicare and Medicaid Services.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

## Appropriation Summary

**Appropriation:** 642 - DHS Medicaid Expansion Program

**Funding Sources:** PTA - Medicaid Expansion Program Account

Appropriation		2014-2015	2015-2016	2015-2016	2016-2017		
		Actual	Budget	Authorized	Legislative Recommendation	Agency Request	Executive Recommendation
Regular Salaries	5010000	1,491,675	1,775,664	1,814,589	1,815,789	1,815,789	1,815,789
	<b>#Positions</b>	<b>58</b>	<b>60</b>	<b>60</b>	<b>60</b>	<b>60</b>	<b>60</b>
Personal Services Matching	5010003	641,515	710,099	724,117	724,396	724,396	724,396
Operating Expenses	5020002	125,327	295,795	295,795	295,795	295,795	295,795
Conference & Travel Expenses	5050009	0	0	0	0	0	0
Professional Fees	5060010	0	0	0	0	0	0
Data Processing	5090012	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0
Data Processing Services	5900044	0	50,000	50,000	50,000	50,000	50,000
<b>Total</b>		<b>2,258,517</b>	<b>2,831,558</b>	<b>2,884,501</b>	<b>2,885,980</b>	<b>2,885,980</b>	<b>2,885,980</b>
<b>Funding Sources</b>							
Federal Revenue	4000020	1,129,258	1,415,779		1,442,990	1,442,990	1,442,990
Tobacco Settlement	4000495	1,129,259	1,415,779		1,442,990	1,442,990	1,442,990
<b>Total Funding</b>		<b>2,258,517</b>	<b>2,831,558</b>		<b>2,885,980</b>	<b>2,885,980</b>	<b>2,885,980</b>
Excess Appropriation/(Funding)		0	0		0	0	0
<b>Grand Total</b>		<b>2,258,517</b>	<b>2,831,558</b>		<b>2,885,980</b>	<b>2,885,980</b>	<b>2,885,980</b>

## **Analysis of Budget Request**

**Appropriation:** 896 - DHS–Admin Paying Account

**Funding Sources:** PWP - Administration Paying

The Division of County Operations was established originally in Act 348 of 1985 in the reorganization of the Department of Human Services under the title of Program Operations. Act 164 of 1995 amended Arkansas Code Annotated §25-10-102 and created the Division of Medical Services, renamed the Division of Program Operations to County Operations and transferred functions that were a part of the Division of Economic and Medical Services to County Operations. Functions transferred to the Division of County Operations were Aid to Families with Dependent Children, Food Stamp Program (now called Supplemental Nutrition Assistance Program - SNAP), Project Success and the Community Services Block Grant.

The Personal Responsibility and Work Opportunity Reconciliation Act of 1996, Public Law 104-193, eliminated the open-ended federal entitlement program of Aid to Families with Dependent Children (AFDC) and created a federal block grant program for states to provide cash assistance to families on a time-limited basis under the Temporary Assistance to Needy Families (TANF) program. The Arkansas Personal Responsibility and Public Assistance Reform Act, Act 1058 of 1997 was enacted during the 81<sup>st</sup> General Assembly and signed by the Governor on April 3, 1997, thereby establishing the Transitional Employment Assistance (TEA) program. With the enactment of these laws, the AFDC and Project Success programs were eliminated and replaced by the TEA program. Enacted during the 85<sup>th</sup> General Assembly and signed by the Governor, Act 1705 of 2005 transferred responsibility for the program to the Department of Workforce Services (DWS) and also created the Work Pays program, which is an extension of the TEA program for former TEA recipients who are working. Pursuant to this Act, responsibility for determining eligibility for the program and delivering cash assistance benefits remains with the Division of County Operations while DWS is responsible for the provision of case management services and overall administration of the program.

The Division of County Operations has the primary responsibility for providing the leadership and support in each of the eighty-three (83) county offices in the 75 counties, a new Access Arkansas Center is being constructed in Batesville and will process approximately 28,000 applications and reevaluations each month, many of which are being filed online. The Division of County Operations is responsible for administering the SNAP, TEA, Medicaid and ARKids Programs to citizens across Arkansas. Additional programs administered at the county level though local organizations include the Community Services Block Grant; Energy and Weatherization Assistance for low income elderly, people with disabilities and families with children; Homeless and Housing Assistance; and Commodity Distribution. The Division is responsible for the physical office space in each of the counties including rent, utilities, telephone charges, janitorial services and other items needed at the local level. The Division coordinates the services of the various DHS Divisions at the local level and provides clerical support. The Division currently has four (4) distinct areas of operation: Field Operations, Program Planning and Development, Community Services and Administrative Support.

Funding for this appropriation is derived from a mix of sources that includes general revenue (DCO - County Operations Fund Account), federal and other revenues. Federal funding sources include revenues derived from administrative costs for TEA, SNAP, Community Services Block Grant, Refugee Resettlement, Emergency Shelter, Commodities, Child Health Insurance (CHIP) and Medicaid (Regular and Enhanced) programs. Other funding which is indicated as various program support can also include sources such as Title XIX match, miscellaneous collections, federal awards, fees, third party reimbursements and maximization of federal claiming. These other funds are considered to be non-federal and technically can be expended for any program or service within the Department.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

## Appropriation Summary

**Appropriation:** 896 - DHS--Admin Paying Account

**Funding Sources:** PWP - Administration Paying

Appropriation		2014-2015	2015-2016	2015-2016	2016-2017		
		Actual	Budget	Authorized	Legislative Recommendation	Agency Request	Executive Recommendation
Regular Salaries	5010000	59,732,926	56,619,017	62,016,991	62,075,491	62,075,491	62,075,491
	<b>#Positions</b>	<b>1,877</b>	<b>1,705</b>	<b>1,871</b>	<b>1,871</b>	<b>1,871</b>	<b>1,871</b>
Extra Help	5010001	289,667	390,052	390,052	390,052	390,052	390,052
	<b>#Extra Help</b>	<b>33</b>	<b>27</b>	<b>37</b>	<b>37</b>	<b>37</b>	<b>37</b>
Personal Services Matching	5010003	23,044,516	21,631,894	23,881,726	23,895,316	23,895,316	23,895,316
Overtime	5010006	4,764	25,000	25,000	25,000	25,000	25,000
Operating Expenses	5020002	22,424,213	24,760,944	24,881,024	24,091,064	24,091,064	24,091,064
Conference & Travel Expenses	5050009	96,408	167,081	172,081	172,081	172,081	172,081
Professional Fees	5060010	5,448,189	6,364,234	6,393,445	6,499,735	6,499,735	6,499,735
Data Processing	5090012	0	0	0	0	0	0
Capital Outlay	5120011	124,051	20,000	20,000	20,000	20,000	20,000
Data Processing Services	5900044	6,643,032	5,198,701	9,073,483	9,088,483	9,088,483	9,088,483
<b>Total</b>		<b>117,807,766</b>	<b>115,176,923</b>	<b>126,853,802</b>	<b>126,257,222</b>	<b>126,257,222</b>	<b>126,257,222</b>

Funding Sources							
General Revenue	4000010	47,587,706	47,486,374		48,073,584	49,080,010	48,073,584
Federal Revenue	4000020	52,932,703	57,517,792		64,129,288	64,808,413	64,129,288
Merit Adjustment Fund	4000055	0	281,461		0	0	0
Reallocation of Resources	4000410	0	(2,153,253)		0	0	0
Transfer to Medicaid Match	4000660	(79,000)	0		0	0	0
Various Program Support	4000730	17,366,357	12,044,549		12,368,799	12,368,799	12,368,799
<b>Total Funding</b>		<b>117,807,766</b>	<b>115,176,923</b>		<b>124,571,671</b>	<b>126,257,222</b>	<b>124,571,671</b>
Excess Appropriation/(Funding)		0	0		1,685,551	0	1,685,551
<b>Grand Total</b>		<b>117,807,766</b>	<b>115,176,923</b>		<b>126,257,222</b>	<b>126,257,222</b>	<b>126,257,222</b>

## Analysis of Budget Request

**Appropriation:** 897 - DHS-Grants Paying Account

**Funding Sources:** PWD - Grants 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 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 declaring 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 ongoing 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 the Department of Human Services Grants Fund Account (DGF-DHS Grants Fund) as authorized in Arkansas Code Annotated §19-5-306 (10)(A)(iv) and general revenue fund transfers from the Department of Workforce Services as authorized in Section 9 of Act 271 of 2014 for FY2015. Other funding which is indicated as various program support can also include sources such as the payback of the federal share of overpayment collections on AFDC and interest on TEA cash assistance.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

## Appropriation Summary

**Appropriation:** 897 - DHS-Grants Paying Account

**Funding Sources:** PWD - Grants Paying

Appropriation	2014-2015 Actual	2015-2016 Budget	2015-2016 Authorized	2016-2017		
				Legislative Recommendation	Agency Request	Executive Recommendation
TANF Block Grant 5100004	11,079,726	14,637,000	18,277,650	18,277,650	18,277,650	18,277,650
<b>Total</b>	<b>11,079,726</b>	<b>14,637,000</b>	<b>18,277,650</b>	<b>18,277,650</b>	<b>18,277,650</b>	<b>18,277,650</b>
Funding Sources						
Federal Revenue 4000020	10,586,922	14,637,000		14,637,000	14,637,000	14,637,000
Transfer From DWS 4000527	466,400	0		0	0	0
Various Program Support 4000730	26,404	0		0	0	0
<b>Total Funding</b>	<b>11,079,726</b>	<b>14,637,000</b>		<b>14,637,000</b>	<b>14,637,000</b>	<b>14,637,000</b>
Excess Appropriation/(Funding)	0	0		3,640,650	3,640,650	3,640,650
<b>Grand Total</b>	<b>11,079,726</b>	<b>14,637,000</b>		<b>18,277,650</b>	<b>18,277,650</b>	<b>18,277,650</b>

## **Analysis of Budget Request**

**Appropriation:** 898 - DHS-Grants Paying Account

**Funding Sources:** PWE - Grants Paying

The Community Services Block Grant program helps low-income persons become more independent by providing a range of services through local Community Action Agencies. The services are designed to impact the causes of poverty and assist low-income persons gain the skills necessary for employment, offer better educational and training activities to handle finances, improve housing, make use of social services available to them and become involved in community activities. Additionally, the program provides funds for involvement of low-income persons in community development activities, essential services to homeless persons and development of innovative approaches, at both the local and state level, to meet the nutritional needs of low-income persons. Eligibility is based on current OMB poverty income guidelines.

Social Services Block Grant (SSBG) funds are used to provide supportive services to help low-income children and families achieve and maintain self-sufficiency. These services include case management, employment services, nutrition, emergency assistance, and other social services to address the needs of families in crisis. SSBG funds also provide special services and supportive activities for the disabled through job placement, employment counseling, and referrals to community resources and opportunities.

Supplemental Nutrition Assistance Program (SNAP) - The Employment and Training (E & T) Program (formerly the Food Stamp Employment and Training Program) provides Employment and Training activities which promote long term self sufficiency to SNAP recipients classified as an ABAWD (able-bodied adult without dependent children) and who live in one of the counties where an E & T Program is operational. Services include independent job search, job search training, education, work experience and vocational training. Client reimbursements for expenses associated with participation in the E & T Program, such as travel reimbursements, are funded with 50% State General Revenue and 50% Federal funds.

Supplemental Nutrition Assistance Program (SNAP) - The Farmers Market Program has been established by U.S. Department of Agriculture (USDA) to allow consumers to have access to locally grown farm fresh produce, enable farmers the opportunity to expand their customer base, and cultivate consumer loyalty with the farmers who grow the produce. In order to participate in the Electronic Benefits Transfer (EBT) Farmers Market Program, each market must be authorized by the USDA Food and Nutrition Service (FNS) to accept Supplemental Nutrition Assistance Program (SNAP) benefits. The USDA provides funds for the purchase of Point of Sale devices and monthly wireless fees so fruits and vegetables can be purchased by SNAP recipients with their Electronic Benefits Transfer card. The grants are paid with 100% Federal funds.

Funding for this appropriation is derived from the federal Community Services Block Grant, U. S. Department of Health and Human Services,

Administration for Children and Families, federal Social Services Block Grant (SSBG) funds, federal USDA funds and general revenue from the Department of Human Services Grants Fund Account (DGF-DHS Grants Fund) as authorized in Arkansas Code Annotated §19-5-306(10)(A)(ii) and §19-5-306(10)(A)(xi).

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

## Appropriation Summary

**Appropriation:** 898 - DHS-Grants Paying Account

**Funding Sources:** PWE - Grants Paying

Appropriation		2014-2015	2015-2016	2015-2016	2016-2017		
		Actual	Budget	Authorized	Legislative Recommendation	Agency Request	Executive Recommendation
Suppl Nutrition Assist(SNAP)	5100004	156,041	343,235	343,235	343,235	343,235	343,235
Community Srvs. Block Grant	5100004	8,043,675	9,299,077	9,760,062	9,783,146	9,783,146	9,783,146
<b>Total</b>		<b>8,199,716</b>	<b>9,642,312</b>	<b>10,103,297</b>	<b>10,126,381</b>	<b>10,126,381</b>	<b>10,126,381</b>
Funding Sources							
General Revenue	4000010	74,205	153,439		153,439	153,439	153,439
Federal Revenue	4000020	7,543,171	9,488,873		9,972,942	9,972,942	9,972,942
Various Program Support	4000730	582,340	0		0	0	0
<b>Total Funding</b>		<b>8,199,716</b>	<b>9,642,312</b>		<b>10,126,381</b>	<b>10,126,381</b>	<b>10,126,381</b>
Excess Appropriation/(Funding)		0	0		0	0	0
<b>Grand Total</b>		<b>8,199,716</b>	<b>9,642,312</b>		<b>10,126,381</b>	<b>10,126,381</b>	<b>10,126,381</b>

## **Analysis of Budget Request**

**Appropriation:** 930 - Cty-Commodity Distrib & Salvage Container

**Funding Sources:** NHS - Cash in Treasury

The Commodity Distribution and Salvage Container Program receives United States Department of Agriculture (USDA) donated foods for distribution to school districts, food banks, soup kitchens and food pantries, etc. The donated foods are distributed through a contract with a local warehouse. In the event, that the donated food is damaged or destroyed from improper storage, care or handling, it is classified as a "food loss" claim. Compensation of the value of the donated food is provided by the contractor and/or recipient agency, to the distributing agency (Division of County Operations Commodity Distribution Program). Compensation is deposited in the Salvage and Container Cash Fund. Upon approval by USDA, these funds may be used for training, equipment and vehicle purchases utilized by the Commodity Distribution Program for enhancements to the program.

The Agency Request reflects the FY17 requests from the 2014 Fall Budget Hearings Summary Manuals. The Legislative Recommendation and Executive Recommendation reflect the FY17 ALC/JBC recommendation from the 2014 Fall Budget Hearings Summary Manuals, any Governor's Letters adopted and member amendments.

Expenditure of appropriation is contingent upon available funding.

## Appropriation Summary

**Appropriation:** 930 - Cty-Commodity Distrib & Salvage Container

**Funding Sources:** NHS - Cash in Treasury

Appropriation		2014-2015	2015-2016	2015-2016	2016-2017		
		Actual	Budget	Authorized	Legislative Recommendation	Agency Request	Executive Recommendation
Operating Expenses	5020002	17,634	279,597	281,810	281,810	281,810	281,810
Conference & Travel Expenses	5050009	5,862	9,490	9,490	9,490	9,490	9,490
Professional Fees	5060010	0	0	0	0	0	0
Data Processing	5090012	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0
<b>Total</b>		<b>23,496</b>	<b>289,087</b>	<b>291,300</b>	<b>291,300</b>	<b>291,300</b>	<b>291,300</b>
<b>Funding Sources</b>							
Cash Fund	4000045	23,496	289,087		291,300	291,300	291,300
<b>Total Funding</b>		<b>23,496</b>	<b>289,087</b>		<b>291,300</b>	<b>291,300</b>	<b>291,300</b>
Excess Appropriation/(Funding)		0	0		0	0	0
<b>Grand Total</b>		<b>23,496</b>	<b>289,087</b>		<b>291,300</b>	<b>291,300</b>	<b>291,300</b>