

DHS - Administrative Services

Enabling Laws

Act 268 of 2016
A.C.A. §25-10-102

History and Organization

The creation of **Shared Services** is occurring through reallocation of internal resources including funding and positions.

The **Director's Office** oversees collaboration and decision-making between business functions to ensure accountability and produce efficiencies within the Agency.

The **Office of Finance** ensures the efficiency, effectiveness, and integrity of Department of Human Services programs in the areas of budget administration, financial guidance, program integrity and audit, and long term planning. To accomplish this mission, this Office provides oversight, supervision, guidance and support across all finance staff within the agency.

The **Office of Procurement** ensures greater consistency in procurements across the agency. DHS Office of Procurement is a dedicated team specialized in the procurement of commodities and professional/technical services. The office has benefited from integrating division staff with both procurement and programmatic expertise. This reorganization allows the unit to more effectively forecast and leverage the agency's buying power against its purchasing needs to make certain the state receives improved pricing and to avoid waste. The goal is to operate procurements in a manner that is fair, open, and transparent, and encourages competition. DHS Office of Procurement has worked to mitigate risk and has implemented changes to its key business operations and work flow processes to make certain best practices and consistency are being utilized. This office places a high value on the integrity and transparency of procurements in compliance with state, federal, and agency laws, rules, regulations, and processes.

The stated mission of the **Office of Systems and Technology** is to provide, coordinate, and manage information technology solutions to support DHS strategic objectives, and to embrace a technological vision that makes us integral partners in the delivery of human services to Arkansas citizens. This Office establishes standards for equipment and software to support DHS staffs' technology needs. In addition, this office provides oversight, supervision, guidance and support to all technology staff of the agency.

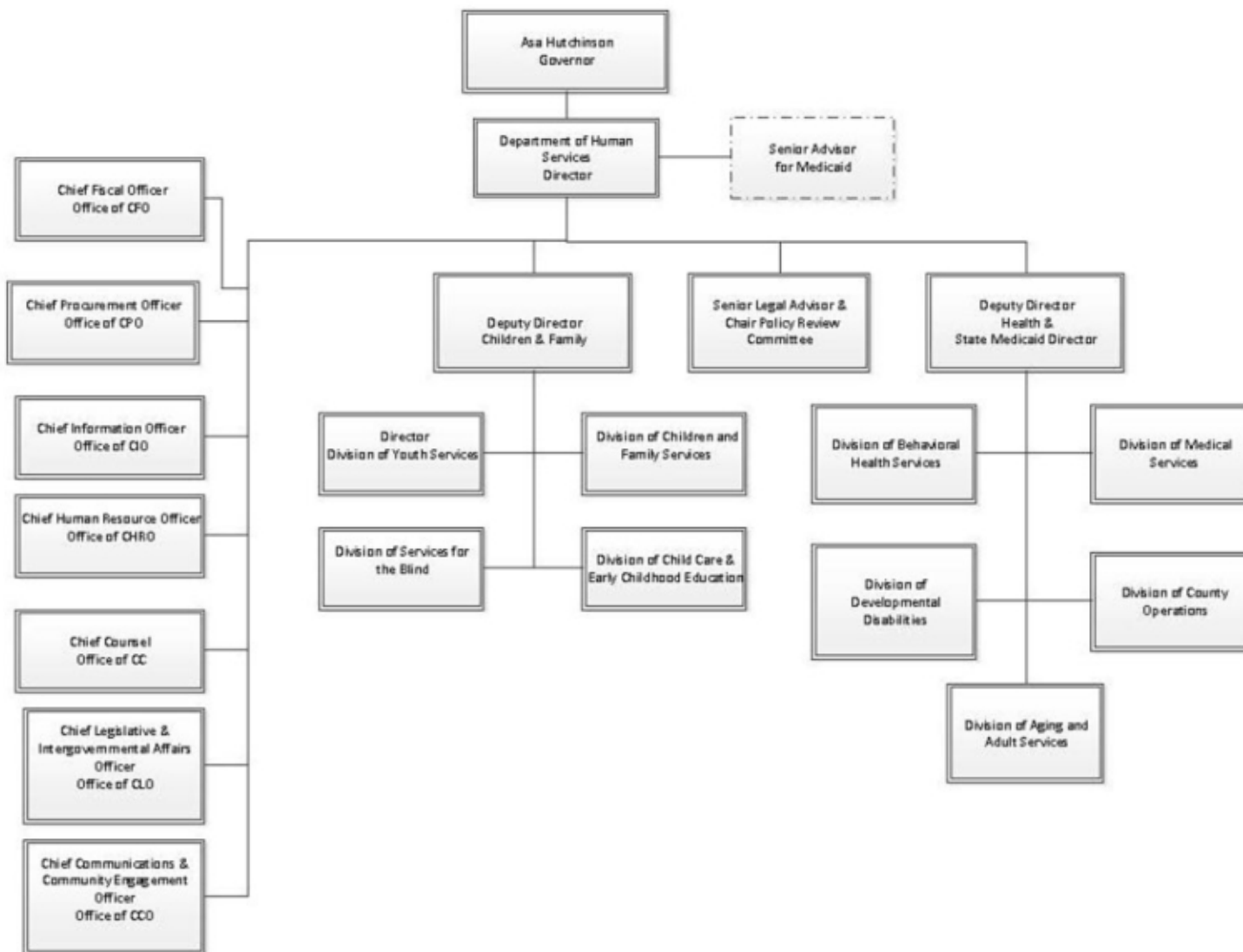
applicants are provided an equal opportunity for employment consideration in accordance with personnel/employment laws and policies. This section processes all new hires, terminations, promotions, retirements, cross grades and other personnel changes for approximately 7,800 employees.

The **Office of Chief Counsel** provides legal, investigative and hearing services to the Agency in the areas of child welfare, adult protective services, delivery of services, and program administration. The office investigates client and provider complaints of rude, discourteous or unlawful treatment. In addition, this office provides support to DHS employees by assisting employee with law and rule interpretation and promulgation as well as for grievances and review hearing to ensure federal and state civil rights/anti-discrimination laws are followed.

The **Office of Legislative & Intergovernmental Affairs** serves as the contact point for the Governor along with Arkansas State and federal legislators for policy questions and constituent needs involving DHS. The office also gives direction regarding legislative procedural questions and concerns from DHS staff.

The **Office of Communications and Community Engagement** (with the Division of Community Service and Non-profit Support reporting through this office) has three distinct roles: 1.) Handling all internal and external communications, including websites, media inquiries and social media platforms for DHS; 2.) Overseeing the national service programs of AmeriCorps and Foster Grandparents in Arkansas, including the monitoring of all grant awardees, and 3.) Working to identify gaps in services or areas within DHS where faith-based and non-profits would be better suited to serve Arkansas. The office as a whole also promotes the economic and societal benefits of volunteerism in Arkansas.

Arkansas Department of Human Services



Agency Commentary

Shared Services is funded from a mix of revenue sources which includes general revenue, federal funds and other. Federal and other funding is determined by the Department's cost Allocation Plan.

Each office within Shared Services is requesting continuing base level for the new biennium.

896 Operations

C01 Request - Existing program

DHS Shared Services requests the continuation of the 13 growth pool position received in SFY 2017 to support the reorganization of the agency. Positions were received in the area of Procurement, Technology, Finance, and Human Resources. A total of 10 new positions are being requested for Shared Services to be used to support the finances within the Division of Children and Family Services. A growth in the number of children being services along with requests for prevention and reunification services will necessitate the needs for additional finance staff to provide timely payments to clients, vendors, and staff and to provide timely reporting to make well informed decisions.

C03 Discontinue Program

DHS Shared Services is surrendering 12 positions to DFA.

C04 Reallocation

Approval of appropriation and funding transfers into Shared Services from various Divisions including Adult and Aging Services, County Operations, Youth Services, and Medical Services to support operational cost associated with position movements is requests.

C05 Unfunded Appropriations

Shared Services is requesting approval of the restoration of FY 2017 unbudgeted positions to allow for the continued support of DHS programs. Unfunded salary and fringe appropriation of 2,646,930 is needed to support the restoration of 65 positions. In addition, 494,500 is requested in Maintenance and Operations, 95,000 in Conference and Travel, 500,000 in Professional Services, and 165,000 in Capital Outlay. These requests are made to allow the agency to support the needs of reorganization as well as increased cost for technology and travel.

C06 Restore Positions/Approp

DHS Shared Services requests the restoration of 1 position provided DHS through the DFA growth pool. This position is for the Chief of Procurement.

C07 Agency Transfer

DHS Shared Services request the transfer of 192 positions from DHS Divisions to Shared Services to support the reorganization of the agency. Funding associated with these positions and operating cost to support these positions is also being requested. Shared Services is also requesting the transfer of SGR in the amount of \$290,000 from Division of Aging and Adult Services for the transfer of the Public Guardian program for the Office of Chief Counsel.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
DEPARTMENT OF HUMAN SERVICES
FOR THE YEAR ENDED JUNE 30, 2015

Findings

The Agency had the following internal control deficiencies related to bank accounts:

- The ending bank balance for Bank of America was under collateralized at June 30 by \$1,945,094. Adequate collateral was provided by the bank the following day. However, the Department of Finance and Administration (DFA) Financial Management Guide states that state agencies must comply with the State Board of Finance's Rule 2012-A, which states that monitoring the value of assets pledged as collateral is the responsibility of the agency making the deposits.
- Three guardianship bank accounts with a total ending bank balance of \$18,981 were not reported as assets in the Arkansas Administrative Statewide Information System (AASIS).
- Cash in bank ending book balance was overstated in AASIS due to the double posting of a December 2014 deposit totaling \$237,834 and an April 2015 deposit totaling \$42 for the Medicaid Funding and Medicaid Refund accounts, respectively. These errors were corrected during fiscal year 2016.

Recommendations

We recommend the Agency review and follow the required procedures as set out in the DHS Administrative Procedures Manual and the DFA Financial Management Guide.

Agency Response:

We have reviewed existing procedures and have implemented additional procedures to strengthen controls that have been brought to our attention concerning DHS bank accounts. Additional procedures include weekly review of collateral statements, a listing of guardianship bank accounts being received on a monthly basis, and additional review of the Medicaid funding account in an effort to prevent any instances of double postings.

Concerning the review of the institutional accounts at the Booneville HDC and the Arkansas Health Center, according to the Booneville HDC, the check was deposited within a few days of receipt. However, additional efforts will be made to insure all checks received are deposited timely and receipts issued promptly. To improve the controls at the Arkansas Health Center, a plan has already been approved to reconcile receipts to deposits. This plan will include monitoring of this activity by the Office of Finance and Administration.

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AUDIT OF :
DEPARTMENT OF HUMAN SERVICES
FOR THE YEAR ENDED JUNE 30, 2015

Findings

Recommendations

- Review of institutional accounts revealed the following exceptions for Booneville Human Development Center and Arkansas Health Center:

Booneville Human Development Center:

- 1) A check received in the amount of \$4,200 was held five months before a receipt was issued and the check was deposited into the Gifts and Bequests bank account.

Arkansas Health Center Patient Collections Account:

- 1) A duplicate receipt was issued for funds received totaling \$1,702.
- 2) A receipt for funds received totaling \$1,470 was not issued.
- 3) The receipt date was altered on the carbon copy of one receipt.

The ability to properly safeguard and account for these assets has been jeopardized as a result of inadequate controls.

Review of capital assets revealed the Agency had inadequate management oversight and internal controls over capital assets, which contributed to the following deficiencies:

- Seven assets, valued at \$40,089, were not retired timely.
- Eight equipment items, valued at \$29,709, out of a sample of 498 equipment items could not be located for observation.
- Two fitness bikes, valued at \$6,160, failed to be added to the low value asset listing. These items were subsequently added in fiscal year 2016.
- One asset was deactivated in AASIS prior to actually being disposed, due to the asset never having an assigned purchase cost.
- Physical sighting of assets revealed 29 items, valued at \$134,777, did not have all the necessary data fields completed in AASIS to help verify those assets against their attached AASIS tag number.

Strengthening of internal controls and management oversight would ensure proper accountability of capital assets.

Review of professional service contracts revealed that the Agency had inadequate

We recommend the Agency strengthen internal controls and management oversight of capital assets to ensure proper accountability of these items.

Agency Response:

To improve Internal Controls for Capital Assets, the DHS Agency Asset Manager has conducted training classes regarding the appropriate procedures for acquisition, transferring, and disposal of DHS Assets for all Divisional Asset Managers and staff. In an effort to assist Asset Specialists in spotting assets needing attention, additional AASIS hands-on training emphasizing pulling reports from AASIS was provided. This training, along with each Division performing a total review and denoting the day of visual inspection, verification of serial numbers, location of the asset and Asset tags with the AASIS Asset Master Record for all DHS assets while conducting the FY 2016 Certification of Assets, will strengthen the tracking of all DHS Assets. The completed FY 2016 Certification of Assets with supporting documentation, inventory transfers, completed spreadsheet, and Missing Asset Investigation Reports are due to the DHS Agency Asset Manager by June 22, 2016.

We recommend the Agency review and follow the required purchasing regulations as set

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management oversight and internal controls over payments processed against contract awards. Six contracts with award amounts totaling \$805,338, out of 33 contracts tested with total award amount of \$24,758,101, revealed the Agency paid \$271,654 in excess of the final awarded amount. These six contracts discovered with overpayments concerned the Division of Children and Family Services. Purchase orders were created and paid outside of the applicable outline agreement, bypassing the AASIS mechanism to flag payments made in excess of the awarded amount.

Purchasing regulations, policies, and procedures were circumvented.

Ark. Const. art. 16, § 4, provides that the General Assembly shall fix the salaries and fees of all officers in the State and that no greater salary or fee than that fixed by law shall be paid any officer, employee, or other person. Additionally, Ark. Code Ann. §§ 19-11-1004(d) states that no director or any other department head of any state agency shall receive additional compensation from professional or consultant services contracts.

Act 928 of 2015 established the position of Arkansas Department of Human Services (DHS) Executive Director for the 2015-2016 fiscal year at a maximum annual salary rate of \$161,038.

On February 3, 2016, the Governor announced Cindy Gillespie as the DHS Executive Director, with a start date of March 1, 2016, and an annual salary of \$280,000.

On February 22, 2016, DHS entered into a sole source professional consultant services contract (contract) with Gillespie, beginning on March 1, 2016, and ending on April 30, 2016, for a total of \$49,000 or 30% of the originally appropriated Director salary. The contract stated:

The consultant [Gillespie] shall perform such duties as may be required by the Governor or the Arkansas Department of Human Services or both, including but not limited to: managing the services and programs of DHS efficiently, through its 10

Recommendations

forth in the State Financial Management Guide.

Agency Response:

The Department of Human Services agrees with the finding. The Division of Children and Family Services (DCFS) has appropriately increased the beginning placement contract balances to better match the projected ending balances for SFY2017. The Division will continue to evaluate the contract balances monthly to determine adequacy. This will ensure that the Division has sufficient funds available in contracts during the fiscal year and shall eliminate the need to create stand-alone purchase orders. In addition, DHS has announced a reorganization of its key business processes, including the creation of the DHS Office of Procurement. The creation of the DHS Office of Procurement will provide training and expertise around all methods of purchasing, introduce greater managerial oversight of contracts, and strengthen internal controls around contract spending. DHS will review and follow the State Financial Management Guide. DHS is committed to following purchasing regulations, policies, and procedures.

We question whether this contract circumvented the requirements found in Ark. Const. art. 16, § 4, and Ark. Code Ann. §§ 19-11-1004(d).

Agency Response:

On July 20, 2016, Arkansas Legislative Audit provided the Department of Human Services (DHS) a draft finding regarding a DHS contract with Cynthia Gillespie. DHS disagrees with this finding.

Specifically, the finding is incorrect when it asserts that the duties assumed by Ms. Gillespie under the contract were “essentially the same” as those of DHS Director. As executive head of DHS, the Director is authorized by law and expected to promulgate standards and rules; to hire, fire, and discipline staff; to conduct performance evaluations; to decide employee grievances; to execute contracts and agreements on behalf of DHS; to initiate and complete procurements; to allocate or transfer state and federal funds; and to authorize expenditures, among other duties. During the time she was under contract with DHS, Ms. Gillespie did none of these things, nor did the contract authorize her to do any of them. Her responsibilities under the contract were limited to the provision of “consulting services in the area of organizational management, for human services programs.” The provision of management consulting is not equivalent to exercising the state’s authority as executive head of a state agency. During her term as a contractor, as shown by the relevant documentation, any and all exercises of state authority were undertaken by the

DIVISION OF LEGISLATIVE AUDIT
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 FOR THE YEAR ENDED JUNE 30, 2015

Findings

divisions and five support offices headquartered in Little Rock in addition to the 85 county offices.

The duties described in this contract are essentially the same as the duties associated with the legislatively-established position on DHS Executive Director. The contract allowed the new DHS Executive Director to begin working before a new appropriation was approved by the General Assembly and to be compensated at a higher rate than allowed by the current appropriation.

Act 2 of the 2016 Fiscal Session, which went into effect on April 26, 2016, appropriated \$280,000 for the maximum annual salary rate of the DHS Executive Director for the 2015-2016 fiscal year. Gillespie formally assumed the position of DHS Executive Director on April 27, 2016.

Recommendations

Department's deputy directors in direct coordination with the Governor's Office.

Ms. Gillespie was commissioned as agency director on April 27, 2016. She was placed into the position of DHS Executive Director, an entirely new position, new class code, and new title created by the Legislature in Act 2 of the 2016 Fiscal Session. Ms. Gillespie received no additional compensation under the contract for services provided after she was sworn in and commissioned. Therefore, there has been no violation of Ark. Code. Ann. § 19-11-1004 (d).

The limitations of Art. 16 § 4 of the Arkansas Constitution apply specifically to state officers and employees. During her time as a contractor for DHS, Ms. Gillespie was not a state officer, nor was she an employee. Therefore, there has been no violation of the state Constitution.

Publications

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

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution	Unbound Black & White Copies Produced During the Last Two Years	Cost of Unbound Copies Produced During the Last Two Years
		Governor	General Assembly				
Arkansas Department of Human Services (SFY) Statistical Report	Act 414, Section 24 of 1961	Y	Y	15	Law requires. Distribution has decreased from 200 to 15 published copies. Outside requestors will be informed to access the web. Data is used for trending analysis, research and/or studies.	0	0.00

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

AGENCY: 0710 DHS - Administrative Services

Minority Business	Total Contract Awarded	Minority Type per A.C.A. 15-4-303 (2)					
		African American	Hispanic American	American Indian	Asian American	Pacific Islander American	Disabled Veteran
DATALOCKER INC	\$2,880				X		
GODDESS PRODUCTS INC	\$15,723	X					
NATIONAL COMPENSATION ASSOCIATION	\$295	X					
RSVP CATERING LLC	\$542	X					

TOTAL NUMBER OF MINORITY CONTRACTS AWARDED 4

TOTAL EXPENDITURES FOR CONTRACTS AWARDED \$15,246,666

% OF MINORITY CONTRACTS AWARDED 0.11 %

Department Appropriation Summary

Historical Data

Agency Request and Executive Recommendation

Appropriation	2015-2016		2016-2017		2016-2017		2017-2018					2018-2019						
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
1DE Various Building Construction	4,543,096	0	10,729,539	0	11,119,780	0	10,729,539	0	12,232,687	0	12,232,687	0	10,729,539	0	11,623,203	0	11,623,203	0
414 Consolidated Cost	720,367	0	821,500	0	821,500	0	821,500	0	821,500	0	821,500	0	821,500	0	821,500	0	821,500	0
896 Director's Office	931,463	7	1,307,664	7	1,307,664	7	1,315,785	7	1,280,034	6	1,280,034	6	1,316,217	7	1,280,466	6	1,280,466	6
896 DHS-Admin Paying Account	0	0	0	0	0	0	0	0	450,443	6	450,443	6	0	0	450,443	6	450,443	6
896 Office of Chief Counsel	11,573,344	183	12,326,131	183	12,789,916	187	12,375,811	183	11,858,546	172	11,858,546	172	12,380,504	183	11,862,869	172	11,862,869	172
896 Division of Administrative Services	28,032,278	279	29,077,013	251	31,728,475	311	29,096,371	251	34,666,934	311	34,666,934	311	29,104,150	251	34,689,005	311	34,689,005	311
896 DHS-Admin Paying Account	0	0	0	0	0	0	0	0	3,574,889	61	3,574,889	61	0	0	3,577,357	61	3,577,357	61
896 DHS-Admin Paying Account	0	0	0	0	0	0	0	0	4,769,353	67	4,769,353	67	0	0	4,771,513	67	4,771,513	67
896 DHS-Admin Paying Account	0	0	0	0	0	0	0	0	3,857,467	73	3,857,467	73	0	0	3,858,209	73	3,858,209	73
896 Community Srvs/Non-Profit Support	1,264,902	22	1,416,122	25	1,423,572	25	1,421,328	25	2,573,072	34	2,573,072	34	1,422,316	25	2,574,801	34	2,574,801	34
896 DHS-Admin Paying Account	0	0	340,135	0	340,135	0	340,135	0	0	0	0	0	340,135	0	0	0	0	0
898 AmeriCorps Grants	1,842,764	0	2,510,704	0	2,510,704	0	2,510,704	0	2,510,704	0	2,510,704	0	2,510,704	0	2,510,704	0	2,510,704	0
898 Social Srvs Blk Grant-Fed	0	0	129,084	0	129,084	0	129,084	0	129,084	0	129,084	0	129,084	0	129,084	0	129,084	0
935 Community Srv/Non-Profit Support - Cash in Tr	735	0	11,030	0	12,000	0	11,030	0	11,030	0	11,030	0	11,030	0	11,030	0	11,030	0
C99 Client Specific Emergency Services-Cash	0	0	111,600	0	111,600	0	111,600	0	111,600	0	111,600	0	111,600	0	111,600	0	111,600	0
Total	48,908,949	490	58,780,522	466	62,294,430	530	58,862,887	466	78,847,343	730	78,847,343	730	58,876,779	466	78,271,784	730	78,271,784	730

Funding Sources		%		%		%		%		%		%		%		%		%
Fund Balance	4000005	11,111,563	18.8	10,314,875	14.9	10,314,875	14.9	10,314,875	12.3	10,314,875	12.6	10,314,875	14.9	8,811,727	10.7	8,811,727	10.9	
General Revenue	4000010	16,197,922	27.4	16,136,255	23.4	16,233,971	23.5	22,658,558	27.1	20,993,608	25.6	16,238,978	23.5	22,663,441	27.5	20,998,613	26.0	
Federal Revenue	4000020	16,973,899	28.7	21,180,290	30.7	21,197,479	30.6	24,805,938	29.6	24,805,938	30.2	21,203,367	30.6	24,831,983	30.2	24,831,983	30.8	
Cash Fund	4000045	735	0.0	122,630	0.2	122,630	0.2	122,630	0.1	122,630	0.1	122,630	0.2	122,630	0.1	122,630	0.2	
Merit Adjustment Fund	4000055	0	0.0	85,430	0.1	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	
Reimbursement	4000425	3,746,408	6.3	10,729,539	15.5	10,729,539	15.5	10,729,539	12.8	10,729,539	13.1	10,729,539	15.5	10,729,539	13.0	10,729,539	13.3	
Various Program Support	4000730	11,193,297	18.9	10,526,378	15.2	10,579,268	15.3	15,124,600	18.1	15,124,600	18.4	10,582,265	15.3	15,127,597	18.4	15,127,597	18.8	
Total Funds		59,223,824	100.0	69,095,397	100.0	69,177,762	100.0	83,756,140	100.0	82,091,190	100.0	69,191,654	100.0	82,286,917	100.0	80,622,089	100.0	
Excess Appropriation/(Funding)		(10,314,875)		(10,314,875)		(10,314,875)		(4,908,797)		(3,243,847)		(10,314,875)		(4,015,133)		(2,350,305)		
Grand Total		48,908,949		58,780,522				78,847,343		78,847,343		58,876,779		78,271,784		78,271,784		

Agency Position Usage Report

FY2014 - 2015						FY2015 - 2016						FY2016 - 2017					
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	
315	251	40	291	24	20.32 %	315	235	17	252	63	25.40 %	312	228	23	251	61	26.92 %

Analysis of Budget Request

Appropriation: 1DE - Various Building Construction

Funding Sources: DHR - Human Services Renovation Fund

The Various Building Construction appropriation is for the purpose of construction, acquisition, renovation, maintenance, repair and equipping facilities of the Department of Human Services and for paying disallowances cited by the federal government. Facilities are those operated by the Divisions of Developmental Disabilities-Human Development Centers; Behavioral Health-Arkansas State Hospital and Arkansas Health Center; and Youth Services-Youth Services Centers and Wilderness Camps.

Funding for this appropriation is from the Human Services Renovation Fund and is derived from three sources. Federal reimbursement received by the Department. General revenue transferred from these three (3) Divisions with an annual maximum of five million dollars. Other funds may be utilized as determined to be available. At the request of the Director of the Department of Human Services and upon certification of the availability of such funds, the Chief Fiscal Officer of the State shall initiate the necessary transfer documents to reflect the transfer on the books of record of the Treasurer of State, the Auditor of State, the Chief Fiscal Officer of the State and the Department. Arkansas Code Annotated §19-5-1020 was amended by Act 1537 of 1999 to require that transfers into the Renovation Fund must be submitted to and receive approval from the Chief Fiscal Officer of the State, the Governor and the Legislative Council prior to the effective date of the transfer. This appropriation is centralized within the DHS Director's purview in order that the needs of the Department can be prioritized, however, maintained by the Division of Administrative Services. Expenditures for this appropriation are contingent upon available funding provided from within the Department.

The Agency Base Level request for this appropriation is \$10,729,539 each year of the biennium.

The Agency Change Level request is \$1,503,148 in FY2018 and \$893,664 in FY2019 for additional repair and maintenance needs at DBHS and DYS facilities.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 1DE - Various Building Construction

Funding Sources: DHR - Human Services Renovation Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	2017-2018			2018-2019		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Construction	5090005	4,543,096	10,729,539	11,119,780	10,729,539	12,232,687	12,232,687	10,729,539	11,623,203	11,623,203
Total		4,543,096	10,729,539	11,119,780	10,729,539	12,232,687	12,232,687	10,729,539	11,623,203	11,623,203
Funding Sources										
Fund Balance	4000005	11,111,563	10,314,875		10,314,875	10,314,875	10,314,875	10,314,875	8,811,727	8,811,727
Reimbursement	4000425	3,746,408	10,729,539		10,729,539	10,729,539	10,729,539	10,729,539	10,729,539	10,729,539
Total Funding		14,857,971	21,044,414		21,044,414	21,044,414	21,044,414	21,044,414	19,541,266	19,541,266
Excess Appropriation/(Funding)		(10,314,875)	(10,314,875)		(10,314,875)	(8,811,727)	(8,811,727)	(10,314,875)	(7,918,063)	(7,918,063)
Grand Total		4,543,096	10,729,539		10,729,539	12,232,687	12,232,687	10,729,539	11,623,203	11,623,203

Change Level by Appropriation

Appropriation: 1DE - Various Building Construction
Funding Sources: DHR - Human Services Renovation Fund

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	7,720,055	0	7,720,055	100.0	7,720,055	0	7,720,055	100.0
C05	Unfunded Appropriation	279,945	0	8,000,000	103.6	279,945	0	8,000,000	103.6

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	7,720,055	0	7,720,055	100.0	7,720,055	0	7,720,055	100.0
C05	Unfunded Appropriation	279,945	0	8,000,000	103.6	279,945	0	8,000,000	103.6

Justification

C05	Appropriation is requested for additional repair and maintenance needs at DBHS and DYS facilities.
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Change Level by Appropriation

Appropriation: 1DE - Various Building Construction
Funding Sources: DHR - Human Services Renovation Fund

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	3,009,484	0	3,009,484	100.0	3,009,484	0	3,009,484	100.0
C05	Unfunded Appropriation	1,223,203	0	4,232,687	140.6	613,719	0	3,623,203	120.4

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	3,009,484	0	3,009,484	100.0	3,009,484	0	3,009,484	100.0
C05	Unfunded Appropriation	1,223,203	0	4,232,687	140.6	613,719	0	3,623,203	120.4

Justification

C05	Appropriation is requested for additional repair and maintenance needs at DBHS and DYS facilities.
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Analysis of Budget Request

Appropriation: 414 - Consolidated Cost

Funding Sources: MCC - Consolidated Cost Revolving Fund

The Division of Administrative Services is responsible for the centralized purchasing of postage, forms printing, and warehouse storage for the Department. Purchases are made through this appropriation with funding transferred from the respective Divisions to the Consolidated Cost Revolving Fund.

Funding for this appropriation, as indicated as various program support, is revenue transferred based on cost allocation derived from the program to which funds are assigned and can be a mix of funding sources such as general revenue, federal revenue, other revenue and/or a combination of each.

The Agency Base Level and total request for this appropriation is \$821,500 each year of the biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 414 - Consolidated Cost

Funding Sources: MCC - Consolidated Cost Revolving Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item	Historical Data			2017-2018			2018-2019		
	2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses 5020002	720,367	821,500	821,500	821,500	821,500	821,500	821,500	821,500	821,500
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	720,367	821,500	821,500	821,500	821,500	821,500	821,500	821,500	821,500
Funding Sources									
Various Program Support 4000730	720,367	821,500		821,500	821,500	821,500	821,500	821,500	821,500
Total Funding	720,367	821,500		821,500	821,500	821,500	821,500	821,500	821,500
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	720,367	821,500		821,500	821,500	821,500	821,500	821,500	821,500

Analysis of Budget Request

Appropriation: 896 - DHS–Admin Paying Account

Funding Sources: PWP - Administration Paying

The Department is requesting to create a new structure for this Division of DHS by combining the Administrative components of the Agency into a Shared Services Division. This reorganization would combine the Director's Office, Office of Chief Counsel, Division of Community Service and Nonprofit Support into the Administrative Services appropriation section. This new structure also consolidates the various finance, procurement, technology and human resources functions from the Divisions into a centralized location to better coordinate efforts across the agency.

This new structure consists of eight (8) sections listed below:

The **Director's Office** oversees collaboration and decision-making between business functions to ensure accountability and produce efficiencies within the Agency.

The **Office of Finance** ensures the efficiency, effectiveness, and integrity of Department of Human Services programs in the areas of budget administration, financial guidance, program integrity and audit, and long term planning. To accomplish this mission, this Office provides oversight, supervision, guidance and support across all finance staff within the agency.

The **Office of Procurement** ensures greater consistency in procurements across the agency. DHS Office of Procurement is a dedicated team specialized in the procurement of commodities and professional/technical services. The office has benefited from integrating division staff with both procurement and programmatic expertise. This reorganization allows the unit to more effectively forecast and leverage the agency's buying power against its purchasing needs to make certain the state receives improved pricing and to avoid waste. The goal is to operate procurements in a manner that is fair, open, and transparent, and encourages competition. DHS Office of Procurement has worked to mitigate risk and has implemented changes to its key business operations and work flow processes to make certain best practices and consistency are being utilized. This office places a high value on the integrity and transparency of procurements in compliance with state, federal, and agency laws, rules, regulations, and processes.

The stated mission of the **Office of Systems and Technology** is to provide, coordinate, and manage information technology solutions to support DHS strategic objectives, and to embrace a technological vision that makes us integral partners in the delivery of human services to Arkansas citizens. This Office establishes standards for equipment and software to support DHS staffs' technology needs. In addition, this office provides oversight, supervision, guidance and support to all technology staff of the agency.

The **Office of Human Resources** provides administrative/personnel services that support DHS. This section ensures that qualified

section processes all new hires, terminations, promotions, retirements, cross grades and other personnel changes for approximately 7,800 employees.

The **Office of Chief Counsel** provides legal, investigative and hearing services to the Agency in the areas of child welfare, adult protective services, delivery of services, and program administration. The office investigates client and provider complaints of rude, discourteous or unlawful treatment. In addition, this office provides support to DHS employees by assisting employee with law and rule interstation and promulgation as well as for grievances and review hearing to ensure federal and state civil rights/anti-discrimination laws are followed.

The **Office of Legislative & Intergovernmental Affairs** serves as the contact point for the Governor along with Arkansas State and federal legislators for policy questions and constituent needs involving DHS. The office also gives direction regarding legislative procedural questions and concerns from DHS staff.

The **Office of Communications and Community Engagement** (with the Division of Community Service and Non-profit Support reporting through this office) has three distinct roles: 1.) Handling all internal and external communications, including websites, media inquiries and social media platforms for DHS; 2.) Overseeing the national service programs of AmeriCorps and Foster Grandparents in Arkansas, including the monitoring of all grant awardees, and 3.) Working to identify gaps in services or areas within DHS where faith-based and non-profits would be better suited to serve Arkansas. The office as a whole also promotes the economic and societal benefits of volunteerism in Arkansas.

Funding for this appropriation includes general revenues (DAS - Department of Human Services Administration Fund Account), federal and other funds. The federal funds are derived from support services allocated through cost allocation and social service block grant funds. Other funding which is indicated as various program support is derived through cost allocation and can also include M&R proceeds.

Base Level Regular Salaries and Personal Services Matching include the continuation of the previously authorized 2017 Salaries and Career Service Payments for eligible employees. Personal Services Matching includes the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases.

The Agency Base Level request for this appropriation is \$44,549,430 in FY2018 and \$44,563,322 in FY2019 with general revenue funding of \$16,233,971 in FY2018 and \$16,238,978 in FY2019 and 466 budgeted Base Level positions.

The Agency Change Level request is \$18,481,308 in FY2018 and \$18,501,341 in FY2019 with \$4,759,637 in FY2018 and \$4,759,635 in FY2019 in transferred general revenue and \$1,664,950 in FY2018 and \$1,664,828 in FY2019 in new general revenue for the restructuring of the new Shared Services administrative functions, and reflects the following:

- Regular Salaries and Personal Services Matching of \$15,632,405 in FY2018 and \$15,640,986 in FY2019 which reflects the following changes:

- Continuation of fourteen (14) growth pool positions received during FY2017;
- Elimination of twelve (12) positions to offset a portion of the growth pool positions received during the current year;
- Restoration of sixty five (65) positions that are authorized but not budgeted;
- Transfer of one hundred eighty seven (187) positions from the various DHS Divisions; and
- Ten (10) new positions requested to provide timely financial support to the Division of Children and Family Services.
- Extra Help and Personal Services Matching of \$155,860 each year of the biennium.
- Operating Expenses of \$1,888,613 in FY2018 and \$1,900,065 in FY2019.
- Conference & Travel Expenses of \$137,930 each year of the biennium.
- Professional Fees of \$500,000 each year of the biennium.
- Capital Outlay of \$165,000 each year of the biennium.
- Data Processing Services of \$1,500 each year of the biennium.

The Executive Recommendation provides for the Agency Request in appropriation and general revenue transfer with no new general revenue funding.

Appropriation Summary

Appropriation: 896 - DHS--Admin Paying Account

Funding Sources: PWP - Administration Paying

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2017-2018			2018-2019		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	19,146,189	20,138,470	22,323,459	20,165,123	31,738,458	31,738,458	20,176,023	31,755,958	31,755,958
#Positions		490	466	530	466	730	730	466	730	730
Extra Help	5010001	193,037	292,279	292,279	292,279	448,139	448,139	292,279	448,139	448,139
#Extra Help		20	30	30	30	30	30	30	30	30
Personal Services Matching	5010003	6,731,718	6,989,554	7,892,190	7,110,266	11,169,336	11,169,336	7,113,258	11,174,309	11,174,309
Overtime	5010006	629	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000
Operating Expenses	5020002	3,985,683	4,136,243	4,169,040	4,136,243	6,024,856	6,024,856	4,136,243	6,036,308	6,036,308
Conference & Travel Expenses	5050009	80,464	91,593	92,868	91,593	229,523	229,523	91,593	229,523	229,523
Professional Fees	5060010	9,477,596	10,414,691	10,415,691	10,414,691	10,914,691	10,914,691	10,414,691	10,914,691	10,914,691
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	63,008	65,000	65,000	0	165,000	165,000	0	165,000	165,000
Grandparent Foster Program	5900038	0	340,135	340,135	340,135	340,135	340,135	340,135	340,135	340,135
Professional Admin Fee	5900044	2,123,663	1,988,100	1,988,100	1,988,100	1,989,600	1,989,600	1,988,100	1,989,600	1,989,600
Total		41,801,987	44,467,065	47,589,762	44,549,430	63,030,738	63,030,738	44,563,322	63,064,663	63,064,663

Funding Sources										
General Revenue	4000010	16,197,922	16,136,255		16,233,971	22,658,558	20,993,608	16,238,978	22,663,441	20,998,613
Federal Revenue	4000020	15,131,135	18,540,502		18,557,691	22,166,150	22,166,150	18,563,579	22,192,195	22,192,195
Merit Adjustment Fund	4000055	0	85,430		0	0	0	0	0	0
Various Program Support	4000730	10,472,930	9,704,878		9,757,768	14,303,100	14,303,100	9,760,765	14,306,097	14,306,097
Total Funding		41,801,987	44,467,065		44,549,430	59,127,808	57,462,858	44,563,322	59,161,733	57,496,905
Excess Appropriation/(Funding)		0	0		0	3,902,930	5,567,880	0	3,902,930	5,567,758
Grand Total		41,801,987	44,467,065		44,549,430	63,030,738	63,030,738	44,563,322	63,064,663	63,064,663

Change Level by Appropriation

Appropriation: 896 - DHS--Admin Paying Account
Funding Sources: PWP - Administration Paying

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	44,549,430	466	44,549,430	100.0	44,563,322	466	44,563,322	100.0
C01	Existing Program	1,887,252	23	46,436,682	104.2	1,887,252	23	46,450,574	104.2
C03	Discontinue Program	(412,027)	(12)	46,024,655	103.3	(412,027)	(12)	46,038,547	103.3
C04	Reallocation	663,041	0	46,687,696	104.8	663,041	0	46,701,588	104.8
C05	Unfunded Appropriation	3,902,930	65	50,590,626	113.6	3,902,930	65	50,604,518	113.6
C06	Restore Position/Approp	124,578	1	50,715,204	113.8	124,578	1	50,729,096	113.8
C07	Agency Transfer	12,315,534	187	63,030,738	141.5	12,335,567	187	63,064,663	141.5

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	44,549,430	466	44,549,430	100.0	44,563,322	466	44,563,322	100.0
C01	Existing Program	1,887,252	23	46,436,682	104.2	1,887,252	23	46,450,574	104.2
C03	Discontinue Program	(412,027)	(12)	46,024,655	103.3	(412,027)	(12)	46,038,547	103.3
C04	Reallocation	663,041	0	46,687,696	104.8	663,041	0	46,701,588	104.8
C05	Unfunded Appropriation	3,902,930	65	50,590,626	113.6	3,902,930	65	50,604,518	113.6
C06	Restore Position/Approp	124,578	1	50,715,204	113.8	124,578	1	50,729,096	113.8
C07	Agency Transfer	12,315,534	187	63,030,738	141.5	12,335,567	187	63,064,663	141.5
C11	Upgrade/Downgrade	0	0	63,030,738	141.5	0	0	63,064,663	141.5

Justification

C01	DHS Shared Services request the continuation of the 13 growth pool position received in SFY 2017 to support the reorganization of the agency. DHS is also requesting 10 new positions to provide financial support to the Division of Children and Family Services.
C03	Shared Services is surrendering 12 positions to DFA.
C04	DHS Shared Services requests transfer of appropriation from the Divisions to provide finance, procurement, technology, human resources and other supportive services to the divisions as part of the reorganization.
C05	DHS Shared Services requests unfunded appropriation in the amounts of 400,000 Operating Expenses, 95,000 Conference & Travel Expenses, 500,000 Professional Fees, 165,000 Capital Outlay support the objectives of the newly created organizational structure.
C06	DHS Shared Services requests the restoration of 1 position provided DHS through the DFA growth pool.
C07	DHS Shared Services request the transfer of 187 positions from various DHS Division to Shared Services to support the reorganization of the agency. Funding associated with these positions and operating cost to support these positions is also being requested.

Analysis of Budget Request

Appropriation: 898 - DHS-Grants Paying Account

Funding Sources: PWE - Grants Paying

Social Services Block Grant

The Division of Administrative Services administers the social services block grant (SSBG). The Office of Community Services, Administration for Children and Families, U. S. Department of Health and Human Services is responsible for the administration of the grant program at the federal level with grants made directly to the State. Grant amounts are determined by a statutory formula based on individual state population. Up to 10 percent of block grant funds are allowed to be transferred to other block grant programs for support of health services, health promotion and disease prevention campaigns, and low-income home energy assistance.

Under the provisions of the block grant, each state has the authority to determine the most appropriate social services for the state's citizens. Included are services such as assistance to individuals and families to become more independent relative to financial support and personal care, family maintenance and avoidance of institutional care. These services are rendered through contracts with community programs across the state to provide services to people with developmental disabilities, mental illness, the elderly, and children. The agency has elected to allocate the majority of the SSBG funds to various divisions within the Department and other departments in state government - Workforce Education, Rehabilitation Services and Spinal Cord Commission thus eliminating the need for the majority of this appropriation. Each of the DHS divisions and other departments certify the funds in the respective division/department and budget for utilization of these funds.

Funding for this appropriation is 100% federal funds and is provided under Title XX of the Social Security Act (Omnibus Budget Reconciliation Act of 1981 as amended, P.L. 97-35; Jobs Training Bill, P.L. 98-8; P.L. 98-473; Medicaid and Medicare Patient and Program Act of 1987; Omnibus Budget Reconciliation Act of 1987, P.L. 100-203; Family Support Act of 1988, P.L. 100-485; Omnibus Budget Reconciliation Act of 1993, P.L. 103-66; 42 U.S.C. 1397 et seq.).

The Agency Base Level and total request for this appropriation is \$129,084 each year of the biennium.

The Executive Recommendation provides for the Agency Request.

AmeriCorps Grant

The Division also administers the AmeriCorps grant. The Edward M. Kennedy Serve America Act of 2009 focused AmeriCorps' efforts in six key areas:

- **Disaster Services:** AmeriCorps members respond to disasters from tornadoes and hurricanes to fire and floods.

- **Education:** AmeriCorps programs place tutors and mentors in low performing schools to help students improve academic performance and skills.
- **Environmental Stewardships:** AmeriCorps members build trails, restore parks, run recycling programs and promote energy efficiency.
- **Healthy Futures:** AmeriCorps members provide education and outreach for healthier lifestyles. Arkansas' AmeriCorps members focus on healthy living and the programs provide students with opportunities to participate in healthy living activities to reduce obesity.
- **Economic Opportunity:** AmeriCorps engages members each year to fight poverty by expanding access to technology, recruiting volunteers to teach literacy, and strengthening antipoverty groups.
- **Veterans and Military Families:** AmeriCorps supports the military community by engaging veterans in service, helping veterans readjust to civilian life, and providing support to military families.

Funding for this appropriation is federal funds provided from the Department of Health and Human Services to assist States in carrying out a national service program as authorized by the National and Community Service Act of 1990, as amended (42 U.S.C. §12501 et seq.)

The Agency Base Level and total request for this appropriation is \$2,510,704 each year of the biennium.

Appropriation Summary

Appropriation: 898 - DHS-Grants Paying Account

Funding Sources: PWE - Grants Paying

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2017-2018			2018-2019		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Purchase of Services	5100004	0	129,084	129,084	129,084	129,084	129,084	129,084	129,084	129,084
AmeriCorps Grants	5100004	1,842,764	2,510,704	2,510,704	2,510,704	2,510,704	2,510,704	2,510,704	2,510,704	2,510,704
Total		1,842,764	2,639,788	2,639,788	2,639,788	2,639,788	2,639,788	2,639,788	2,639,788	2,639,788
Funding Sources										
Federal Revenue	4000020	1,842,764	2,639,788		2,639,788	2,639,788	2,639,788	2,639,788	2,639,788	2,639,788
Total Funding		1,842,764	2,639,788		2,639,788	2,639,788	2,639,788	2,639,788	2,639,788	2,639,788
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		1,842,764	2,639,788		2,639,788	2,639,788	2,639,788	2,639,788	2,639,788	2,639,788

Analysis of Budget Request

Appropriation: 935 - Community Srv/Non-Profit Support – Cash in Treasury

Funding Sources: NHS - Cash in Treasury

This appropriation provides the Division of Community Service and Nonprofit Support authority for expenditure of fees and donations relating to various efforts established around the State. The funds are for training, volunteer recognition and special volunteer event expenses. These funds are interest income as well as honoraria from speaking engagements and donations.

The Agency Base Level and total request for this appropriation is \$11,030 each year of the biennium.

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

Appropriation Summary

Appropriation: 935 - Community Srv/Non-Profit Support – Cash in Treasury

Funding Sources: NHS - Cash in Treasury

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2017-2018			2018-2019		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	735	7,233	7,703	7,233	7,233	7,233	7,233	7,233	7,233
Conference & Travel Expenses	5050009	0	2,865	2,865	2,865	2,865	2,865	2,865	2,865	2,865
Professional Fees	5060010	0	932	1,432	932	932	932	932	932	932
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		735	11,030	12,000	11,030	11,030	11,030	11,030	11,030	11,030
Funding Sources										
Cash Fund	4000045	735	11,030		11,030	11,030	11,030	11,030	11,030	11,030
Total Funding		735	11,030		11,030	11,030	11,030	11,030	11,030	11,030
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		735	11,030		11,030	11,030	11,030	11,030	11,030	11,030

Analysis of Budget Request

Appropriation: C99 - Client Specific Emergency Services–Cash

Funding Sources: 120 - Client Specific Emergency Services-Cash

This appropriation is a contingency for immediate, short term and specific client emergencies such as shelter, food or transportation. Federal social services block grant funds would be utilized should payments be necessary. There were no expenditures made under this appropriation in FY2016 and \$111,600 is budgeted in FY2017.

The Agency Base Level and total request for this appropriation is \$111,600 each year of the biennium.

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

Appropriation Summary

Appropriation: C99 - Client Specific Emergency Services–Cash

Funding Sources: 120 - Client Specific Emergency Services-Cash

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2015-2016	2016-2017	2016-2017	2017-2018			2018-2019		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Purchase of Services 5900043	0	111,600	111,600	111,600	111,600	111,600	111,600	111,600	111,600
Total	0	111,600	111,600	111,600	111,600	111,600	111,600	111,600	111,600
Funding Sources									
Cash Fund 4000045	0	111,600		111,600	111,600	111,600	111,600	111,600	111,600
Total Funding	0	111,600		111,600	111,600	111,600	111,600	111,600	111,600
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	0	111,600		111,600	111,600	111,600	111,600	111,600	111,600