

DHHS - DIV OF CHILD CARE/EARLY CHILDHOOD ED

Enabling Laws

Act 1293 of 2005

Act 2188 of 2005

A.C.A. §20-76-105 et seq.

A.C.A. §20-78-201 et seq.

A.C.A. §20-78-501 et seq.

A.C.A. §25-10-102 et seq.

A.C.A. §6-45-101 et seq.

History and Organization

The purpose of the Division of Child Care and Early Childhood Education is to enhance the coordination of child care and early childhood education programs within the state. This coordination ensures a seamless delivery of service to low-income families and those who are moving from welfare to work.

The Division working with the Arkansas Early Childhood Commission, adopted the following mission statement: "As good stewards of the public trust, we will support and advise the Division by ensuring that all Arkansas children and families have access to a safe, high-quality, developmentally appropriate (nurturing learning) environment (and) by educating and assisting parents, child care providers, and communities to prepare our children for future success."

The Division is comprised of six sections: one regulatory, one compliance, three programmatic and one administrative. The Division currently has 171 budgeted positions in addition to 13 extra help positions. The name of the sections and a brief description of their functions follow:

Child Care Licensing - This is the largest section within the Division with 62 positions. Many of these positions are located in DHHS county offices. Licensing Specialists perform on-site reviews of child care centers in addition to licensed homes and registered homes. This section is also responsible for maintaining the Criminal Records Check System (Act 1198 of 1997) in conjunction with the Arkansas State Police. This system checks the police record of all workers in child care centers, licensed or registered homes.

Compliance - This section works with the programmatic sections of the Division and other appropriate Divisions within the Department to coordinate and track issues dealing with provider fraud, overpayments and audits.

Family Support - This section is the second largest section within the Division with 61 positions. Many of these positions are located in DHHS county offices. This section supports services to Temporary Employment Assistance (TEA), transitional and low-income working families by providing subsidized child care services on a sliding fee basis. Child Care Eligibility Specialists are located regionally across the state.

Special Nutrition Program - This program is comprised of four programs funded by the U.S. Department of Agriculture (USDA) and administered by the state. These programs reimburse centers and sponsors for nutritional meals and snacks served. The programs are the Child & Adult Care Food Program, the Summer Food Service Program for Children, Special Milk and National School Lunch.

Program Development - This activity is the major outreach section of the Division. This section provides a multitude of diverse services designed to improve the quantity and quality of child care services within the state. These services blend funds from state and federal sources.

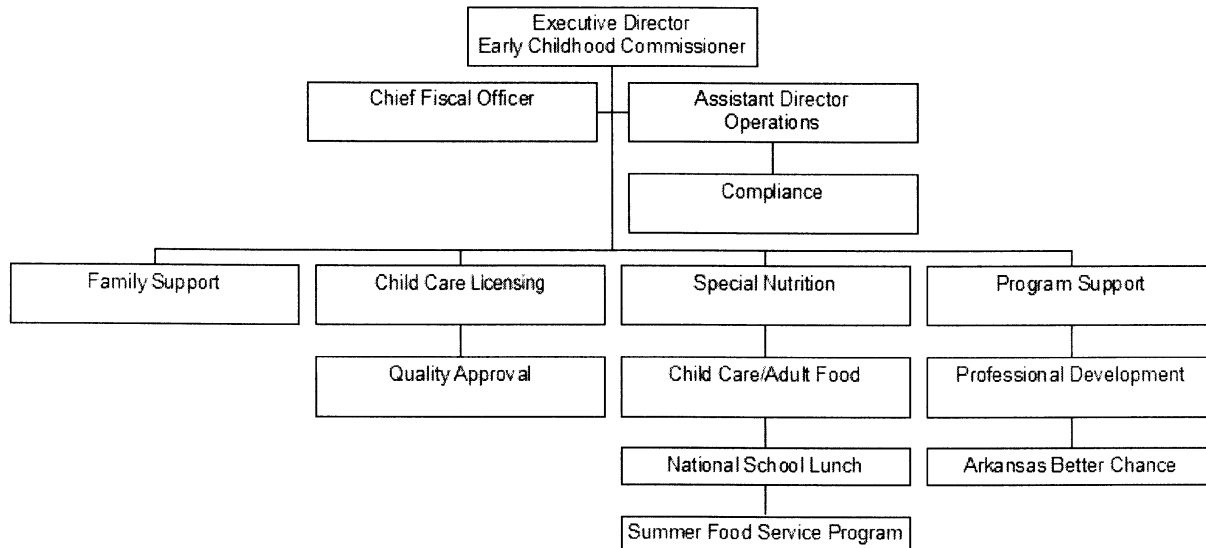
A listing of these services follow:

- ARKANSAS BETTER CHANCE (ABC) - The State's Public Pre-K program
- ENHANCEMENT GRANTS
- TRAINING GRANTS
- CHILD DEVELOPMENT ASSOCIATION (CDA) SCHOLARSHIPS
- TECHNICAL ASSISTANCE TO PROGRAMS
- ARKANSAS CHILD CARE FACILITIES GUARANTEE LOAN FUND
- CHILD CARE FACILITIES FUNDING/COMMUNITY DEVELOPMENT BLOCK GRANT
- ARKANSAS CHILD CARE RESOURCE CENTER
- ACCREDITATION/APPROVAL SYSTEM
- PARENT INFORMATION & CHILD CARE RESOURCE AND REFERRAL SERVICES
- EARLY LITERACY LEARNING IN ARKANSAS (Pre K ELLA)
- KINDERGARTEN READINESS - INDICATORS

The creation of the Division consolidated three (3) existing boards into one. The affected boards were the Child Care Facility Review Board, the Arkansas Early Childhood Commission and the Child Care Provider Training Committee. These review boards were consolidated into a new Arkansas Early Childhood Commission that advises the Division and has regulatory approval for all minimum licensing standards.

The Child Care Appeal Review Committee was established in 1999. This panel reviews appealed adverse action taken by the Child Care Licensing Section against a child care provider and hear any unresolved disputes between that Section and the child care providers regarding: 1) substantial compliance with the published standards; 2) founded licensing complaint; 3) denial of alternative compliance request.

Providers, staff and above all, families, have benefited from these efforts to support working families and school readiness by the consolidation and streamlining of administrative functions within the Division.



Agency Commentary

The Division of Child Care and Early Childhood Education request the following appropriation for the 2007-2009 biennial budget. The change requests are as follows:

For SFY 2008

- For Appropriation 890 \$2,550,000 in federal appropriation
- For Appropriation 896 \$1,463,050 in federal and other appropriation
- For Appropriation 898 \$1,600,000 in General Revenue with appropriation

For SFY 2009

- For Appropriation 890 \$5,291,250 in federal appropriation
- For Appropriation 896 \$1,113,050 in federal and other appropriation
- For Appropriation 898 \$1,600,000 in General Revenue with appropriation.

During Reallocation of Resources in SFY 2006, a position was authorized to assist with managing the increase in grants and contracts mandated through the Arkansas Better Chance for School Success Program. Administrative expense up to 2% has been authorized. The Division is requesting appropriation to continue to utilize this 2% which would include funding of this authorized position.

The Child Care Development Fund state plan includes the provision for a state quality approval program with the use of the Environmental Rating Scales (ERS). These rating scales are nationally accepted standards for assessing quality in early childhood settings. The ERS have been used by the state since the early 90's collecting data with a paper driven approach. The Division will be entering a contract with ERS Data System to implement an information technology system for collecting data regarding the results of the rating scale visits in local early child hood programs. This tool will improve the scoring reliability as well as enhance the time local programs will receive results regarding the visit. The data gathered from the quality assessments will be utilized in the following ways: as a basis for early childhood centers to receive feedback for training/technical assistance and quality improvement; to provide statistics on the Quality Approval program's overall effectiveness; and to measure the overall accuracy and consistency of the reviewers responsible for performing the

assessments (inter-rater reliability checks). The Arkansas Better Chance for School Success Program will pursue the purchase of PC "tablet" hardware that would allow the staff to gather data in the field when conducting local monitoring visits.

The final request is in the Child Care and Adult Food Program which is a federally uncapped funded program included in the Special Nutrition Program (SNP). The number of children receiving free and reduced meals and snacks has increased. The funding has increased by \$1 million over the past biennium. The scope of this program is to provide nutritious meals and snacks for children. In addition, the Unit was awarded a Miscellaneous Federal Grant (MFG). Within this grant, allocation for an additional position and operating expenses was provided. The position will provide support to early education programs in areas of the state to expand when underutilization is identified and work on development of a new database to strengthen efficiency and accountability. A request is being made for continuation of the position and operating expense appropriation.

The division is also requesting State General Revenue with appropriation for \$1,600,000 in both years of the biennium to provide subsidized child care for low-income families.

Appropriation 896

Maintenance & Operation - (Commitment Item 502:00:02)

The Division requests appropriation to be used in the following areas:

| | SFY08 | SFY09 |
|---------------------------|-----------|-----------|
| ABC Program | \$287,285 | \$287,285 |
| SNP - continuation of MFG | \$ 97,376 | \$ 97,376 |

Professional Services & Contracts - (Commitment Item 506:00:10)

Appropriation is requested to allow the Division to purchase professional services (utilizing contract(s) to assist the Division in the monitoring and gathering of information necessary for the effective evaluation of the expanded Arkansas Better Chance for School Success program).

| | SFY08 | SFY09 |
|---------------------------|-----------|-----------|
| ABC Program | \$862,718 | \$512,715 |
| SNP - continuation of MFG | \$136,456 | \$136,456 |

Regular Salaries (Commitment Item 501:00:00) and

Personal Services Matching (Commitment Item 501:00:03)

The Division requests appropriation for 2 positions. One of these positions is being restored through a Miscellaneous Federal Grant and one was an unbudgeted position.

| | SFY08 | SFY09 |
|---------------------------|----------|----------|
| ABC Program | \$39,609 | \$39,609 |
| SNP - continuation of MFG | \$39,609 | \$39,609 |

Appropriation 320

Grants and Aid - (Commitment Item 510:00:04)

The Division is requesting no additional appropriation for the Discretionary Fund that is a component

of the Child Care Development Fund Block Grant serving low-income working parents and parents at-risk of entering the welfare system (TEA).

Appropriation 890

Grant-And-Aid - (Commitment Item 510:00:04)

Appropriation is requested for each year of the biennium to support service growth in the Special Nutrition Program, which is fund by the U.S. Department of Agriculture. This program funds are 100% federal and are uncapped. They can be used to reimburse enrolled providers serving eligible children nutritious meals and snacks. This program has experienced a sustained growth over a number of years. The Division requests appropriation in the following amounts:

| | | |
|---------------------------------------|-------------|-------------|
| | SFY 08 | SFY09 |
| SNP Child Care and Adult Food Program | \$2,550,000 | \$5,291,250 |

Appropriation 929

The Division is requesting existing level cash funded appropriation of \$100,000 for the Arkansas Child Care Facilities Loan Guarantee Trust Fund. The Fund provides start up or expansion loans to child care facilities. The Division can also use the interest for training of early childhood staff. The Fund currently has approximately \$350,000 in CD's in local banks. The Division is asking only for appropriation for the \$100,000.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
 AUDIT OF :
 DEPARTMENT OF HEALTH AND HUMAN SERVICES
 FOR THE YEAR ENDED JUNE 30, 2005

Findings

Recommendations

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

Publications

A.C.A 25-1-204

| Name | Statutory Authorization | Required for | | # Of Copies | Reason (s) for Continued Publication and Distribution |
|--|--|--------------|------------------|-------------|---|
| | | Governor | General Assembly | | |
| Annual evaluation of the Arkansas Better Chance (ABC) For School Success Program | Act 49 of the Second Extraordinary Session of 2003 | N | Y | 1 | The report will be an evaluation of the ABC Programs and is needed to ensure that the program goals and intended child outcomes are being achieved. |

| | | | | | |
|--|-----------------------------|---|---|---|---|
| Annual report and mission statement of the Arkansas Early Childhood Commission | A.C.A. 20-78-501, 20-78-502 | N | Y | 1 | The annual report of the Commission keeps the Governor and Legislators apprised of the activities of the division that strongly impacts the workforce of the state as well as the health and safety of many of the State's children. |
| Annual Status report on the Arkansas Child Care Facilities Loan Guarantee Trust Fund | A.C.A. 20-78-505 | N | Y | 1 | The division believes the reporting adds accountability to the Division's management of these monies. The fund is unique in that it allows the Division to place the monies in interest bearing CD's across the state to support start-up or expansion loans to child care facilities. |
| Family Support Unit Policy Manual | n/a | N | N | 1 | Designed as the lead agency to administer federal funds available to Arkansas through the Child Care Development Fund (CCDF). The manual is utilized as a source guide for the Division staff that administers eligibility criteria for clients who are seeking services funded through the CCDF. |
| Getting Children Ready for Kindergarten | Act 825 | N | Y | 1 | Division provides copies of the list to licensed child care facilities. Licensed child care facilities shall distribute the list to parents of each three-year old attending the child care facilities. |
| Minimum Licensing Requirements for Child Care Centers | A.C.A. 20-78-210-220 | N | Y | 1 | The Child Care Facility Licensing act is the legal authority under which the Division prescribes minimum standards for a variety of child care facilities under the Act. The publication lists the licensing requirements for the Child Care Centers. |
| Minimum Licensing Requirements for Child Care Family Homes | A.C.A. 20-78-210-220 | N | Y | 1 | The Child Care Facility Licensing Act is the legal authority under which the Division prescribes minimum standards for a variety of child care facilities under the Act. The publication lists the licensing requirements for the Child Care Family Home. |
| Minimum Licensing Requirements for Registered Child Care Family Homes | A.C.A. 20-78-210-220 | N | Y | 1 | The Child Care Facility Licensing act is the legal authority under which the Division prescribes minimum standards for a variety of child care facilities under the Act. The publication lists the licensing requirements for the Registered Child Care Family Home. |

Department Appropriation Summary

| Appropriation | Historical Data | | | | | | Agency Request and Executive Recommendation | | | | | | | |
|---------------------------------------|-------------------|------------|--------------------|------------|--------------------|------------|---|------------|--------------------|------------|--------------------|------------|--------------------|------------|
| | 2005-2006 | | 2006-2007 | | 2006-2007 | | 2007-2008 | | 2007-2008 | | 2008-2009 | | | |
| | Actual | Pos | Budget | Pos | Authorized | Pos | Agency | Pos | Executive | Pos | Agency | Pos | Executive | Pos |
| 320 Child Care Dev-Discretionary | 24,254,974 | 0 | 35,741,878 | 0 | 35,741,878 | 0 | 35,741,878 | 0 | 35,741,878 | 0 | 35,741,878 | 0 | 35,741,878 | 0 |
| 890 Food Prgm | 33,522,106 | 0 | 34,000,000 | 0 | 34,000,000 | 0 | 36,550,000 | 0 | 36,550,000 | 0 | 39,291,250 | 0 | 39,291,250 | 0 |
| 896 Div of Child Care/Early Childhood | 12,818,382 | 166 | 14,737,214 | 170 | 14,006,927 | 170 | 16,033,364 | 171 | 14,843,755 | 170 | 15,683,364 | 171 | 14,843,755 | 170 |
| 898 Child Care Grant/Aids | 25,984,747 | 0 | 30,884,892 | 0 | 30,884,892 | 0 | 30,884,892 | 0 | 30,884,892 | 0 | 30,884,892 | 0 | 30,884,892 | 0 |
| 929 Child Care-Treas Pay | 0 | 0 | 100,000 | 0 | 100,000 | 0 | 100,000 | 0 | 100,000 | 0 | 100,000 | 0 | 100,000 | 0 |
| Total | 96,580,209 | 166 | 115,463,984 | 170 | 114,733,697 | 170 | 119,310,134 | 171 | 118,120,525 | 170 | 121,701,384 | 171 | 120,861,775 | 170 |

| Funding Sources | 2006-2007 | | 2007-2008 | | 2008-2009 | |
|--------------------------------|-------------------|--------------|--------------------|--------------|--------------------|--------------|
| | Actual | Pos | Agency | Pos | Agency | Pos |
| General Revenue | 6,675,718 | 6.9 | 8,412,216 | 5.8 | 8,412,216 | 6.9 |
| Federal Revenue | 86,945,962 | 90.0 | 107,560,834 | 91.1 | 110,302,084 | 90.6 |
| Cash Fund | 0 | 0.0 | 100,000 | 0.1 | 100,000 | 0.1 |
| Excise Tax on Beer | 1,600,000 | 1.7 | 0 | 1.4 | 0 | 0.0 |
| Various Program Support | 1,358,529 | 1.4 | 3,237,084 | 2.6 | 2,047,475 | 2.4 |
| Total Funds | 96,580,209 | 100.0 | 119,310,134 | 100.0 | 118,120,525 | 100.0 |
| Excess Appropriation/(Funding) | 0 | | 0 | 0 | 0 | 0 |
| Grand Total | 96,580,209 | | 119,310,134 | | 118,120,525 | |

Per A.C.A. § 3-7-201(e), which pertains to the taxes imposed on alcoholic beverages, the excise tax on beer will not extend past June 30, 2007. The Executive Recommendation recommends the continuation of the excise tax on beer into the next biennium.

Agency Position Usage Report

| | | FY2004-2005 | | | | FY2005-2006 | | | | FY2006-2007 | | | | | | | |
|-------------------|----------|-------------|------------|-------|------------------------|-------------------|----------|----------|------------|-------------|------------------------|-------------------|----------|----------|------------|--------|------------------------|
| Authorized in Act | Budgeted | | Unbudgeted | | % of Authorized Unused | Authorized in Act | Budgeted | | Unbudgeted | | % of Authorized Unused | Authorized in Act | Budgeted | | Unbudgeted | | % of Authorized Unused |
| | Filled | Unfilled | Total | Total | | | Filled | Unfilled | Total | Total | | | Filled | Unfilled | Total | Filled | |
| 111 | 155 | 8 | 163 | -52 | -39.64% | 157 | 155 | 2 | 157 | 0 | 1.27% | 157 | 161 | 9 | 170 | -13 | -2.55% |

Authorized in Act may differ from Authorized reflected on the Appropriation Summary due to Reallocation of Resources (Act 2303 of 2005 section 17(d)), Miscellaneous Federal Grant (A.C.A. 19-7-501 et seq.) and POOL positions (A.C.A 21-5-214(5)(A)).

Analysis of Budget Request

Appropriation: 320 - Child Care Dev-Discretionary

Funding Sources: FWF - DHHS Federal

The Child Care and Development Block Grant (CCDF) consolidates childcare assistance programs and requires states to develop an integrated service delivery system to meet the needs of low income families. This appropriation is for the Discretionary category of funds. Specifically, these funds are targeted for low income working families and those transitioning off welfare to obtain child care so they can work or obtain the training necessary to obtain employment or attend educational programs that will lead to employment.

Funding for this appropriation includes 100% Federal Revenue consisting of Discretionary Child Care Development Block Grant funding.

The agency Base Level request for this appropriation is \$35,741,878 each year of the biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 320 Child Care Dev-Discretionary
Funding Sources: FWF - DHHS Federal

Historical Data

| Commitment Item | 2005-2006 | | 2006-2007 | | 2006-2007 | | 2007-2008 | | | 2008-2009 | | |
|--------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|--|--|
| | Actual | Budget | Budget | Authorized | Base Level | Agency | Executive | Base Level | Agency | Executive | | |
| Grants and Aid | 24,254,974 | 35,741,878 | 35,741,878 | 35,741,878 | 35,741,878 | 35,741,878 | 35,741,878 | 35,741,878 | 35,741,878 | 35,741,878 | | |
| Total | 24,254,974 | 35,741,878 | 35,741,878 | 35,741,878 | 35,741,878 | 35,741,878 | 35,741,878 | 35,741,878 | 35,741,878 | 35,741,878 | | |
| Funding Sources | | | | | | | | | | | | |
| Federal Revenue | 24,254,974 | 35,741,878 | 35,741,878 | | 35,741,878 | 35,741,878 | 35,741,878 | 35,741,878 | 35,741,878 | 35,741,878 | | |
| Total Funding | 24,254,974 | 35,741,878 | 35,741,878 | | 35,741,878 | 35,741,878 | 35,741,878 | 35,741,878 | 35,741,878 | 35,741,878 | | |
| Excess Appropriation/(Funding) | 0 | 0 | 0 | | 0 | 0 | 0 | 0 | 0 | 0 | | |
| Grand Total | 24,254,974 | 35,741,878 | 35,741,878 | | 35,741,878 | 35,741,878 | 35,741,878 | 35,741,878 | 35,741,878 | 35,741,878 | | |

Analysis of Budget Request

Appropriation: 890 - Food Prgm
Funding Sources: FWF – DHHS Federal

This appropriation is used to reimburse qualified organizations for four (4) food service programs: the Child and Adult Care Food Program, the National School Lunch Program, the Summer Food Program and the Special Milk Program. These programs provide a set rate reimbursement to child care providers for nutritious meals and snacks served to children.

The Child Care and Adult Food Program provides nutritious meals in public and non-profit licensed child care center, adult day care centers, day care homes and outside school hours centers. Private for profit organizations may qualify if they receive payments under Title XX of the Social Security Act for at least 25% of their clients. Residential programs are not eligible for participation in this food program. The National School Lunch Program provides reimbursement to schools and licensed child care institutions serving lunches to eligible children. The Special Milk Program provides reimbursement to schools and non-profit child care institutions for serving milk to eligible children. The Summer Food Service Program reimburses organizations for providing nutritious meals and snacks to children during the summer months.

Funding for this appropriation includes 100% Federal Revenue consisting of Federal reimbursements from the U.S. Department of Agriculture.

The agency Base Level request is \$34,000,000 each year of the biennium.

The agency Change Level request is \$2,550,000 in FY2008 and \$5,291,250 in FY2009 for the Special Nutrition Program for anticipated growth in this uncapped federally funded program. This program has experienced sustained growth over a number of years and this growth is expected to continue.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 890 Food Prgm
Funding Sources: FWF – DHHS Federal

Historical Data Agency Request and Executive Recommendation

| Commitment Item | 2005-2006 | | 2006-2007 | | 2006-2007 | | 2007-2008 | | | 2008-2009 | | |
|--------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|--|--|
| | Actual | Budget | Budget | Authorized | Base Level | Agency | Executive | Base Level | Agency | Executive | | |
| Grants and Aid | 33,522,106 | 34,000,000 | 34,000,000 | 34,000,000 | 34,000,000 | 36,550,000 | 36,550,000 | 34,000,000 | 39,291,250 | 39,291,250 | | |
| Total | 33,522,106 | 34,000,000 | 34,000,000 | 34,000,000 | 34,000,000 | 36,550,000 | 36,550,000 | 34,000,000 | 39,291,250 | 39,291,250 | | |
| Funding Sources | | | | | | | | | | | | |
| Federal Revenue | 33,522,106 | 34,000,000 | 34,000,000 | | 34,000,000 | 36,550,000 | 36,550,000 | 34,000,000 | 39,291,250 | 39,291,250 | | |
| Total Funding | 33,522,106 | 34,000,000 | 34,000,000 | | 34,000,000 | 36,550,000 | 36,550,000 | 34,000,000 | 39,291,250 | 39,291,250 | | |
| Excess Appropriation/(Funding) | 0 | 0 | 0 | | 0 | 0 | 0 | 0 | 0 | 0 | | |
| Grand Total | 33,522,106 | 34,000,000 | 34,000,000 | | 34,000,000 | 36,550,000 | 36,550,000 | 34,000,000 | 39,291,250 | 39,291,250 | | |

Change Level by Appropriation

Appropriation: 890-Food Prgm
Funding Sources: FWF – DHHS Federal

Agency Request

| Change Level | | 2007-2008 | Pos | Cumulative | % of BL | 2008-2009 | Pos | Cumulative | % of BL |
|--------------|-------------------|-------------------|----------|-------------------|--------------|-------------------|----------|-------------------|--------------|
| BL | Base Level | 34,000,000 | 0 | 34,000,000 | 100.0 | 34,000,000 | 0 | 34,000,000 | 100.0 |
| C01 | Existing Program | 2,550,000 | 0 | 36,550,000 | 107.5 | 5,291,250 | 0 | 39,291,250 | 115.5 |

Executive Recommendation

| Change Level | | 2007-2008 | Pos | Cumulative | % of BL | 2008-2009 | Pos | Cumulative | % of BL |
|--------------|-------------------|-------------------|----------|-------------------|--------------|-------------------|----------|-------------------|--------------|
| BL | Base Level | 34,000,000 | 0 | 34,000,000 | 100.0 | 34,000,000 | 0 | 34,000,000 | 100.0 |
| C01 | Existing Program | 2,550,000 | 0 | 36,550,000 | 107.5 | 5,291,250 | 0 | 39,291,250 | 115.5 |

Justification

C01 Appropriation request only for anticipated increase in Special Nutrition Program due to increased reimbursement and growth in this federally funded program, which provides meals and snacks to eligible children. Over 23 million meals were served in SFY 2005. Change Level Requested: \$2,550,000 – SFY 2008\$ and \$5,291,250 – SFY 2009.

Analysis of Budget Request

Appropriation: 896 - DHHS—Admin Paying Account

Funding Sources: PWP - Administration Paying

This appropriation provides administrative support for the Division of Child Care and Early Childhood Education (DCCECE). The purpose of DCCECE is to enhance the coordination of child care and early childhood education programs within Arkansas. The Division was created to accommodate the transfer of the Early Childhood Commission and the administrative component of the Arkansas Better Chance (ABC) Program from the Department of Education. Additionally, programs related to childcare within the Division of Children and Family Services (DCFS) were also transferred to the new Division, including day care eligibility, special nutrition and childcare licensing.

Funding for this appropriation consists of General Revenue (DCC - Childcare and Early Childhood Education Fund Account), Federal Revenue and Other Funding. Federal Revenue primarily includes Child Care Development Block Grant Funding and Child Nutrition Funding. Other funding, which is indicated as Various Program Support, is derived from Child Care Provider License Fees and funding from the Arkansas Better Chance Program.

A cost of living increase is not incorporated in Base Level pending the outcome of the Classification and Compensation Study. FY2007 salary levels have been held flat each year for all incumbents. Personal Service Matching reflects increases in the Base Level due to the Social Security Tax minimum income limit and increases in Unemployment Tax rates. Personal Services Matching also includes a \$30 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$350 per month.

The agency Base Level request is \$14,570,314 each year of the biennium with 169 budgeted Base level positions.

The agency Change Level request includes appropriation in the amount of \$1,463,050 in FY2008 and \$1,113,050 in FY2009, and is comprised of the following:

- \$79,218 each year of the biennium for the salary and matching line items to restore one (1) grade 20 DHHS Program Coordinator position that is currently authorized by a Miscellaneous Federal Grant (MFG) to support the Special Nutrition Program and one (1) grade 20 Accounting Supervisor I position that was not budgeted in FY2007 that will be utilized to support the Arkansas Better Chance (ABC) Program.
- \$384,661 each year of the biennium for the Operating Expenses line item. A portion of the total amount requested (\$97,376 each year of the biennium) is currently authorized by a Miscellaneous Federal Grant (MFG) to support the Special Nutrition Program and is requested for data processing supplies, wireless telecommunications, printing, office supplies and travel related expenses. The remaining portion of the total amount requested (\$287,285 each year of the biennium) will support the Arkansas Better Chance (ABC) program and will provide for software licensing, data processing supplies and printing expenses.
- \$999,171 in FY2008 and \$649,171 in FY2009 for the Professional Fees line item. A portion of the total amount requested (\$136,456 each year of the biennium) is currently authorized by a

Miscellaneous Federal Grant (MFG) to support the Special Nutrition Program. The remaining portion of the total amount requested (\$862,715 in FY2008 and \$512,715 in FY009) will provide for professional and administrative expenses related to the Arkansas Better Chance (ABC) Program.

The Executive Recommendation provides for Base Level. Additionally, the Executive Recommendation provides for the continuation of appropriation currently authorized by a Miscellaneous Federal Grant that supports the Special Nutrition Program, which includes salary and matching appropriation of \$39,609 each year of the biennium for one (1) grade 20 DHHS Program Coordinator position, Operating Expenses appropriation of \$97,376 each year of the biennium and Professional Fees appropriation of \$136,456 each year of the biennium.

Appropriation Summary

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

Agency Request and Executive Recommendation

| Commitment Item | Historical Data | | | | 2007-2008 | | | 2008-2009 | | |
|--------------------------------|-------------------|-------------------|----------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--|
| | 2005-2006 Actual | 2006-2007 Budget | 2006-2007 Authorized | Base Level | Agency | Executive | Base Level | Agency | Executive | |
| Regular Salaries | 5,010,169 | 5,475,135 | 5,101,415 | 5,445,741 | 5,504,529 | 5,475,135 | 5,445,741 | 5,504,529 | 5,475,135 | |
| #Positions | 166 | 170 | 170 | 169 | 171 | 170 | 169 | 171 | 170 | |
| Extra Help | 136,444 | 153,795 | 153,795 | 153,795 | 153,795 | 153,795 | 153,795 | 153,795 | 153,795 | |
| #Extra Help | 13 | 13 | 13 | 13 | 13 | 13 | 13 | 13 | 13 | |
| Personal Services Matching | 1,620,008 | 1,740,903 | 1,618,168 | 1,837,229 | 1,857,659 | 1,847,444 | 1,837,229 | 1,857,659 | 1,847,444 | |
| Overtime | 0 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | |
| Operating Expenses | 2,585,053 | 2,869,519 | 2,772,143 | 2,772,143 | 3,156,804 | 2,869,519 | 2,772,143 | 3,156,804 | 2,869,519 | |
| Conference & Travel Expenses | 40,049 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | |
| Professional Fees | 3,426,659 | 4,442,862 | 4,306,406 | 4,306,406 | 5,305,577 | 4,442,862 | 4,306,406 | 4,955,577 | 4,442,862 | |
| Data Processing | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Capital Outlay | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Total | 12,818,382 | 14,737,214 | 14,006,927 | 14,570,314 | 16,033,364 | 14,843,755 | 14,570,314 | 15,683,364 | 14,843,755 | |
| Funding Sources | | | | | | | | | | |
| General Revenue | 410,720 | 543,304 | | 547,218 | 547,218 | 547,218 | 547,218 | 547,218 | 547,218 | |
| Federal Revenue | 11,049,133 | 12,161,080 | | 11,975,621 | 12,249,062 | 12,249,062 | 11,975,621 | 12,249,062 | 12,249,062 | |
| Various Program Support | 1,358,529 | 2,032,830 | | 2,047,475 | 3,237,084 | 2,047,475 | 2,047,475 | 2,887,084 | 2,047,475 | |
| Total Funding | 12,818,382 | 14,737,214 | | 14,570,314 | 16,033,364 | 14,843,755 | 14,570,314 | 15,683,364 | 14,843,755 | |
| Excess Appropriation/(Funding) | 0 | 0 | | 0 | 0 | 0 | 0 | 0 | 0 | |
| Grand Total | 12,818,382 | 14,737,214 | | 14,570,314 | 16,033,364 | 14,843,755 | 14,570,314 | 15,683,364 | 14,843,755 | |

FY2006 Actual and FY2007 Budgeted exceeds Authorized by authority of Reallocation of Resources.

Change Level by Appropriation

Appropriation: 896-DHHS–Admin Paying Account

Funding Sources: PWP - Administration Paying

Agency Request

| Change Level | | 2007-2008 | Pos | Cumulative | % of BL | 2008-2009 | Pos | Cumulative | % of BL |
|--------------|-------------------|-------------------|------------|-------------------|--------------|-------------------|------------|-------------------|--------------|
| BL | Base Level | 14,570,314 | 169 | 14,570,314 | 100.0 | 14,570,314 | 169 | 14,570,314 | 100.0 |
| C01 | Existing Program | 1,423,441 | 1 | 15,993,755 | 109.7 | 1,073,441 | 1 | 15,643,755 | 107.3 |
| C06 | Restored Position | 39,609 | 1 | 16,033,364 | 110.0 | 39,609 | 1 | 15,683,364 | 107.6 |

Executive Recommendation

| Change Level | | 2007-2008 | Pos | Cumulative | % of BL | 2008-2009 | Pos | Cumulative | % of BL |
|--------------|-------------------|-------------------|------------|-------------------|--------------|-------------------|------------|-------------------|--------------|
| BL | Base Level | 14,570,314 | 169 | 14,570,314 | 100.0 | 14,570,314 | 169 | 14,570,314 | 100.0 |
| C01 | Existing Program | 233,832 | 0 | 14,804,146 | 101.6 | 233,832 | 0 | 14,804,146 | 101.6 |
| C06 | Restored Position | 39,609 | 1 | 14,843,755 | 101.8 | 39,609 | 1 | 14,843,755 | 101.8 |

Justification

| | |
|-----|--|
| C01 | The Division is requesting additional appropriation for the 2% of the ABC funding the agency receives to be used for administration of the program which includes working with early childhood providers to expand in areas with eligible children and to maintain the quality and accountability in the ABC program by monitoring and providing technical assistance, support and training. Continuation of Special Nutrition Program Miscellaneous Federal Grant which allows efforts to improve participation in underutilized areas specifically the Delta area of Arkansas and to improve accountability and efficiency efforts in the program by developing automated systems through the use of technology. Restore an Accounting Supervisor position who works with local ABC programs providing technical assistance, support, training and monitoring to ensure quality. |
| C06 | Continue current Program Coordinator position in Special Nutrition Program authorized in a Miscellaneous Federal Grant. The position will work with early care providers and partners to expand participation in the underutilized areas of the state as well as work with the Special Nutrition Unit on implementing an automated system for provider applications and payment. |

Analysis of Budget Request

Appropriation: 898 - DHHS-Grants Paying Account

Funding Sources: PWE – Grants Paying

The passage of the Federal Personal Responsibility and Work Opportunity Reconciliation Act of 1996, PL 104-193 established the Child Care Development Fund (CCDF). This fund supports all childcare activities conducted across the State by providing assistance for low-income families and families transitioning off welfare with childcare so they can work or attend training or educational programs. Subsidized childcare is available to eligible parents via the State's day care voucher program with the Division of Child Care and Early Childhood Education. Parents may select any legally operating childcare provider in the State. Childcare providers must meet State basic required health and safety requirements. Included are such requirements as immunizations, building safety and health and safety training. A minimum of four percent (4%) of CCDF funds must be used to improve the quality of childcare. Quality activities include training, grants and loans to providers, and health and safety improvements.

In the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, specific funding is designated for Child Care. Funding received under the Child Care Development Fund by states is in three categories:

- **Mandatory:** Base allocations for states
- **Matching:** Additional available funds if states spend base allocations and provide state match above Maintenance of Effort
- **Discretionary:** Funding designated as the Child Care Development Block Grant (Detailed information can be found in Appropriation 320-Child Care Development Discretionary)

Funding for this appropriation consists of General Revenue (DGF - Department of Human Services Grants Fund Account), Federal Revenue and Other Funding. Federal Revenues include Child Care Development Block Grant funding. Other funding, which is indicated as Various Program Support includes revenues from the Beer Excise Tax (Act 1841 of 2001) which levied an additional 3 percent tax on alcoholic beverages. The Division receives 20% of these additional revenues for subsidized child care for low-income working families. Arkansas Code Annotated §3-7-201(e), which authorizes the taxes imposed on alcoholic beverages, states that the excise tax on beer will not extend past June 30, 2007.

The agency Base Level request for this appropriation is \$30,884,892 for each year of the biennium.

The agency Change Level request includes General Revenue funding of \$1,600,000 each year of the biennium to replace the excise tax on beer due to sunset on June 30, 2007.

The Executive Recommendation provides for Base Level and recommends the continuation of the excise tax on beer into the next biennium.

Appropriation Summary

Appropriation: 898 DHHS-Grants Paying Account
Funding Sources: PWE – Grants Paying

Agency Request and Executive Recommendation

| Commitment Item | Historical Data | | | 2007-2008 | | | 2008-2009 | | |
|--------------------------------|------------------|------------------|----------------------|------------|------------|------------|------------|------------|------------|
| | 2005-2006 Actual | 2006-2007 Budget | 2006-2007 Authorized | Base Level | Agency | Executive | Base Level | Agency | Executive |
| Grants and Aid | 25,984,747 | 30,884,892 | 30,884,892 | 30,884,892 | 30,884,892 | 30,884,892 | 30,884,892 | 30,884,892 | 30,884,892 |
| Total | 25,984,747 | 30,884,892 | 30,884,892 | 30,884,892 | 30,884,892 | 30,884,892 | 30,884,892 | 30,884,892 | 30,884,892 |
| Funding Sources | | | | | | | | | |
| General Revenue | 6,264,998 | 6,264,998 | | 6,264,998 | 7,864,998 | 6,264,998 | 6,264,998 | 7,864,998 | 6,264,998 |
| Federal Revenue | 18,119,749 | 23,019,894 | | 23,019,894 | 23,019,894 | 23,019,894 | 23,019,894 | 23,019,894 | 23,019,894 |
| Excise Tax on Beer | 1,600,000 | 1,600,000 | | 1,600,000 | 0 | 1,600,000 | 1,600,000 | 0 | 1,600,000 |
| Total Funding | 25,984,747 | 30,884,892 | | 30,884,892 | 30,884,892 | 30,884,892 | 30,884,892 | 30,884,892 | 30,884,892 |
| Excess Appropriation/(Funding) | 0 | 0 | | 0 | 0 | 0 | 0 | 0 | 0 |
| Grand Total | 25,984,747 | 30,884,892 | | 30,884,892 | 30,884,892 | 30,884,892 | 30,884,892 | 30,884,892 | 30,884,892 |

Per A.C.A. § 3-7-201(e), which pertains to the taxes imposed on alcoholic beverages, the excise tax on beer will not extend past June 30, 2007. The Executive Recommendation recommends the continuation of the excise tax on beer into the next biennium.

Analysis of Budget Request

Appropriation: 929 - Chld Care-Treas Pay

Funding Sources: NHS – Cash in Treasury

The Arkansas Child Care Facilities Loan Guarantee Fund was created to provide loan guarantees to assist with the development of new or to expand existing day care facilities with target areas specifically in low income, rural areas of the State that show demonstrated need for child care. Arkansas Code Annotated §20-78-503 created the Arkansas Child Care Facilities Loan Guarantee Trust Fund with initial funds derived from interest income on the investment of state funds. Funds are authorized in \$100,000 annual increments up to a balance of \$350,000. The State Treasurer can replenish the fund when the balance reaches or falls below \$100,000.

The Division of Child Care and Early Childhood Education is authorized to develop and implement necessary rules and regulations to receive, review, and approve applications for loan deficiency guarantee assistance. Revision of a loan guarantee may be approved when it becomes necessary to ensure adequate childcare financing is available. Loan guarantees should be given the following considerations: geographic distribution, community need, community income, with priority given to those communities with the lowest median family income, proof of viable administrative and financial management, and intended licensure of the facility. The Division is required to report the status of the Loan Guarantee Fund to the Legislative Council each October.

Arkansas Code Annotated §20-78-503 designates the Arkansas Child Care Facilities Loan Guarantee Fund as a Cash Fund Account. The Agency is authorized to accept moneys for the Fund from any source in addition to the allocations from the State Treasurer. The fund is a continuing fund and not subject to fiscal year limitations. Interest that has accrued during a fiscal year that is not required to cover loan defaults occurring that fiscal year is made available for nonrefundable grants to child care facilities for start-up, development, training scholarships, or expansion.

The agency Base Level request for this appropriation is \$100,000 for each year of the biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 929 Chld Care-Treas Pay
Funding Sources: NHS – Cash in Treasury

Agency Request and Executive Recommendation

| Commitment Item | Historical Data | | | | 2007-2008 | | | 2008-2009 | | |
|--------------------------------|-----------------|-----------|------------|------------|------------|---------|-----------|------------|---------|-----------|
| | 2005-2006 | 2006-2007 | 2006-2007 | 2006-2007 | Base Level | Agency | Executive | Base Level | Agency | Executive |
| | Actual | Budget | Authorized | Authorized | | | | | | |
| Loan Guarantee/Grants | 0 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 |
| Total | 0 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 |
| Funding Sources | | | | | | | | | | |
| Cash Fund | 0 | 100,000 | | | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 |
| Total Funding | 0 | 100,000 | | | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 |
| Excess Appropriation/(Funding) | 0 | 0 | | | 0 | 0 | 0 | 0 | 0 | 0 |
| Grand Total | 0 | 100,000 | | | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 |