SUMMARY BUDGET INFORMATION

TABLE OF CONTENTS

VOLUME 8

		Page #
2014 Agency Fund Transfers		1
Agency Position Usage Report		2
Agriculture, Department of		3
Action Required:	(2ZR) Agri Dept - Operations	19
	(33R) Agri Dept - Federal	22
	(36H) L&P Operations	24
	(36J) L&P Animal Disease Control & Eradication Prgm	26
	(36K) L&P Egg Grading Program	29
	(36M) L&P Small Animal Testing Program	32
	(36N) L&P-Large Animals & Poultry	35
	(36P) L&P Brand Registry	38
	(36Q) L&P Indemnities-Revolving	40
	(36R) L&P Show Premiums	42
	(36S) L&P Swamp Fever Testing Program	44
	(36T) L&P Swine Testing Program	47
	(36U) L&P Equine Infect Anemia	49
	(36V) L&P Animal Health	52
	(36W) Agri Dept - Div of Land Survey	54
	(37A) PB Admn/Pest Control	56
	(37C) PB Public Grain Warehouse	59
	(37D) PB Pest Surveillance	61
	(37E) PB Apiary	63
	(37F) PB Product Marketing Program	65
	(37G) PB Pest/Plant Reg Program	67
	(37N) Forestry-Operations-Special	69
	(37P) Forestry-Rural Comm Fire Protection-Fed	72
	(37Q) Forestry-Urban Forestry Services-Federal	75
	(37R) Forestry-Rural Fire Protection Service Loans	77
	(37S) Forestry-St Forestry Trust Program	79
	(37T) Forestry-Southern Pine Beetle Prevention	81

		Page #
Action Required:	(37W) Forestry-Forest Health Program	84
	(37X) Forestry-Forest Legacy	87
	(37Y) Forestry-Silvctrl Non-Point Program	89
	(ASP) Plant Board-University Scholarship Program	91
	(D24) L&P Poultry Indemnities-Cash	93
	(D25) PB Refunds/Transfers	95
Arkansas Building Authority		97
Action Required:	(1VF) Critical Maintenance	109
	(253) ABA - State Operations	112
	(254) Building Maintenance	115
	(488) Acquisition and Maintenance	118
	(59R) BLDG DSGN-Loans	121
	(809) Justice Building Operations	124
	(915) Justice Building Maintenance	126
	(D17) Justice Bldg Const-Cash	128
	(N28) Cash in State Treasury	131
Career Education, Department of		134
Action Required:	(179) High-Tech Scholarship Program	145
	(35S) Housing Construction Program	147
	(640) Vo Tech Admin-Operations	149
	(641) Fed Voc Educ-Operations	153
	(644) Adult Basic Education	156
	(645) Fed-Adult Basic Education	159
	(647) Fed Equipment & Training-Operations	162
	(649) Fed-Veteran's Approving Agency	164
	(755) Construction Craft	166
	(82V) LESO Program	168
	(96V) Career Coaches Grant	171
	(A88) Alternate Retirement Plan	174
	(F48) AR Works - School Districts	176
	(200) Vocational Start-Up Grants	180
	(201) Vocational Center Aid	183
	(427) Governor's Commission on Adult Literacy	186
	(453) Adult Basic & General Education	189
	(681) Coordinated Career Education Services	192

		Page #
Action Required:	(M77) Career Coaches Public School Fund	194
	(M96) KUDER - Public School Fund	197
	(M97) Adult Education Career Coaches	200
	(M98) Smarter Sentencing Program - PSF	203
Department of Career Education - AR Rehabilitation Services		205
Action Required:	(128) Rehab Services - Operations	235
	(1VB) Increase Capabilities Access Network	238
	(374) Statewide Disability Telecomm	240
	(743) People w/Disabilities	243
	(902) Tech Equipment - Treasury	245
	(903) Rehab Services - Treasury Pay	247
	(M89) Promise Grant	249
Crowley's Ridge Technical Institute		251
Action Required:	(709) Crowley's Ridge - State	258
	(710) Crowley's Ridge - Federal	260
	(B54) Crowley's Ridge - Cash	262
Northwest Technical Institute		264
Action Required:	(721) Northwest TI-State	273
	(722) Northwest TI-Federal	276
	(B60) Northwest TI-Cash	279
Riverside Vocational Technical School		281
Action Required:	(732) Riverside VT-State Operations	289
	(750) Plumbing Apprenticeship Program	292
Claims Commission, Arkansas State		293
Action Required:	(227) Claims Operations	300
	(228) Various Claims	302
Economic Development Commission		304
Action Required:	(1MZ) Super Projects	324
	(2SK) State Operations	326
	(2SQ) Community Assistance-Federal	329
	(2ST) State Energy Plan-Federal	332
	(55L) Technology Development	335
	(56N) Energy Efficiency Arkansas-Cash	337
	(F11) Clean Cities	340
	(F99) Weatherization Program	342

		Page #
Action Required:	(H07) Quick Action Closing	345
	(M70) New Markets Performance Program	347
Emergency Management, Department of		352
Action Required:	(1EM) Homeland Security	364
	(219) State Operations	367
	(220) Federal Operations	370
	(221) Disaster Relief Grants	373
	(38V) Emergency Operations Center - Cash	376
	(59K) ADEM Federal Surplus Property Prgm	378
	(613) Hazardous Materials	381
	(740) Disaster Relief Trust	384
	(950) Radiological Emergency Response Grants	387
	(F65) 911 Rural Enhancements	389
Ethics Commission		391
Action Required:	(192) Ethics Operations	397
Health, Arkansas Department of		399
Action Required:	(34C) Rural Health Facilities	418
	(34D) Emergency Medical Services	421
	(34P) Health Operations Paying - WITH FEE INCREASE	425
	(34P) Health Operations Paying - WITHOUT FEE INCREASE	426
	(38D) Nuclear Planning Grants	430
	(59T) Trauma System	433
	(604) Tobacco Prevention & Cessation Programs	437
	(803) Health Building & Local Health Grant Trust	440
	(B72) WIC Food Instruments - Cash	443
	(F66) Medicaid Provider Appeals	446
Higher Education, Department of		450
Action Required:	(153) General Operations	466
	(156) Research Development Program Grants	469
	(160) State Scholarship-Federal	471
	(197) Student Asst Grants/Scholarships	473
	(1GF) Improving Teacher Quality	476
	(2XK) TANF	478
	(58B) College Access Challenge Grant	481
	(59B) ADHE-Scholarship Admn	484
	(772) Technical Education-Federal Programs	487

		Page #
Action Required:	(921) Dept Higher Education - Cash in Treasury	489
	(97E) Complt Coll Amer Grt	492
	(F91) Outcome-Cent Funding	495
	(HEG) Higher Education Grants & Loans	498
Labor, Department of		500
Action Required:	(148) State Operations	510
	(149) Boiler Inspection	513
	(151) Federal Programs	516
	(2CT) Board of Electrical Examiners	518
	(940) Wage and Hour - Cash	521
	(942) Seminar & Conference Expenses - Cash	523
Natural Resources Commission, Arkansas		524
Action Required:	(129) Beaver Eradication Program	537
	(1AA) Dam Inventory	540
	(1EE) Water, Waste Disposal, Pollution Abatement	543
	(262) Natural Resources Commission-Operations	545
	(263) Grants and Attorney Services	548
	(2BU) Flood Insurance Program	551
	(2GE) Water/Sewer/Solid Waste-State	554
	(2RG) Water Quality Implementation	557
	(381) Rural Fire Protection Program	561
	(383) Conservation District Grants	564
	(420) Natural Resources Comm-Cash	566
	(527) Construction Asst Revolving Loan Fund Program	569
	(659) Ouachita River Waterways Projects	572
	(808) Water Research	574
	(822) Conservation District Clerks' Insurance	576
	(924) Water/Sewer/Solid Waste	578
	(997) NonPoint Source Pollution Control Program	580
Nursing, Arkansas State Board of		584
Action Required:	(286) Board of Nursing-Operations	592
	(2MA) Nursing Education Workshops	595
	(56K) Background Check Fee	597
	(58J) Scholar Loans	600

Page #

Public Employees Retirement System 601
Action Required: (2QR) Public Employee Retirement-Operations 616
(2QS) St Police Retirement-Operations 619
(2QT) Judicial Retirement-Operations 622
(C22) Public Employee Retirement-Cash 625
(C23) St Police Retirement-Cash 628
(C24) Judicial Retirement-Cash 631
(F73) APERS Pension Administration System 634
Teacher Retirement System 636
Action Required: (2QV) Property Management 646
(2QW) Teacher Retirement System-Operations 648
(C26) Teacher Retirement System-Cash 651
Workforce Services, Department of 652
Action Required: (2RF) Annual Assessments 670
(2SC) Excess Unemploy Benefits/Expenses 672
(2SD) Operations 674
(2SE) Workforce Investment Act 677
(2SF) UI Trust Fund Loan Interest 681
(35Q) DWS Training Trust Fund 684
(35R) DWS Unemployment Insurance Fund 686
(4KP) TANF-IDA 688
(4KQ) TANF Block Grant Paying/New Hire Registry 692
(C27) Unemployment Benefits & Expenses - Cash 696
(C28) Federal Employees Benefit-Cash 699
(C29) U I Benefits - Taxable Employers - Cash 701
(C30) U I Benefits-Reimb Employers - Cash 704
(C31) Bldg Improvmnt/Land–Reed Act 706
(C56) Loans to Local WIBs 709

2014 AGENCY FUND TRANSFERS

For your information, the Office of Budget has enumerated the following fund transfers which were made from agency treasury fund accounts but do not appear on the Appropriation Summary as expenditures

Agency	Blanket Surety Bond Premiums ACA §21-2-710	Claims ACA §19-10-204	Workers' Compensation Administrative Cost Reimbursement ACA §11-9-307
Agriculture, Department of	$2,419	$375	$15,024
Arkansas Building Authority	$346	$14,999	$0
Career Education, Department of	$364	$0	$74
Department of Career Education - AR Rehabilitation Services	$2,073	$3,558	$13,520
Crowley's Ridge Technical Institute	$244	$0	$601
Northwest Technical Institute	$276	$0	$616
Riverside Vocational Technical School	$147	$0	$857
Claims Commission, Arkansas State	$41	$0	$0
Economic Development Commission	$401	$0	$0
Emergency Management, Department of	$419	$0	$1,960
Ethics Commission	$37	$0	$0
Health, Arkansas Department of	$11,965	$15,642	$60,998
Higher Education, Department of	$189	$0	$0
Labor, Department of	$415	$0	$3,270
Natural Resources Commission, Arkansas	$392	$0	$0
Nursing, Arkansas State Board of	$111	$0	$17
Public Employees Retirement System	$332	$0	$65
Teacher Retirement System	$364	$1,782	$390
Workforce Services, Department of	$3,778	$0	$2,159

AGENCY POSITION USAGE REPORT

Agency	FY2014 - FY2015						3 YEAR AVERAGE(FY13,FY14,FY15)					
	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused
		Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total	
Agriculture, Department of	592	527	52	579	13	10.98 %	587	526	52	578	9	10.39 %
Arkansas Building Authority	93	74	15	89	4	20.43 %	93	75	15	90	3	19.35 %
Career Education, Department of	93	85	8	93	0	8.60 %	93	85	10	95	-2	8.60 %
Department of Career Education - AR Rehabilitation Services	530	468	69	537	-7	11.70 %	530	471	61	532	-2	11.13 %
Crowley's Ridge Technical Institute	57	55	2	57	0	3.51 %	57	53	3	56	1	7.02 %
Northwest Technical Institute	66	61	4	65	1	7.58 %	65	60	4	64	1	7.69 %
Riverside Vocational Technical School	36	35	1	36	0	2.78 %	36	34	1	35	1	5.56 %
Claims Commission, Arkansas State	10	10	0	10	0	0.00 %	10	10	0	10	0	0.00 %
Economic Development Commission	105	90	10	100	5	14.29 %	102	90	10	100	2	11.76 %
Emergency Management, Department of	104	96	4	100	4	7.69 %	102	92	8	100	2	9.80 %
Ethics Commission	9	8	1	9	0	11.11 %	9	8	1	9	0	11.11 %
Health, Arkansas Department of	3,162	2,564	284	2,848	314	18.91 %	3,159	2,601	266	2,867	292	17.66 %
Higher Education, Department of	53	39	13	52	1	26.42 %	52	42	11	53	-1	19.23 %
Labor, Department of	99	90	6	96	3	9.09 %	99	90	5	95	4	9.09 %
Natural Resources Commission, Arkansas	93	81	12	93	0	12.90 %	93	81	11	92	1	12.90 %
Nursing, Arkansas State Board of	27	26	1	27	0	3.70 %	27	26	0	26	1	3.70 %
Public Employees Retirement System	82	73	9	82	0	10.98 %	82	72	10	82	0	12.20 %
Teacher Retirement System	104	87	11	98	6	16.35 %	99	84	10	94	5	15.15 %
Workforce Services, Department of	978	804	156	960	18	17.79 %	978	818	146	964	14	16.36 %

Career Education (0590) - Total Budgeted positions exceed Authorized due to positions authorized through the Miscellaneous Federal Grant process.

Rehabilitation Services (0520) - Total Budgeted positions exceed Authorized due to positions authorized through the Miscellaneous Federal Grant process.

Higher Education (0700) - Budgeted Number of Positions in FY13 exceeds the Authorized Number due to positions added from the Central Growth Pool.

Natural Resources (0455) - FY2012-2013 Budgeted Positions exceed Authorized due to a position from a Miscellaneous Federal Grant.

AR AGRICULTURE DEPARTMENT

Enabling Laws

Act 59 of 2014

A.C.A. §2-16-201 et seq.
A.C.A. §2-33-101 et seq.
A.C.A. §2-40-201 et seq.
A.C.A. §15-31-101 et seq.
A.C.A. §25-38-201 et seq.

History and Organization

Act 1978 of the 2005 Regular Session created the Arkansas Agriculture Department. The Department came into being on August 15, 2005. The executive head of the Department is the Secretary who is selected by the Arkansas Agriculture Board and confirmed by the Governor.

The responsibility of the Secretary and Department is to develop and implement policies and programs for Arkansas agriculture and forestry to keep them competitive in world markets while ensuring safe food, fiber and forest products for the citizens of Arkansas and the nation.

The enabling legislation connected three agencies to the Department: the Arkansas Forestry Commission, the Arkansas Livestock and Poultry Commission and the Arkansas State Plant Board. Each remains intact with its own commission or board, executive director, budget and personnel.

The enabling legislation directs the Secretary to administer and coordinate activities of the agencies and parts of the agencies transferred to the Department while creating new programs to enhance the marketing of Arkansas's agricultural products in state, national and international markets. It also directs the Secretary to coordinate activities of the Department with the federal government and governments of other states on matters pertaining to agriculture, forestry, aquaculture, horticulture and kindred industries. The Secretary is authorized to employ personnel to carry out activities to the extent funds are available.

The Department also houses the office of the State Land Surveyor. The Division of Land Surveys was created by Act 458 of 1973 and provides that the head of the division be known as the State Surveyor. Act 1417 of 2001 transferred the Division of Land Surveys from the Geological Commission to the Arkansas Commissioner of State Lands. Act 752 of 2007 transferred the Division of Land Surveys from the

Arkansas Commissioner of State Lands to the Arkansas Agriculture Department.

The primary functions of the Division of Land Surveys include (1) the establishment, maintenance, and preservation of land monuments, section corners, and other physical markers of the United States Public Land Survey within Arkansas, the field notes, plats and other documents relating and evidencing the United States Public Land Survey, and (2) the prescribing of general land survey regulations.

The Division of Land Surveys houses and maintains copies of the original survey notes and plats and other land survey information. Duplicates of all survey information may be obtained upon request.

ARKANSAS FORESTRY COMMISSION

Mission - The Arkansas Forestry Commission promotes forest resource health, conservation, and stewardship.

Statutory Responsibility - By Act 234 of 1931, the Arkansas Legislature created the Forestry Commission to cooperate with the United States Secretary of Agriculture, state agencies, farmers and timber owners in the prevention and suppression of forest fires, the distribution of forest planting stock, and the dissemination of information concerning Arkansas's forests. The Forestry Commission was comprised of five members and authorized to employ a State Forester, who was to employ such administrative and clerical assistants as were deemed necessary.

Act 85 of 1935 authorized employees of the Forestry Commission to enforce the fire laws of Arkansas.

Act 48 of 1939 recreated the Forestry Commission with a nine-member board.

Act 138 of 1945 abolished the Forestry Commission. The Forestry Commission's duties were transferred to the Arkansas Resources and Development Commission. The Act provided that the Division of Forestry and Parks should exercise the function formerly exercised by the Arkansas Forestry Commission. The Arkansas Resources and Development Commission had fifteen members.

Act 409 of 1947, as amended by Act 174 of 1959, Act 412 of 1961, and Act 249 of 1963, authorized and empowered the Forestry Commission to acquire and hold in the name of the State of Arkansas, title to lands which are valuable for state forests. The lands so acquired would be appropriately named, designated, administered, protected and developed as state forests.

Act 42 of 1953, as amended by Act 99 of 1955 and Act 232 of 1959, recreated the Forestry Commission, separating it from the Resources and Development Commission and giving it virtually the same duties outlined in Act 234 of 1931 plus the authority to originate and conduct research in forestry matters and cooperate with other organizations, both public and private.

Act 38 of 1971 reorganized the Executive Department of State government into thirteen major departments. The Forestry Commission

became a Division of the Department of Commerce, along with twelve other state agencies. The Forestry Commission was transferred to the Principal department under a Type 1 Transfer whereby the Forestry Commission retained the same prescribed statutory powers, authority, duties and function before the transfer except all budgeting, purchasing and related management functions of the Forestry Commission were performed under the direction and supervision of the Head of the Principal Department.

Act 36 of 1979 established a Rural Fire Protection service within the Forestry Commission. The Act authorized the Forestry Commission to develop rural fire protection plans, to provide training in fire suppression, to make available to rural firefighting groups fire control equipment, and to establish a revolving loan fund for fire departments.

Act 691 of 1983 abolished the Department of Commerce and restored the Forestry Commission to the status of an independent agency. The same duty, authority and responsibility existing before transfer to the Department of Commerce were restored with the provision that the State Forester shall be employed by the Board of Forestry Commissioners, with the approval of the Governor, and shall serve at the pleasure of the Governor.

Act 135 of 1995 authorized the Forestry Commission to designate certain employees with the powers of peace officers in the enforcement of fire laws, theft of property laws to the extent they apply to theft of timber, and laws pertaining to the unlawful disposal of solid waste when the disposal occurs on forest land.

Act 136 of 1995 required the State Forester to have earned at a minimum a bachelor's degree in forestry from an accredited four-year program at an institution of higher education.

Act 27 of 1999 clarified the function, powers and duties of the Arkansas Forestry Commission.

Act 1978 of 2005 connected the Forestry Commission to the Arkansas Agriculture Department.

Primary Activities - Forestry Commission administration, which includes personnel, fiscal and conservation education, leads, directs and supports employees to accomplish the agency mission. The Forest Protection program is responsible for the protection of Arkansas's forests through wildland fire protection, law enforcement and rural community fire protection. The Forest Management program works with private non-industrial forest landowners, forest industry, universities, private forestry consultants, other governmental agencies and communities to promote stewardship and sustainability of Arkansas's rural and urban forests. Bluff City Tree Improvement Complex produces genetically improved tree seed. Baucum Nursery provides tree seedlings to landowners for reforestation. Poison Springs State Forest provides timber sale revenues, demonstrates forest management techniques, and offers free recreational opportunities, including camping and hunting.

Advisory Commission - A.C.A. §15-31-102 identifies the Board of the Forestry Commission. It consists of nine members to be appointed by the Governor with advice and consent of the Senate from resident electors of Arkansas having a long-standing interest in the forest resources

of Arkansas. Term of office is nine years.

ARKANSAS LIVESTOCK AND POULTRY COMMISSION

The Arkansas Livestock and Poultry Commission, created by Act 87 of 1963, has full authority for the control, suppression and eradication of livestock and poultry diseases and pests and supervision of livestock and poultry sanitary work in the state. The purpose of the Agency includes the development of livestock and poultry industries and the administration of relevant laws and regulations. The Commission is authorized to enter into cooperative agreements with federal agencies in matters relating to disease control programs. Act 150 of 1985 clarified and expanded the authority of the Commission relating to the control and eradication of diseases and has provided an important instrument in the progression and success of all programs.

The mission of the agency is to safeguard human and animal health, assure food safety and quality and promote Arkansas livestock and poultry industries for the benefit of our citizens. Mission goals include the following:

1. Protect human and animal health from zoonotic and other toxicological diseases
2. Protect humans and animals from environmental and toxicological threats
3. Protect consumers by ensuring food safety and quality
4. Promote and enhance marketability of livestock, poultry and their products both nationally and internationally.

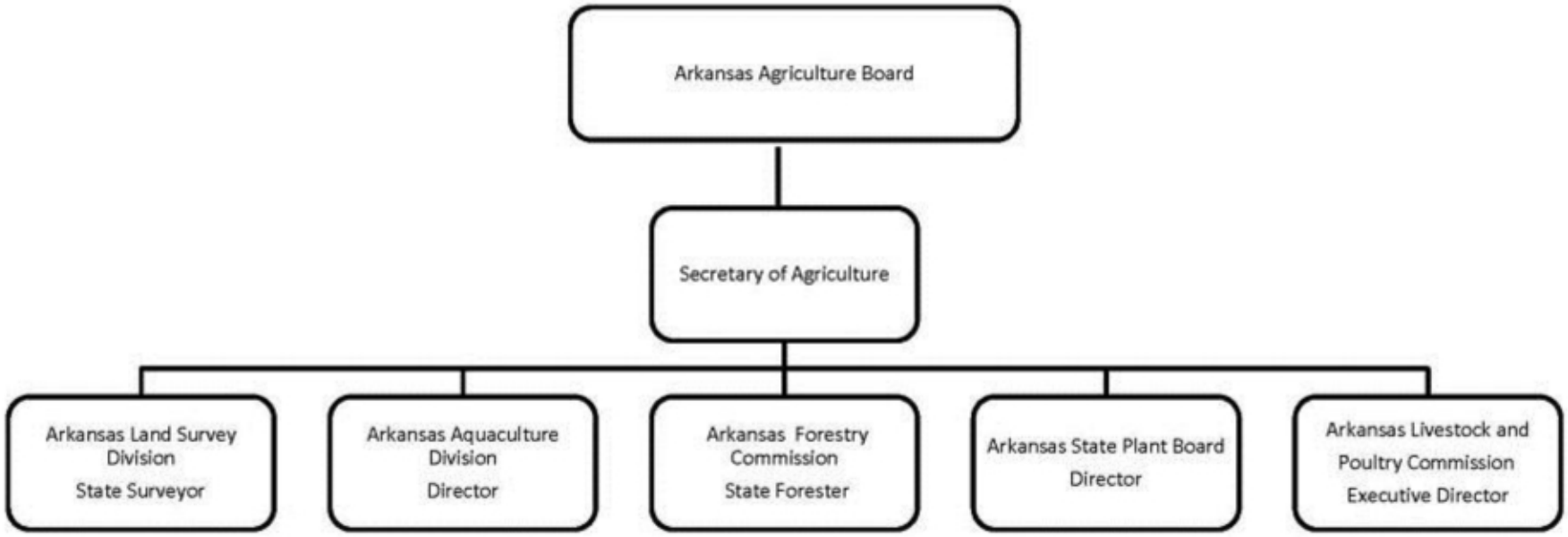
ARKANSAS STATE PLANT BOARD

HISTORY: The Arkansas State Plant Board was created by the General Assembly on March 28, 1917, by the passage of Act 414, the Plant Act. In 2005 the Plant Board became an agency within the Arkansas Agriculture Department created by Act 1978 of 2005. Duties of the Board are to make rules and regulations under the laws that have been enacted by the legislature and to take action against those who violate these laws. The Board meets at least once each quarter. When created, the Board consisted of five members and the primary duty was to make and enforce plant quarantine regulations. Succeeding legislatures have increased the number of Board members to eighteen.

The Board currently has 28 laws under its jurisdiction. These are: (1) Plant Act, (2) Emergency Plant Act, (3) Pest Control Law, (4) Pesticide Control Act, (5) Pesticide Use & Application Act, (6) Seed Certification Law, (7) Nursery Act, (8) Products Grading Act, (9) Fruit and Vegetable Labeling Act, (10) Fertilizer Law, (11) Feed Law, (12) Strawberry Quality Act, (13) Liming Materials Act, (14) Apiary Law, (15) Soil Amendment Act, (16) Public Grain Warehouse Act, (17) Ginseng Act, (18) Catfish Processor Fair Practices Act, (19) Agricultural Consultants Licensing Act, (20) Natural Organic Fertilizer Law, (21) Seed Arbitration Board Act, (22) Boll Weevil Eradication Act, (23) Weights and Measures Act, (24) Grain Moisture Meter Act, (25) Petroleum Quality Act, (26) Aflatoxin Sampling Act, (27) Rice Certification Act, and (28) Certification of Ornamental and Baitfish Act.

PRIMARY ACTIVITIES: Primary activities include sampling of seed, feed, fertilizer, pesticides, and petroleum products to insure product quality. The Board maintains several plant pest quarantines, regulates the use of pesticides, and maintains a quality control program for certified seed. Other activities include checking the accuracy of all commercial weighing and measuring devices.

The Plant Board is currently working with other state agencies, other states, and federal agencies to ensure that our programs support and assist the mission of homeland security and disaster recovery. These activities are ongoing and are complimentary to the Board's mission.



Agency Commentary

In keeping with the intent of the Arkansas General Assembly in 2005 when it established the Arkansas Agriculture Department, the Administration proposes personnel and programs to meet the goals of the enabling legislation.

OFFICE OF THE SECRETARY OF AGRICULTURE

The office of the Secretary of the Arkansas Agriculture Department requests an increase in Operating Expenses above base level. This increase is needed to provide for additional marketing supplies to aid in marketing Arkansas' agricultural and forest products.

DIVISION OF LAND SURVEY

The Division of Land Survey has not requested general revenue appropriations above Base Level in Operating Expenses, Conference and Travel Fees and Professional Fees.

ARKANSAS FORESTRY COMMISSION

The Forestry Commission continues to protect and develop the forest resources of Arkansas by preventing, mitigating, and suppressing wildfires; assisting volunteer fire departments; facilitating forest stewardship and reforestation; monitoring and promoting forest health; and gathering forest inventory data and disseminating forest resource information. To provide for these mandated services, the Commission makes the following requests above Base Level:

- Additional general revenue appropriation and funding to provide for needed repairs of county office buildings and allow the Commission to fulfill its responsibility of hosting the 2017 Southern Group of State Foresters Annual Conference
- 14 positions are requested from special revenue funding to provide for minimum and safe fire readiness and firefighting ability, staff training for fire fighters and training for volunteer fire departments, dissemination of critical fire information during wildfire outbreaks, and critical maintenance of firefighting equipment and revolving loan fund volunteer fire department equipment
- Additional special revenue appropriation to provide for increased operating costs of the revenue producing Baucum Nursery and the Poison Springs State Forest, as well as updates to the Agency's website and the development of smartphone applications
- Additional special revenue appropriation to provide for the replacement of firefighting equipment, including industry standard dozer units with environmental cabs
- Additional Capital Outlay appropriation funded by federal grants

ARKANSAS LIVESTOCK & POULTRY COMMISSION

The Livestock and Poultry Commission programs are supported by general revenue, special revenue and federal revenue. The Commission makes the following requests above Base Level:

- Additional general revenue appropriation and funding for positions that were moved to the federally-funded Animal Health appropriation from general revenue funded appropriation in order to fully expend the Federal Cooperative Agreement funds. We anticipate a reduction in federal grants and will need appropriation and funding to pay salaries and benefits for the positions that were moved.
- A position reclassification is requested for a Purchasing Specialist to be changed to a Buyer. This reclassification is budget neutral.

- Additional Capital Outlay appropriation funded by special revenues to replace necessary office equipment and grading equipment for use in the Egg & Poultry Grading Program
- The restoration of Regular Salaries and Personal Services Matching appropriation to fiscal year 2015 appropriation levels for positions moved from the Animal Disease Control and Eradication Programs to federal appropriation. We anticipate a reduction in federal funding and will need appropriation to pay for the positions that were moved. The Commission requests Capital Outlay appropriation to replace necessary testing equipment. The Commission is also requesting special revenue appropriation to assure that the minimum level of field inspection personnel can be maintained as expected by the various commodity industries that we serve.
- The restoration of Regular Salaries and Personal Services Matching appropriation funded by special revenues to fiscal year 2015 appropriation levels for positions moved from the federally-funded Animal Health appropriation from special revenue funded appropriation. We anticipate a reduction in federal funding and will need appropriation to pay for the positions that were moved. The Commission requests Capital Outlay appropriation to replace necessary laboratory testing equipment in the AL&PC Diagnostic Laboratory used for large animal and poultry testing.
- Additional Capital Outlay appropriation funded by special revenues to replace necessary laboratory testing equipment in the AL&PC Diagnostic Laboratory used for small animal and poultry testing.
- Additional Capital Outlay appropriation funded by special revenues to replace office machines and equipment used in the Equine Infectious Anemia Control Program.
- Additional Capital Outlay appropriation funded by special revenues to replace laboratory testing equipment in the AL&PC Diagnostic Laboratory used for the Swamp Fever Testing Program.

ARKANSAS STATE PLANT BOARD

The cost of basic input items such as seed, fertilizer, feed, pesticides and fuel are high. The Plant Board must maintain a sound inspection program for these inputs to insure that farmers are getting the quality products they need for maximum efficiency.

Biotechnology, global positioning systems, satellite imagery, and other new technologies are changing production practices and increasing productivity. The impact of these new technologies is considered revolutionary and comparable with the impact on agriculture of cotton gins, and mechanical harvesters. In order to support the agricultural industries of Arkansas, the Plant Board must integrate these technologies into our regulatory programs. This requires considerable investment in equipment and continuous training of employees.

In addition to technological changes, international markets are opening and changing. The Plant Board must be in a position to support the industry in adhering to import restrictions and requirements of trading partners who buy Arkansas agricultural products. The Plant Board is responsible for enforcing and carrying out the intents and mandates of 28 laws.

To provide for these mandated services, the Commission makes the following request above base level:

- Additional Capital Outlay appropriation funded by special revenues for sales tax on vehicle purchases, lab equipment and office fixtures/equipment for the various divisions within the Plant Board, including data processing equipment, file servers and IT equipment
- Restore Miscellaneous Federal Grant appropriation to continue the Specialty Crop Block Grant Program

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
ARKANSAS AGRICULTURE DEPARTMENT

FOR THE YEAR ENDED JUNE 30, 2012

Findings	Recommendations
The Arkansas Livestock and Poultry Commission (ALPC) and the Arkansas Forestry Commission (AFC), divisions of the Agriculture Department, did not deposit receipts timely. The State's Financial Management Guide, section R4-19-4-501, states that good internal control dictates deposits of cash receipts daily, but weekly deposits are allowable if minimal amounts of cash and/or checks are received. A sample of 54 receipts for ALPC and 58 receipts for AFC were selected and traced to deposit. The number of days between receipt and deposit of funds for the items tested varied between deposit on the same day as received and 16 business days later, as shown below: Arkansas Livestock and Poultry Commission • Deposited within 0-1 days of receipt: 8 of 54 (15%) • Deposited within 2-5 days of receipt: 35 of 54 (65%) • Deposited within more than 5 days of receipt: 11 of 54 (20%) Arkansas Forestry Commission • Deposited within 0-1 days of receipt: 29 of 58 (50%) • Deposited within 2-5 days of receipt: 22 of 58 (38%) • Deposited within more than 5 days of receipt: 7 of 58 (12%) Receipts remaining in the Agency's possession for an extended period are more likely to be misplaced or misappropriated and can cause reconciling issues in future periods.	Review the State's Financial Management Guide and strengthen internal controls over cash deposits to ensure that funds collected are deposited timely. Agency Response: Both ALPC and AFC are revising procedures to lessen the period of time between receipts and deposits. ALPC will be increasing the frequency of deposits from weekly to twice a week, as advised by the Department of Finance and Administration-Office of Accounting. More frequent deposits are very difficult due to the logistics of getting deposits to the State Treasurer and the limited staff available to provide adequate segregation of duties for cash receipts. AFC is now making daily deposits to the Treasury. All undeposited funds are kept in a fire-proof safe with limited access until a deposit can be made.
ALPC and AFC failed to establish or failed to follow policies and procedures regarding cash receipt books.	Strengthen internal controls regarding the issuance and accounting for cash receipt books by establishing policies and procedures to ensure books are properly maintained.

Findings	Recommendations
ALPC did not maintain a listing of issued books and did not know the location of the receipt books upon initial inquiry. No centralized area was responsible for maintaining unused books and issuing them to the employees approved by management. Additionally, no controls were established to provide assurance that the funds for which receipts were issued during the fiscal year had been deposited. AFC did not follow proper procedures regarding sequential issuance of receipt books and could not account for one book containing 25 receipts. A lack of policies and procedures over the accounting of cash receipt books limits the Agency's ability to ensure that all funds collected were properly deposited.	Agency Response: ALPC and AFC have established procedures to strengthen internal controls regarding the issuance of and accounting for receipt books. Procedures include centrally maintained logs to account for receipt books and reviewing receipts. Receipt books are issued in sequential order and books are logged when they are issued and returned to ensure that all receipt books are accounted for.

State Contracts Over $50,000 Awarded To Minority Owned Businesses Fiscal Year 2014

None

Employment Summary

	Male	Female	Total	%
White Employees	379	111	490	93 %
Black Employees	13	10	23	4 %
Other Racial Minorities	7	6	13	3 %
Total Minorities			36	7 %
Total Employees			526	100 %

Cash Fund Balance Description as of June 30, 2014

Fund Account	Balance	Type	Location
1250201	$0	Checking	Bank of America

Statutory/Other Restrictions on use:

A.C.A. 2-40-109

Statutory Provisions for Fees, Fines, Penalties:

Allows agency to negotiate compensation with the owner of a disease flock. The Poultry Federation provides the agency with necessary funds to destroy diseased flocks.

Revenue Receipts Cycle:

Funds are deposited into account when received from the Poultry Federation to pay poultry indemnities.

Fund Balance Utilization:

Funds are used only for paying owners indemnities for diseased flocks.

Fund Account	Balance	Type	Location
1640001	$36,189	Checking/CD	Simmons First National Bank

Statutory/Other Restrictions on use:

A.C.A. 19-4-801 establishes this appropriation to be payable from cash funds transferred to the State Treasury, University of Arkansas and refunds for overpayment of fees collected.

Statutory Provisions for Fees, Fines, Penalties:

A.C.A. 2-16-107 authorizes the agency to collect fees, fines and penalties.

Revenue Receipts Cycle:

Fees, fines and penalties are collected throughout the year.

Fund Balance Utilization:

Funds are collected on a daily basis, deposited in bank and transferred to the State Treasury at the end of each month. This functions as an administrative account, not as an Agency cash fund. It is used primarily to transfer funds to State Treasury by check.

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 Forestry Commission Annual Report	ACA 15-31-106-(a)(3)	Y	N	50	Required by state law. The annual report describes expenditures, accomplishments and future planned tasks.	0	0.00

Department Appropriation Summary

Appropriation		Historical Data						Agency Request and Executive Recommendation											
		2013-2014		2014-2015		2014-2015		2015-2016						2016-2017					
		Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
2ZR	Agri Dept - Operations	17,518,895	256	17,357,649	256	17,433,912	256	17,505,615	256	17,540,782	256	17,540,782	256	17,515,254	256	17,586,819	256	17,586,819	256
33R	Agri Dept - Federal	45,035	0	56,000	0	1,873,000	0	56,000	0	56,000	0	56,000	0	56,000	0	56,000	0	56,000	0
36H	L&P Operations	0	0	77,131	0	77,131	0	77,131	0	77,131	0	77,131	0	77,131	0	77,131	0	77,131	0
36J	L&P Animal Disease Control & Eradication Prgm	672,192	12	1,136,610	16	1,601,443	16	1,016,917	16	1,138,891	16	1,138,891	16	1,016,954	16	1,138,897	16	1,138,897	16
36K	L&P Egg Grading Program	2,895,971	41	3,980,237	47	3,977,938	47	3,876,800	47	3,926,800	47	3,926,800	47	3,878,275	47	3,928,275	47	3,928,275	47
36M	L&P Small Animal Testing Program	300,189	0	350,000	0	350,000	0	300,000	0	350,000	0	350,000	0	300,000	0	350,000	0	350,000	0
36N	L&P-Large Animals & Poultry	845,730	3	1,365,540	3	1,455,907	3	1,240,996	3	1,445,946	3	1,445,946	3	1,240,996	3	1,445,946	3	1,445,946	3
36P	L&P Brand Registry	626	0	6,000	0	6,000	0	6,000	0	6,000	0	6,000	0	6,000	0	6,000	0	6,000	0
36Q	L&P Indemnities-Revolving	0	0	45,000	0	45,000	0	45,000	0	45,000	0	45,000	0	45,000	0	45,000	0	45,000	0
36R	L&P Show Premiums	736,780	0	736,780	0	736,780	0	736,780	0	736,780	0	736,780	0	736,780	0	736,780	0	736,780	0
36S	L&P Swamp Fever Testing Program	141,407	0	323,195	0	323,251	0	265,699	0	325,699	0	325,699	0	265,699	0	325,699	0	325,699	0
36T	L&P Swine Testing Program	0	0	1,500	0	1,955	0	1,500	0	1,500	0	1,500	0	1,500	0	1,500	0	1,500	0
36U	L&P Equine Infect Anemia	120,857	2	473,860	4	473,728	4	374,723	4	474,723	4	474,723	4	374,723	4	474,723	4	474,723	4
36V	L&P Animal Health	471,880	7	567,809	7	684,118	8	534,366	7	534,366	7	534,366	7	534,393	7	534,393	7	534,393	7
36W	Agri Dept - Div of Land Survey	405,223	4	443,038	4	453,880	4	446,052	4	446,052	4	446,052	4	446,052	4	446,052	4	446,052	4
37A	PB Admn/Pest Control	5,994,092	83	9,411,203	90	9,570,113	91	8,844,780	90	9,279,780	90	9,279,780	90	8,846,624	90	9,281,624	90	9,281,624	90
37C	PB Public Grain Warehouse	253,717	4	274,792	4	274,600	4	277,099	4	277,099	4	277,099	4	277,099	4	277,099	4	277,099	4
37D	PB Pest Surveillance	259,057	4	270,050	4	269,848	4	272,472	4	272,472	4	272,472	4	272,472	4	272,472	4	272,472	4
37E	PB Apiary	201,014	3	209,705	3	214,480	3	211,554	3	211,554	3	211,554	3	211,554	3	211,554	3	211,554	3
37F	PB Product Marketing Program	213,414	0	600,059	0	600,059	0	600,059	0	600,059	0	600,059	0	600,059	0	600,059	0	600,059	0
37G	PB Pest/Plant Reg Program	1,021,177	0	1,500,000	0	1,500,000	0	1,500,000	0	1,500,000	0	1,500,000	0	1,500,000	0	1,500,000	0	1,500,000	0
37H	U of A Agri Scholarships	5,000	0	5,000	0	5,000	0	5,000	0	5,000	0	5,000	0	5,000	0	5,000	0	5,000	0
37J	ASU Agri Scholarships	5,000	0	5,000	0	5,000	0	5,000	0	5,000	0	5,000	0	5,000	0	5,000	0	5,000	0
37K	AR Tech Agri Scholarships	5,000	0	5,000	0	5,000	0	5,000	0	5,000	0	5,000	0	5,000	0	5,000	0	5,000	0
37M	SAU Agri Scholarships	5,000	0	5,000	0	5,000	0	5,000	0	5,000	0	5,000	0	5,000	0	5,000	0	5,000	0
37N	Forestry-Operations-Special	8,880,265	133	9,877,519	139	11,240,742	151	10,014,746	139	11,355,335	153	11,355,335	153	10,022,499	139	11,474,088	153	11,474,088	153
37P	Forestry-Rural Comm Fire Protection-Fed	695,088	2	857,976	2	1,097,225	2	677,271	2	1,007,271	2	1,007,271	2	677,271	2	1,007,271	2	1,007,271	2
37Q	Forestry-Urban Forestry Services-Federal	153,528	0	200,000	0	200,000	0	200,000	0	200,000	0	200,000	0	200,000	0	200,000	0	200,000	0
37R	Forestry-Rural Fire Protection Service Loans	552,079	0	1,200,000	0	1,210,000	0	1,200,000	0	1,200,000	0	1,200,000	0	1,200,000	0	1,200,000	0	1,200,000	0
37S	Forestry-St Forestry Trust Program	386,405	0	1,500,000	0	1,500,000	0	1,500,000	0	1,500,000	0	1,500,000	0	1,500,000	0	1,500,000	0	1,500,000	0
37T	Forestry-Southern Pine Beetle Prevention	303,477	0	800,000	0	1,129,125	0	800,000	0	750,000	0	750,000	0	800,000	0	750,000	0	750,000	0
37W	Forestry-Forest Health Program	33,004	0	50,000	0	209,521	0	50,000	0	0	0	0	0	50,000	0	0	0	0	0
37X	Forestry-Forest Legacy	3,079	0	6,599	0	50,000	0	6,599	0	6,599	0	6,599	0	6,599	0	6,599	0	6,599	0

Department Appropriation Summary

Historical Data | **Agency Request and Executive Recommendation**

Appropriation	2013-2014 Actual	Pos	2014-2015 Budget	Pos	2014-2015 Authorized	Pos	2015-2016 Base Level	Pos	Agency	Pos	Executive	Pos	2016-2017 Base Level	Pos	Agency	Pos	Executive	Pos
37Y Forestry-Silvctrl Non-Point Program	45,262	0	21,800	0	131,800	0	21,800	0	21,800	0	21,800	0	21,800	0	21,800	0	21,800	0
D24 L&P Poultry Indemnities-Cash	0	0	10,000	0	10,000	0	10,000	0	10,000	0	10,000	0	10,000	0	10,000	0	10,000	0
D25 PB Refunds/Transfers	0	0	6,765,600	0	6,765,600	0	6,765,600	0	6,765,600	0	6,765,600	0	6,765,600	0	6,765,600	0	6,765,600	0
NOT REQUESTED FOR THE BIENNIUM																		
37V Forestry-Wild Land Fire Assistance	11,609	0	0	0	295,969	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	43,181,052	554	60,495,652	579	65,783,125	593	59,455,559	578	62,083,239	592	62,083,239	592	59,476,334	578	62,251,381	592	62,251,381	592

Funding Sources			%		%		%		%		%		%		%		%
Fund Balance	4000005	18,571,583	29.2	20,484,319	27.7	13,342,673	20.0	13,342,673	19.8	13,342,673	19.9	8,589,264	13.7	6,686,556	10.9	6,686,556	10.9
General Revenue	4000010	18,631,262	29.3	18,537,467	25.1	18,688,447	27.9	18,723,614	27.8	18,688,447	27.8	18,698,086	29.9	18,769,651	30.7	18,698,086	30.6
Federal Revenue	4000020	5,285,164	8.3	6,260,243	8.5	6,366,095	9.5	6,596,095	9.8	6,596,095	9.8	6,366,122	10.2	6,596,122	10.8	6,596,122	10.8
Special Revenue	4000030	19,511,400	30.6	20,035,696	27.1	20,407,255	30.5	20,517,255	30.5	20,517,255	30.5	20,908,730	33.4	21,018,730	34.4	21,018,730	34.4
Non-Revenue Receipts	4000040	706,584	1.1	750,000	1.0	750,000	1.1	750,000	1.1	750,000	1.1	750,000	1.2	750,000	1.2	750,000	1.2
Cash Fund	4000045	1,862,612	2.9	6,775,600	9.2	6,775,600	10.1	6,775,600	10.1	6,775,600	10.1	6,775,600	10.8	6,775,600	11.1	6,775,600	11.1
Trust Fund	4000050	620,332	1.0	950,000	1.3	500,000	0.7	500,000	0.7	500,000	0.7	500,000	0.8	500,000	0.8	500,000	0.8
Merit Adjustment Fund	4000055	29,636	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
DFA Motor Vehicle Acquisition	4000184	254,853	0.4	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Inter-agency Fund Transfer	4000316	(1,859,462)	(2.9)	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
M & R Sales	4000340	51,407	0.1	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Miscellaneous Revolving	4000350	0	0.0	45,000	0.1	45,000	0.1	45,000	0.1	45,000	0.1	45,000	0.1	45,000	0.1	45,000	0.1
Total Funds		63,665,371	100.0	73,838,325	100.0	66,875,070	100.0	67,250,237	100.0	67,215,070	100.0	62,632,802	100.0	61,141,659	100.0	61,070,094	100.0
Excess Appropriation/(Funding)		(20,484,319)		(13,342,673)		(7,419,511)		(5,166,998)		(5,131,831)		(3,156,468)		1,109,722		1,181,287	
Grand Total		43,181,052		60,495,652		59,455,559		62,083,239		62,083,239		59,476,334		62,251,381		62,251,381	

Variance in Fund Balance is due to unfunded appropriation.
The FY15 Budget amount in L&P Egg Grading, L&P Equine Infectious Disease, PB Public Grain Warehouse and PB Pest Surveillance (Appropriations 36K, 36U, 37C and 37D) exceed the Authorized amount due to Personal Services Matching rate adjustments during the 2013-2015 Biennium.
Budget Number of Positions may exceed the Authorized Number due to single salary section in appropriation act.

Agency Position Usage Report

FY2012 - 2013						FY2013 - 2014						FY2014 - 2015					
Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused
	Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total	
579	525	54	579	0	9.33 %	592	528	51	579	13	10.81 %	592	527	52	579	13	10.98 %

Analysis of Budget Request

Appropriation: 2ZR - Agri Dept - Operations

Funding Sources: HAD - Department of Agriculture Fund Account

This appropriation provides general revenue funding to support the administrative operations of the Department, including the Office of the Secretary, the Arkansas Forestry Commission, the Arkansas State Plant Board and the Arkansas Livestock and Poultry Commission.

Base Level includes appropriation and general revenue funding of $17,505,615 in FY16 and $17,515,254 in FY17 with 256 Regular positions and 23 Extra Help positions.

Base Level Regular Salaries and Personal Services Matching include the continuation of the previously authorized 2015 1% Cost of Living Adjustment and Career Service Payments for eligible employees. Personal Services Matching also includes a $10 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of $420 per month. Base Level salaries and matching do not include appropriation for Merit Pay Increases. The Base Level request for Regular Salaries includes board member stipend payments. The Base Level salary of unclassified positions reflects the FY15 line item maximum plus the previously authorized 2015 1% Cost of Living Adjustment.

OFFICE OF THE SECRETARY

Base Level for the Office of the Secretary includes appropriation and general revenue funding of $723,867 in FY16 and $724,729 in FY17 with 6 Regular positions and 2 Extra Help positions.

The Agency's Change Level Request provides for increases of $4,200 in Operating Expenses for increased printing and office supply expenses.

FORESTRY COMMISSION

Base Level for the Forestry Commission includes appropriation and general revenue funding of $9,940,641 in FY16 and $9,945,681 in FY17 along with 146 Regular positions.

The Agency's Change Level Request provides for an increase in Operating Expenses of $10,000 in FY16 and $50,000 in FY17 for repairs to county offices and the expenses associated with the responsibility of hosting the 2017 Southern Group of State Foresters Annual Conference.

PLANT BOARD

Base Level for the Plant Board includes appropriation and general revenue funding of $2,700,040 in FY16 and $2,700,164 in FY17 along with 43 Regular positions.

LIVESTOCK AND POULTRY COMMISSION

Base Level for the Livestock and Poultry Commission includes appropriation and general revenue funding of $4,141,067 in FY16 and

$4,144,680 in FY17 with 61 Regular positions and 21 Extra Help positions.

The Agency's Change Level Request provides for an increase in Regular Salaries and Personal Services Matching of $20,967 in FY16 and $17,365 in FY17; due to reduction in Federal grants these positions are being moved to back to general revenue. The Agency also requests one position be reclassified.

The total Agency Change Level Request provides for $35,167 in FY16 and $71,565 in FY17 in appropriation and general revenue funding.

The Executive Recommendation provides for the Agency's Request in appropriation only.

Appropriation Summary

Appropriation: 2ZR - Agri Dept - Operations

Funding Sources: HAD - Department of Agriculture Fund Account

		Historical Data			Agency Request and Executive Recommendation					
		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	10,443,649	10,359,473	10,326,450	10,452,064	10,469,106	10,469,106	10,459,891	10,474,006	10,474,006
#Positions		**256**	**256**	**256**	**256**	**256**	**256**	**256**	**256**	**256**
Extra Help	5010001	31,434	74,131	74,131	74,131	74,131	74,131	74,131	74,131	74,131
#Extra Help		**4**	**23**	**23**	**23**	**23**	**23**	**23**	**23**	**23**
Personal Services Matching	5010003	3,791,358	3,649,461	3,758,747	3,704,836	3,708,761	3,708,761	3,706,648	3,709,898	3,709,898
Overtime	5010006	4,815	16,571	16,571	16,571	16,571	16,571	16,571	16,571	16,571
Uniform Allowance	5010016	5,200	5,200	5,200	5,200	5,200	5,200	5,200	5,200	5,200
Operating Expenses	5020002	2,822,015	2,824,052	2,824,052	2,824,052	2,838,252	2,838,252	2,824,052	2,878,252	2,878,252
Conference & Travel Expenses	5050009	54,632	56,113	56,113	56,113	56,113	56,113	56,113	56,113	56,113
Professional Fees	5060010	328,500	328,500	328,500	328,500	328,500	328,500	328,500	328,500	328,500
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Refunds/Reimbursements	5110014	0	6,148	6,148	6,148	6,148	6,148	6,148	6,148	6,148
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Boll Weevil Program	5900046	29,292	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
Buffalo Gnat Control Program	5900047	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000
Total		17,518,895	17,357,649	17,433,912	17,505,615	17,540,782	17,540,782	17,515,254	17,586,819	17,586,819
Funding Sources										
General Revenue	4000010	17,489,259	17,357,649		17,505,615	17,540,782	17,505,615	17,515,254	17,586,819	17,515,254
Merit Adjustment Fund	4000055	29,636	0		0	0	0	0	0	0
Total Funding		17,518,895	17,357,649		17,505,615	17,540,782	17,505,615	17,515,254	17,586,819	17,515,254
Excess Appropriation/(Funding)		0	0		0	0	35,167	0	0	71,565
Grand Total		17,518,895	17,357,649		17,505,615	17,540,782	17,540,782	17,515,254	17,586,819	17,586,819

FY15 Budget amount in Regular Salaries exceeds the authorized amount due to salary adjustments during the 2013-2015 Biennium.

Change Level by Appropriation

Appropriation: 2ZR - Agri Dept - Operations
Funding Sources: HAD - Department of Agriculture Fund Account

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**17,505,615**	**256**	**17,505,615**	**100.0**	**17,515,254**	**256**	**17,515,254**	**100.0**
C01	Existing Program	35,167	0	17,540,782	100.2	31,565	0	17,546,819	100.2
C02	New Program	0	0	17,540,782	100.2	40,000	0	17,586,819	100.4
C10	Reclass	0	0	17,540,782	100.2	0	0	17,586,819	100.4

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**17,505,615**	**256**	**17,505,615**	**100.0**	**17,515,254**	**256**	**17,515,254**	**100.0**
C01	Existing Program	35,167	0	17,540,782	100.2	31,565	0	17,546,819	100.2
C02	New Program	0	0	17,540,782	100.2	40,000	0	17,586,819	100.4
C10	Reclass	0	0	17,540,782	100.2	0	0	17,586,819	100.4

Justification	
C01	The Secretary's Office requests $4,200 appropriation and funding in each year for Operating Expenses needed to market Arkansas' agriculture and forest products. The Arkansas Forestry Commission requests $10,000 appropriation and funding each year to provide for needed repairs of county offices. ALPC requests salary and matching appropriation and funding of $20,967 for FY16 and $17,365 be restored to FY15 appropriation levels. Federal grant funding is expected to decrease during the biennium and these positions must be moved back to General Revenue.
C02	The Arkansas Forestry Commission requests $40,000 in 2017 to fulfill its responsibility of hosting the 2017 Southern Group of State Foresters Annual Conference.
C10	To reclassify a Purchasing Specialist in the Livestock & Poultry Commission to a Buyer position to be consistent with similar positions in the Agriculture Department.

Analysis of Budget Request

Appropriation: 33R - Agri Dept - Federal

Funding Sources: FAD - Federal Funds

This appropriation supports the United States Department of Agriculture (USDA) Farm Service Agency (FSA) Livestock Assistance Grant Program (LAGP), which provides funding in state block grants to help livestock producers partially recover forage production losses due to certain drought conditions. Funding for this appropriation consists entirely of federal revenues.

The Agency requests Base Level of $56,000 each year of the biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 33R - Agri Dept - Federal
Funding Sources: FAD - Federal Funds

	Historical Data			Agency Request and Executive Recommendation					
	2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid 5100004	45,035	0	1,783,000	0	0	0	0	0	0
Aquaculture Administrative Costs 5900048	0	56,000	90,000	56,000	56,000	56,000	56,000	56,000	56,000
Total	45,035	56,000	1,873,000	56,000	56,000	56,000	56,000	56,000	56,000
Funding Sources									
Federal Revenue 4000020	45,035	56,000		56,000	56,000	56,000	56,000	56,000	56,000
Total Funding	45,035	56,000		56,000	56,000	56,000	56,000	56,000	56,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	45,035	56,000		56,000	56,000	56,000	56,000	56,000	56,000

Analysis of Budget Request

Appropriation: 36H - L&P Operations

Funding Sources: HLP - Livestock & Poultry Fund

This appropriation provides a special revenue funded operations budget to supplement the Agency's general revenue funded operating budget. Pursuant to A.C.A. §2-33-115, fees are derived from cow tests, horses sold, and surcharges on gate admission to each state, county, and district fair. The fees are deposited in the Livestock and Poultry Special Revenue Fund and are transferred to the Livestock and Poultry Commission Fund as necessary.

The Agency requests Base Level of $77,131 each year of the biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 36H - L&P Operations

Funding Sources: HLP - Livestock & Poultry Fund

		Historical Data			Agency Request and Executive Recommendation					
		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	0	77,131	77,131	77,131	77,131	77,131	77,131	77,131	77,131
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		0	77,131	77,131	77,131	77,131	77,131	77,131	77,131	77,131
Funding Sources										
Special Revenue	4000030	0	77,131		77,131	77,131	77,131	77,131	77,131	77,131
Total Funding		0	77,131		77,131	77,131	77,131	77,131	77,131	77,131
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		0	77,131		77,131	77,131	77,131	77,131	77,131	77,131

Analysis of Budget Request

Appropriation: 36J - L&P Animal Disease Control & Eradication Prgm

Funding Sources: SPC - Livestock & Poultry Commission Disease and Pest Control Fund

The Arkansas Livestock & Poultry Commission's Animal Disease Control and Eradication program is funded from a fee per head of cattle sold in the state (A.C.A. §2-40-206) and all fines and penalties resulting from arrests made or citations issued by Livestock and Poultry Inspection Commission enforcement Officers (A.C.A. §2-33-113(b). Federal funding from the United States Department of Agriculture (USDA) Animal and Plant Health Inspection Services (APHIS) and Veterinary Services (VS) also supports this program.

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

Base Level includes appropriation of $1,016,917 in FY16 and $1,016,954 in FY17 with 16 Regular positions and 21 Extra Help positions.

The Agency's Change Level Request provides for $121,974 in FY16 and $121,943 in FY17 and is summarized as follows:

Regular Salaries and Personal Services Matching of $101,974 in FY16 and $101,943 in FY17 due to a reduction in Federal grants.

Capital Outlay of $20,000 each year to replace office machines and equipment.

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

Appropriation Summary

Appropriation: 36J - L&P Animal Disease Control & Eradication Prgm

Funding Sources: SPC - Livestock & Poultry Commission Disease and Pest Control Fund

		Historical Data			Agency Request and Executive Recommendation					
		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item		**Actual**	**Budget**	**Authorized**	**Base Level**	**Agency**	**Executive**	**Base Level**	**Agency**	**Executive**
Regular Salaries	5010000	273,581	589,634	589,634	506,749	589,634	589,634	506,774	589,634	589,634
#Positions		**12**	**16**	**16**	**16**	**16**	**16**	**16**	**16**	**16**
Extra Help	5010001	0	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000
#Extra Help		**0**	**21**	**21**	**21**	**21**	**21**	**21**	**21**	**21**
Personal Services Matching	5010003	157,182	216,384	231,217	199,576	218,665	218,665	199,588	218,671	218,671
Operating Expenses	5020002	217,254	255,592	255,592	255,592	255,592	255,592	255,592	255,592	255,592
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
Grants and Aid	5100004	4,395	0	350,000	0	0	0	0	0	0
Capital Outlay	5120011	19,780	20,000	20,000	0	20,000	20,000	0	20,000	20,000
Brucellosis Depopulation	5900046	0	0	100,000	0	0	0	0	0	0
Total		672,192	1,136,610	1,601,443	1,016,917	1,138,891	1,138,891	1,016,954	1,138,897	1,138,897
Funding Sources										
Fund Balance	4000005	877,603	958,916		322,306	322,306	322,306	0	0	0
Federal Revenue	4000020	261,513	100,000		0	0	0	0	0	0
Special Revenue	4000030	491,992	400,000		500,000	500,000	500,000	500,000	500,000	500,000
Total Funding		1,631,108	1,458,916		822,306	822,306	822,306	500,000	500,000	500,000
Excess Appropriation/(Funding)		(958,916)	(322,306)		194,611	316,585	316,585	516,954	638,897	638,897
Grand Total		672,192	1,136,610		1,016,917	1,138,891	1,138,891	1,016,954	1,138,897	1,138,897

Expenditure of appropriation is contingent upon available funding.

Change Level by Appropriation

Appropriation: 36J - L&P Animal Disease Control & Eradication Prgm
Funding Sources: SPC - Livestock & Poultry Commission Disease and Pest Control Fund

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**1,016,917**	**16**	**1,016,917**	**100.0**	**1,016,954**	**16**	**1,016,954**	**100.0**
C01	Existing Program	121,974	0	1,138,891	112.0	121,943	0	1,138,897	112.0

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**1,016,917**	**16**	**1,016,917**	**100.0**	**1,016,954**	**16**	**1,016,954**	**100.0**
C01	Existing Program	121,974	0	1,138,891	112.0	121,943	0	1,138,897	112.0

Justification	
C01	ALPC requests salary and matching appropriation of $101,974 for FY16 and $101,943 for FY17 to restore appropriation to FY15 levels. Federal grants are expected to decrease during the biennium. Capital Outlay appropriation of $20,000 is requested each year of the biennium to replace office machines and equipment.

Analysis of Budget Request

Appropriation: 36K - L&P Egg Grading Program

Funding Sources: SIP - Poultry and Egg Grading Fund

This appropriation supports the poultry and egg grading program established in cooperation with the United States Department of Agriculture (USDA) and in compliance with the applicable standards and requirements as prescribed by the USDA for federal poultry and egg grading purposes. The appropriation is funded from egg and poultry grading and inspection fees as authorized by A.C.A. §19-6-301(34).

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

Base Level includes appropriation of $3,876,800 in FY16 and $3,878,275 in FY17 with 47 Regular positions and 5 Extra Help positions.

The Agency's Change Level Request provides for Capital Outlay of $50,000 each year to replace office and grading equipment.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 36K - L&P Egg Grading Program

Funding Sources: SIP - Poultry and Egg Grading Fund

		Historical Data			Agency Request and Executive Recommendation					
		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item		**Actual**	**Budget**	**Authorized**	**Base Level**	**Agency**	**Executive**	**Base Level**	**Agency**	**Executive**
Regular Salaries	5010000	1,368,708	1,670,906	1,670,906	1,622,391	1,622,391	1,622,391	1,623,591	1,623,591	1,623,591
#Positions		**41**	**47**	**47**	**47**	**47**	**47**	**47**	**47**	**47**
Extra Help	5010001	32,561	67,500	67,500	67,500	67,500	67,500	67,500	67,500	67,500
#Extra Help		**2**	**5**	**5**	**5**	**5**	**5**	**5**	**5**	**5**
Personal Services Matching	5010003	595,686	690,111	687,812	685,189	685,189	685,189	685,464	685,464	685,464
Overtime	5010006	168,699	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000
Operating Expenses	5020002	174,482	230,902	230,902	230,902	230,902	230,902	230,902	230,902	230,902
Conference & Travel Expenses	5050009	4,183	18,350	18,350	18,350	18,350	18,350	18,350	18,350	18,350
Professional Fees	5060010	0	0	0	0	0	0	0	0	0
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Refunds/Reimbursements	5110014	504,712	887,968	887,968	887,968	887,968	887,968	887,968	887,968	887,968
Capital Outlay	5120011	42,159	50,000	50,000	0	50,000	50,000	0	50,000	50,000
Egg Promotion Expense	5900046	4,781	64,500	64,500	64,500	64,500	64,500	64,500	64,500	64,500
Total		2,895,971	3,980,237	3,977,938	3,876,800	3,926,800	3,926,800	3,878,275	3,928,275	3,928,275
Funding Sources										
Fund Balance	4000005	4,129,951	4,595,310		3,515,073	3,515,073	3,515,073	2,565,073	2,515,073	2,515,073
Special Revenue	4000030	3,361,330	2,900,000		2,926,800	2,926,800	2,926,800	2,928,275	2,928,275	2,928,275
Total Funding		7,491,281	7,495,310		6,441,873	6,441,873	6,441,873	5,493,348	5,443,348	5,443,348
Excess Appropriation/(Funding)		(4,595,310)	(3,515,073)		(2,565,073)	(2,515,073)	(2,515,073)	(1,615,073)	(1,515,073)	(1,515,073)
Grand Total		2,895,971	3,980,237		3,876,800	3,926,800	3,926,800	3,878,275	3,928,275	3,928,275

FY15 Budget amount in Personal Services Matching exceeds the authorized amount due to matching rate adjustments during the 2013-2015 Biennium.

Change Level by Appropriation

Appropriation: 36K - L&P Egg Grading Program
Funding Sources: SIP - Poultry and Egg Grading Fund

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**3,876,800**	**47**	**3,876,800**	**100.0**	**3,878,275**	**47**	**3,878,275**	**100.0**
C01	Existing Program	50,000	0	3,926,800	101.3	50,000	0	3,928,275	101.3

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**3,876,800**	**47**	**3,876,800**	**100.0**	**3,878,275**	**47**	**3,878,275**	**100.0**
C01	Existing Program	50,000	0	3,926,800	101.3	50,000	0	3,928,275	101.3

Justification	
C01	Capital Outlay appropriation of $50,000 is requested each year to replace necessary office and grading equipment.

Analysis of Budget Request

Appropriation: 36M - L&P Small Animal Testing Program

Funding Sources: SPS - Livestock & Poultry Special Revenue Fund

The Arkansas Livestock & Poultry Commission's Small Animal Testing appropriation is used to perform diagnostic laboratory services on small animals such as dogs, cats and other animals that are considered to be household or family pets. The appropriation is funded entirely by fee revenues as authorized by A.C.A. §2-33-112.

Base Level includes appropriation of $300,000 each year of the biennium.

The Agency's Change Level Request provides for Capital Outlay of $50,000 each year to replace laboratory testing equipment.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 36M - L&P Small Animal Testing Program

Funding Sources: SPS - Livestock & Poultry Special Revenue Fund

		Historical Data			Agency Request and Executive Recommendation					
		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	271,944	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000
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	28,245	50,000	50,000	0	50,000	50,000	0	50,000	50,000
Total		300,189	350,000	350,000	300,000	350,000	350,000	300,000	350,000	350,000
Funding Sources										
Special Revenue	4000030	300,189	350,000		300,000	350,000	350,000	300,000	350,000	350,000
Total Funding		300,189	350,000		300,000	350,000	350,000	300,000	350,000	350,000
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		300,189	350,000		300,000	350,000	350,000	300,000	350,000	350,000

Change Level by Appropriation

Appropriation: 36M - L&P Small Animal Testing Program
Funding Sources: SPS - Livestock & Poultry Special Revenue Fund

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**300,000**	**0**	**300,000**	**100.0**	**300,000**	**0**	**300,000**	**100.0**
C01	Existing Program	50,000	0	350,000	116.7	50,000	0	350,000	116.7

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**300,000**	**0**	**300,000**	**100.0**	**300,000**	**0**	**300,000**	**100.0**
C01	Existing Program	50,000	0	350,000	116.7	50,000	0	350,000	116.7

Justification	
C01	Capital Outlay appropriation is requested of $50,000 each year to replace laboratory testing equipment.

Analysis of Budget Request

Appropriation: 36N - L&P-Large Animals & Poultry

Funding Sources: SPS - Livestock & Poultry Special Revenue Fund

The Arkansas Livestock & Poultry Commission Large Animals and Poultry program is used to provide diagnostic lab testing services for all species of livestock and poultry. Funding for this appropriation consists of fees charged for diagnostic services performed (A.C.A. §2-33-111).

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

Base Level includes appropriation of $1,240,996 each year with three (3) Regular positions.

The Agency's Change Level Request provides for $204,950 in both years of the biennium and is summarized as follows:

Regular Salaries and Personal Services Matching of $4,950 due to a reduction in Federal grants.

Capital Outlay of $200,000 each year to replace obsolete and malfunctioning laboratory equipment.

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

Appropriation Summary

Appropriation: 36N - L&P-Large Animals & Poultry

Funding Sources: SPS - Livestock & Poultry Special Revenue Fund

		Historical Data			Agency Request and Executive Recommendation					
		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	102,844	121,087	121,087	117,064	121,087	121,087	117,064	121,087	121,087
#Positions		**3**	**3**	**3**	**3**	**3**	**3**	**3**	**3**	**3**
Personal Services Matching	5010003	41,007	41,376	56,743	40,855	41,782	41,782	40,855	41,782	41,782
Operating Expenses	5020002	685,752	1,058,077	1,058,077	1,058,077	1,058,077	1,058,077	1,058,077	1,058,077	1,058,077
Conference & Travel Expenses	5050009	2,401	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Professional Fees	5060010	0	0	0	0	0	0	0	0	0
Construction	5090005	0	0	75,000	0	0	0	0	0	0
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	13,726	120,000	120,000	0	200,000	200,000	0	200,000	200,000
Total		845,730	1,365,540	1,455,907	1,240,996	1,445,946	1,445,946	1,240,996	1,445,946	1,445,946
Funding Sources										
Fund Balance	4000005	1,249,492	1,305,245		239,705	239,705	239,705	0	0	0
Federal Revenue	4000020	164,719	0		0	0	0	0	0	0
Special Revenue	4000030	736,764	300,000		450,000	450,000	450,000	450,000	450,000	450,000
Total Funding		2,150,975	1,605,245		689,705	689,705	689,705	450,000	450,000	450,000
Excess Appropriation/(Funding)		(1,305,245)	(239,705)		551,291	756,241	756,241	790,996	995,946	995,946
Grand Total		845,730	1,365,540		1,240,996	1,445,946	1,445,946	1,240,996	1,445,946	1,445,946

Expenditure of appropriation is contingent upon available funding.

Change Level by Appropriation

Appropriation: 36N - L&P-Large Animals & Poultry
Funding Sources: SPS - Livestock & Poultry Special Revenue Fund

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**1,240,996**	**3**	**1,240,996**	**100.0**	**1,240,996**	**3**	**1,240,996**	**100.0**
C01	Existing Program	204,950	0	1,445,946	116.5	204,950	0	1,445,946	116.5

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**1,240,996**	**3**	**1,240,996**	**100.0**	**1,240,996**	**3**	**1,240,996**	**100.0**
C01	Existing Program	204,950	0	1,445,946	116.5	204,950	0	1,445,946	116.5

Justification	
C01	Salary and matching appropriation of $4,950 each year is requested to restore appropriation to FY15 levels. Federal grants are expected to decrease during the biennium. Capital Outlay appropriation of $200,000 requested each year to replace obsolete and malfunctioning laboratory testing equipment.

Analysis of Budget Request

Appropriation: 36P - L&P Brand Registry

Funding Sources: SPS - Livestock & Poultry Special Revenue Fund

The Arkansas Livestock & Poultry Commission's Brand Registry appropriation is used to document the ownership of cattle, horses, and swine that are registered through the Commission. The Agency publishes a Brand Registry book every two years. Funding for this program consists entirely of brand registry and renewal fees.

The Agency requests Base Level of $6,000 each year of the biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 36P - L&P Brand Registry

Funding Sources: SPS - Livestock & Poultry Special Revenue Fund

	Historical Data			Agency Request and Executive Recommendation					
	2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Brand Registry 5900046	626	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000
Total	626	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000
Funding Sources									
Special Revenue 4000030	626	6,000		6,000	6,000	6,000	6,000	6,000	6,000
Total Funding	626	6,000		6,000	6,000	6,000	6,000	6,000	6,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	626	6,000		6,000	6,000	6,000	6,000	6,000	6,000

Analysis of Budget Request

Appropriation: 36Q - L&P Indemnities-Revolving

Funding Sources: MTA - Miscellaneous Revolving Fund

The Arkansas Livestock & Poultry Commission's Indemnities appropriation allows the Commission to purchase and destroy diseased poultry flocks if necessary to prevent contamination of commercial flocks and the public. Expenses for this program are payable from the Miscellaneous Revolving Fund (A.C.A. §9-5-1009).

The Agency requests Base Level of $45,000 each year of the biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 36Q - L&P Indemnities-Revolving

Funding Sources: MTA - Miscellaneous Revolving Fund

	Historical Data			Agency Request and Executive Recommendation					
	2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item	**Actual**	**Budget**	**Authorized**	**Base Level**	**Agency**	**Executive**	**Base Level**	**Agency**	**Executive**
Grants and Aid 5100004	0	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000
Total	0	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000
Funding Sources									
Miscellaneous Revolving 4000350	0	45,000		45,000	45,000	45,000	45,000	45,000	45,000
Total Funding	0	45,000		45,000	45,000	45,000	45,000	45,000	45,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	0	45,000		45,000	45,000	45,000	45,000	45,000	45,000

Analysis of Budget Request

Appropriation: 36R - L&P Show Premiums

Funding Sources: HUA - Miscellaneous Agencies Fund

The Arkansas Livestock & Poultry Commission's Show Premiums appropriation provides grant appropriation to fair associations to be used for paying awards on approved livestock entry classifications. The amount of state funding provided to various fair associations is determined by a point system calculated by the Agency. This appropriation is also used to provide grant funding to the Arkansas Razorback State High School (ARSHS) Rodeo Association and refund/reimbursement funding to Arkansas High School 4-H (Head, Heart, Hands, and Health) Clubs, FFA (Future Farmers of America) Clubs and the Miss Arkansas Rodeo for expenses incurred while representing the State of Arkansas at national conferences and events outside the State.

The Agency requests Base Level appropriation and general revenue funding of $736,780 each year of the biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 36R - L&P Show Premiums

Funding Sources: HUA - Miscellaneous Agencies Fund

Commitment Item		Historical Data 2013-2014 Actual	Historical Data 2014-2015 Budget	Historical Data 2014-2015 Authorized	Agency Request and Executive Recommendation 2015-2016 Base Level	2015-2016 Agency	2015-2016 Executive	2016-2017 Base Level	2016-2017 Agency	2016-2017 Executive
Distr Jr Livestock Show Prem	5100004	28,430	28,430	28,430	28,430	28,430	28,430	28,430	28,430	28,430
Distr Livestock Show Premiums	5100004	144,000	144,000	144,000	144,000	144,000	144,000	144,000	144,000	144,000
State Livestock Show Premiums	5100004	120,000	120,000	120,000	120,000	120,000	120,000	120,000	120,000	120,000
4 Sts Livestock Show Premiums	5100004	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000
ARSHS Rodeo Association	5100004	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Co Livestock Show Premiums	5100004	360,000	360,000	360,000	360,000	360,000	360,000	360,000	360,000	360,000
Miss Ark Rodeo Refunds/Reimb	5110014	350	350	350	350	350	350	350	350	350
FFA Clubs Refunds/Reimb	5110014	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
4H Clubs Refunds/Reimb	5110014	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Total		736,780	736,780	736,780	736,780	736,780	736,780	736,780	736,780	736,780
Funding Sources										
General Revenue	4000010	736,780	736,780		736,780	736,780	736,780	736,780	736,780	736,780
Total Funding		736,780	736,780		736,780	736,780	736,780	736,780	736,780	736,780
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		736,780	736,780		736,780	736,780	736,780	736,780	736,780	736,780

Analysis of Budget Request

Appropriation: 36S - L&P Swamp Fever Testing Program

Funding Sources: SPS - Livestock & Poultry Special Revenue Fund

The Arkansas Livestock & Poultry Commission's Swamp Fever Testing Program controls the spread of a number of diseases that are acquired in wet, swampy environments including Leptospirosis, Malaria and Equine Infections Anemia. This appropriation is funded from testing fees as authorized by A.C.A. §2-33-111, for diagnostic tests at the Little Rock laboratory.

The Agency Base Level Request includes appropriation of $265,699 each year of the biennium.

The Agency's Change Level Request provides for Capital Outlay of $60,000 each year to replace laboratory testing equipment.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 36S - L&P Swamp Fever Testing Program

Funding Sources: SPS - Livestock & Poultry Special Revenue Fund

		Historical Data			Agency Request and Executive Recommendation					
		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Extra Help	5010001	98	14,500	14,500	14,500	14,500	14,500	14,500	14,500	14,500
#Extra Help		**1**	**1**	**1**	**1**	**1**	**1**	**1**	**1**	**1**
Personal Services Matching	5010003	14	1,195	1,251	1,199	1,199	1,199	1,199	1,199	1,199
Operating Expenses	5020002	119,199	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
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	22,096	57,500	57,500	0	60,000	60,000	0	60,000	60,000
Total		141,407	323,195	323,251	265,699	325,699	325,699	265,699	325,699	325,699
Funding Sources										
Special Revenue	4000030	141,407	323,195		265,699	325,699	325,699	265,699	325,699	325,699
Total Funding		141,407	323,195		265,699	325,699	325,699	265,699	325,699	325,699
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		141,407	323,195		265,699	325,699	325,699	265,699	325,699	325,699

Change Level by Appropriation

Appropriation: 36S - L&P Swamp Fever Testing Program
Funding Sources: SPS - Livestock & Poultry Special Revenue Fund

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**265,699**	**0**	**265,699**	**100.0**	**265,699**	**0**	**265,699**	**100.0**
C01	Existing Program	60,000	0	325,699	122.6	60,000	0	325,699	122.6

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**265,699**	**0**	**265,699**	**100.0**	**265,699**	**0**	**265,699**	**100.0**
C01	Existing Program	60,000	0	325,699	122.6	60,000	0	325,699	122.6

Justification	
C01	Capital Outlay appropriation of $60,000 is requested each year to replace laboratory testing equipment.

Analysis of Budget Request

Appropriation: 36T - L&P Swine Testing Program

Funding Sources: SST - Livestock & Poultry Swine Testing Fund

The Arkansas Livestock & Poultry Commission's Swine Testing appropriation supports the pseudorabies eradication program for disease prevention in swine. Funding for this program consists of a $1 fee collected for each spent sow and boar sold in Arkansas markets (A.C.A. § 2-40-1201).

The Agency requests Base Level of $1,500 each year of the biennium.

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

Appropriation Summary

Appropriation: 36T - L&P Swine Testing Program

Funding Sources: SST - Livestock & Poultry Swine Testing Fund

	Historical Data			Agency Request and Executive Recommendation					
	2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Swine Testing Program 5900046	0	1,500	1,955	1,500	1,500	1,500	1,500	1,500	1,500
Total	0	1,500	1,955	1,500	1,500	1,500	1,500	1,500	1,500
Funding Sources									
Fund Balance 4000005	1,389	1,415		15	15	15	0	0	0
Special Revenue 4000030	26	100		500	500	500	500	500	500
Total Funding	1,415	1,515		515	515	515	500	500	500
Excess Appropriation/(Funding)	(1,415)	(15)		985	985	985	1,000	1,000	1,000
Grand Total	0	1,500		1,500	1,500	1,500	1,500	1,500	1,500

Expenditure of appropriation is contingent upon available funding.

Analysis of Budget Request

Appropriation: 36U - L&P Equine Infect Anemia

Funding Sources: SIA - Livestock & Poultry Equine Infectious Anemia Control Fund

The Arkansas Livestock & Poultry Commission's Equine Infectious Anemia (EIA) program controls the spread of Equine Infectious Anemia, which is an infectious and potentially fatal disease of members of the horse family. The EIA program oversees EIA testing of horses in Arkansas and measures to quarantine animals that tested positive for this disease. This program is funded by special revenue derived from fees assessed to Arkansas veterinarians for each Arkansas domiciled animal tested (A.C.A §2-40-806).

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

The Agency Base Level Request includes appropriation of $374,723 each year of the biennium.

The Agency's Change Level Request provides for Capital Outlay of $100,000 each year to replace office machines and equipment.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 36U - L&P Equine Infect Anemia

Funding Sources: SIA - Livestock & Poultry Equine Infectious Anemia Control Fund

		Historical Data			Agency Request and Executive Recommendation					
		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	39,197	100,959	100,959	101,247	101,247	101,247	101,247	101,247	101,247
#Positions		**2**	**4**	**4**	**4**	**4**	**4**	**4**	**4**	**4**
Personal Services Matching	5010003	26,200	42,901	42,769	43,476	43,476	43,476	43,476	43,476	43,476
Operating Expenses	5020002	55,460	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
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
Grants and Aid	5100004	0	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
Capital Outlay	5120011	0	100,000	100,000	0	100,000	100,000	0	100,000	100,000
Total		120,857	473,860	473,728	374,723	474,723	474,723	374,723	474,723	474,723
Funding Sources										
Fund Balance	4000005	458,448	475,979		226,842	226,842	226,842	77,119	0	0
Special Revenue	4000030	138,388	224,723		225,000	225,000	225,000	225,000	225,000	225,000
Total Funding		596,836	700,702		451,842	451,842	451,842	302,119	225,000	225,000
Excess Appropriation/(Funding)		(475,979)	(226,842)		(77,119)	22,881	22,881	72,604	249,723	249,723
Grand Total		120,857	473,860		374,723	474,723	474,723	374,723	474,723	474,723

FY15 Budget amount in Personal Services Matching exceeds the authorized amount due to matching rate adjustments during the 2013-2015 Biennium.

Change Level by Appropriation

Appropriation: 36U - L&P Equine Infect Anemia
Funding Sources: SIA - Livestock & Poultry Equine Infectious Anemia Control Fund

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**374,723**	**4**	**374,723**	**100.0**	**374,723**	**4**	**374,723**	**100.0**
C01	Existing Program	100,000	0	474,723	126.7	100,000	0	474,723	126.7

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**374,723**	**4**	**374,723**	**100.0**	**374,723**	**4**	**374,723**	**100.0**
C01	Existing Program	100,000	0	474,723	126.7	100,000	0	474,723	126.7

Justification	
C01	Capital Outlay appropriation of $100,000 is needed in each year to replace office machines and equipment.

Analysis of Budget Request

Appropriation: 36V - L&P Animal Health

Funding Sources: FFA - Federal Funds

The Arkansas Livestock & Poultry Commission's Animal Health appropriation is used to increase the level of protection, preparedness, and response and recovery should a foreign animal disease enter the state. This appropriation includes the following five programs: High Path Avian Influenza control, Low Path Avian Influenza control, the National Animal ID System, Johne's Disease surveillance and control and Emergency Animal Disease Response. This appropriation is supported by federal funding from the United States Department of Agriculture (USDA) Animal and Plant Health Inspection Services (APHIS) and Veterinary Services (VS) as well as from the United States Department of Homeland Security.

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

The Agency requests Base Level of $534,366 in FY16 and $534,393 in FY17 with seven (7) positions and two (2) extra help positions.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 36V - L&P Animal Health
Funding Sources: FFA - Federal Funds

		Historical Data			Agency Request and Executive Recommendation					
		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	299,534	321,060	321,325	296,640	296,640	296,640	296,655	296,655	296,655
#Positions		**7**	**7**	**8**	**7**	**7**	**7**	**7**	**7**	**7**
Extra Help	5010001	3,703	8,311	8,311	8,311	8,311	8,311	8,311	8,311	8,311
#Extra Help		**1**	**2**	**2**	**2**	**2**	**2**	**2**	**2**	**2**
Personal Services Matching	5010003	78,209	114,977	112,702	105,954	105,954	105,954	105,966	105,966	105,966
Operating Expenses	5020002	54,052	118,111	220,870	118,111	118,111	118,111	118,111	118,111	118,111
Conference & Travel Expenses	5050009	5,812	5,350	20,910	5,350	5,350	5,350	5,350	5,350	5,350
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	30,570	0	0	0	0	0	0	0	0
Total		471,880	567,809	684,118	534,366	534,366	534,366	534,393	534,393	534,393
Funding Sources										
Federal Revenue	4000020	471,880	567,809		534,366	534,366	534,366	534,393	534,393	534,393
Total Funding		471,880	567,809		534,366	534,366	534,366	534,393	534,393	534,393
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		471,880	567,809		534,366	534,366	534,366	534,393	534,393	534,393

FY15 Budget amount in Personal Services Matching exceeds the authorized amount due to matching rate adjustments during the 2013-2015 Biennium.

Analysis of Budget Request

Appropriation: 36W - Agri Dept - Div of Land Survey

Funding Sources: HAD - Department of Agriculture Fund Account

The Division of Land Survey was transferred from the Arkansas Commissioner of State Lands Office to the Arkansas Agriculture Department during the 2007-09 biennium. The Division maintains original survey notes, plats, and other land survey information; records survey documentation and establishes uniform, professional surveying and mapping methods and standards within the state. Funding consists entirely of general revenue.

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

The Agency requests Base Level of $446,052 each year of the biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 36W - Agri Dept - Div of Land Survey

Funding Sources: HAD - Department of Agriculture Fund Account

		Historical Data			Agency Request and Executive Recommendation					
		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	206,456	203,270	212,308	205,280	205,280	205,280	205,280	205,280	205,280
#Positions		**4**	**4**	**4**	**4**	**4**	**4**	**4**	**4**	**4**
Personal Services Matching	5010003	68,631	66,432	68,236	67,436	67,436	67,436	67,436	67,436	67,436
Operating Expenses	5020002	55,062	61,986	61,986	61,986	61,986	61,986	61,986	61,986	61,986
Conference & Travel Expenses	5050009	730	4,350	4,350	4,350	4,350	4,350	4,350	4,350	4,350
Professional Fees	5060010	74,344	107,000	107,000	107,000	107,000	107,000	107,000	107,000	107,000
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Total		405,223	443,038	453,880	446,052	446,052	446,052	446,052	446,052	446,052
Funding Sources										
General Revenue	4000010	405,223	443,038		446,052	446,052	446,052	446,052	446,052	446,052
Total Funding		405,223	443,038		446,052	446,052	446,052	446,052	446,052	446,052
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		405,223	443,038		446,052	446,052	446,052	446,052	446,052	446,052

Analysis of Budget Request

Appropriation: 37A - PB Admn/Pest Control

Funding Sources: SDP - State Plant Board Fund

The State Plant Board's Administration/Pest Control appropriation is funded by special revenues derived from registration and inspection fees from various farm crops, pesticides, feeds, fertilizers, seeds, and soils as authorized in A.C.A. §20-20-206 and various sections from §2-16-209 through §2-37-109. Federal funding from the United States Department of Agriculture (USDA) and the Environmental Protection Agency (EPA) also supports this program.

Base Level Regular Salaries and Personal Services Matching include the continuation of the previously authorized 2015 1% Cost of Living Adjustment and Career Service Payments for eligible employees. Personal Services Matching also includes a $10 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of $420 per month. Base Level salaries and matching do not include appropriation for Merit Pay Increases. The Base Level salary of unclassified positions reflects the FY15 line item maximum plus the previously authorized 2015 1% Cost of Living Adjustment.

The Agency Base Level Request includes appropriation of $8,844,780 in FY16 and $8,846,624 in FY17 with ninety (90) positions and thirty (30) extra help positions.

The Agency's Change Level Request provides for Capital Outlay of $435,000 each year to replace laboratory and data processing equipment, weather monitoring system and a vehicle.

The Executive Recommendation provides for the Agency Request which includes the Agency Request for Capital Outlay to replace aging, high mileage vehicles in accordance with A.C.A. §22-8-201 et seq., Automobile and Pickup Truck Acquisition Act, which establishes guidelines for automobile replacement.

Appropriation Summary

Appropriation: 37A - PB Admn/Pest Control

Funding Sources: SDP - State Plant Board Fund

		Historical Data			Agency Request and Executive Recommendation					
		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	3,452,036	3,664,171	3,784,624	3,675,174	3,675,174	3,675,174	3,676,674	3,676,674	3,676,674
#Positions		**83**	**90**	**91**	**90**	**90**	**90**	**90**	**90**	**90**
Extra Help	5010001	80,367	183,616	183,616	183,616	183,616	183,616	183,616	183,616	183,616
#Extra Help		**23**	**30**	**30**	**30**	**30**	**30**	**30**	**30**	**30**
Personal Services Matching	5010003	1,283,620	1,307,680	1,346,137	1,317,254	1,317,254	1,317,254	1,317,598	1,317,598	1,317,598
Overtime	5010006	3,209	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000
Operating Expenses	5020002	933,155	1,331,613	1,331,613	1,331,613	1,331,613	1,331,613	1,331,613	1,331,613	1,331,613
Conference & Travel Expenses	5050009	72,176	83,613	83,613	83,613	83,613	83,613	83,613	83,613	83,613
Professional Fees	5060010	2,801	244,510	244,510	244,510	244,510	244,510	244,510	244,510	244,510
Construction	5090005	36,092	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	130,636	587,000	587,000	0	435,000	435,000	0	435,000	435,000
Pest Eradication	5900046	0	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Total		5,994,092	9,411,203	9,570,113	8,844,780	9,279,780	9,279,780	8,846,624	9,281,624	9,281,624
Funding Sources										
Fund Balance	4000005	6,930,793	6,205,857		3,394,654	3,394,654	3,394,654	1,669,874	1,234,874	1,234,874
Federal Revenue	4000020	452,881	600,000		620,000	620,000	620,000	620,000	620,000	620,000
Special Revenue	4000030	4,816,275	6,000,000		6,500,000	6,500,000	6,500,000	7,000,000	7,000,000	7,000,000
Total Funding		12,199,949	12,805,857		10,514,654	10,514,654	10,514,654	9,289,874	8,854,874	8,854,874
Excess Appropriation/(Funding)		(6,205,857)	(3,394,654)		(1,669,874)	(1,234,874)	(1,234,874)	(443,250)	426,750	426,750
Grand Total		5,994,092	9,411,203		8,844,780	9,279,780	9,279,780	8,846,624	9,281,624	9,281,624

Change Level by Appropriation

Appropriation: 37A - PB Admn/Pest Control
Funding Sources: SDP - State Plant Board Fund

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**8,844,780**	**90**	**8,844,780**	**100.0**	**8,846,624**	**90**	**8,846,624**	**100.0**
C01	Existing Program	156,381	0	9,001,161	101.8	156,381	0	9,003,005	101.8
C08	Technology	278,619	0	9,279,780	104.9	278,619	0	9,281,624	104.9

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**8,844,780**	**90**	**8,844,780**	**100.0**	**8,846,624**	**90**	**8,846,624**	**100.0**
C01	Existing Program	156,381	0	9,001,161	101.8	156,381	0	9,003,005	101.8
C08	Technology	278,619	0	9,279,780	104.9	278,619	0	9,281,624	104.9

Justification	
C01	The Agency requests Capital Outlay for replacement of laboratory equipment, weather monitoring system and vehicle replacement.
C08	Capital Outlay request for data processing equipment, installation, software and telephones.

Analysis of Budget Request

Appropriation: 37C - PB Public Grain Warehouse

Funding Sources: SDP - Plant Board Fund

The State Plant Board's Public Grain Warehouse Inspection Program monitors public grain warehouse companies by maintaining copies of current licenses and renewals and performing annual examinations and inspections of public grain warehouses. This program is funded entirely by special revenue including license application fees and annual license fees required for persons operating public grain warehouses (A.C.A. §2-17-238).

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

The Agency requests Base Level of $277,099 and four (4) positions each year of the biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 37C - PB Public Grain Warehouse

Funding Sources: SDP - Plant Board Fund

		Historical Data			Agency Request and Executive Recommendation					
		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	143,904	147,450	147,450	148,899	148,899	148,899	148,899	148,899	148,899
#Positions		**4**	**4**	**4**	**4**	**4**	**4**	**4**	**4**	**4**
Personal Services Matching	5010003	53,850	53,594	53,402	54,452	54,452	54,452	54,452	54,452	54,452
Operating Expenses	5020002	55,963	67,935	67,935	67,935	67,935	67,935	67,935	67,935	67,935
Conference & Travel Expenses	5050009	0	4,613	4,613	4,613	4,613	4,613	4,613	4,613	4,613
Professional Fees	5060010	0	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200
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		253,717	274,792	274,600	277,099	277,099	277,099	277,099	277,099	277,099
Funding Sources										
Special Revenue	4000030	253,717	274,792		277,099	277,099	277,099	277,099	277,099	277,099
Total Funding		253,717	274,792		277,099	277,099	277,099	277,099	277,099	277,099
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		253,717	274,792		277,099	277,099	277,099	277,099	277,099	277,099

FY15 Budget amount in Personal Services Matching exceeds the authorized amount due to matching rate adjustments during the 2013-2015 Biennium.

Analysis of Budget Request

Appropriation: 37D - PB Pest Surveillance

Funding Sources: SDP - Plant Board Fund

The State Plant Board's Pesticide Surveillance Program is used to monitor the application, sale and handling of pesticides. The program is funded entirely by special revenues derived from pesticide registration, labeling, and application fees and licenses as authorized in A.C.A. §2-16-407.

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

The Agency requests Base Level of $272,472 and four (4) positions each year of the biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 37D - PB Pest Surveillance

Funding Sources: SDP - Plant Board Fund

		Historical Data			Agency Request and Executive Recommendation					
		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	159,454	156,345	156,345	157,885	157,885	157,885	157,885	157,885	157,885
#Positions		**4**	**4**	**4**	**4**	**4**	**4**	**4**	**4**	**4**
Personal Services Matching	5010003	57,484	55,639	55,437	56,521	56,521	56,521	56,521	56,521	56,521
Operating Expenses	5020002	37,889	52,066	52,066	52,066	52,066	52,066	52,066	52,066	52,066
Conference & Travel Expenses	5050009	4,230	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000
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		259,057	270,050	269,848	272,472	272,472	272,472	272,472	272,472	272,472
Funding Sources										
Special Revenue	4000030	259,057	270,050		272,472	272,472	272,472	272,472	272,472	272,472
Total Funding		259,057	270,050		272,472	272,472	272,472	272,472	272,472	272,472
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		259,057	270,050		272,472	272,472	272,472	272,472	272,472	272,472

FY15 Budget amount in Personal Services Matching exceeds the authorized amount due to matching rate adjustments during the 2013-2015 Biennium.

Analysis of Budget Request

Appropriation: 37E - PB Apiary

Funding Sources: SDP - Plant Board Fund

The State Plant Board's Apiary Program registers beekeepers and inspects beehives periodically to guard against the spread of diseases and parasites. Funding for this appropriation consists entirely of Special Revenue registration and renewal fees.

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

The Agency requests Base Level of $211,554, three (3) positions and three (3) extra help positions each year of the biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 37E - PB Apiary
Funding Sources: SDP - Plant Board Fund

		Historical Data			Agency Request and Executive Recommendation					
		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	113,531	110,360	110,360	111,541	111,541	111,541	111,541	111,541	111,541
#Positions		**3**	**3**	**3**	**3**	**3**	**3**	**3**	**3**	**3**
Extra Help	5010001	3,530	7,500	12,000	7,500	7,500	7,500	7,500	7,500	7,500
#Extra Help		**1**	**3**	**3**	**3**	**3**	**3**	**3**	**3**	**3**
Personal Services Matching	5010003	40,765	40,760	41,035	41,428	41,428	41,428	41,428	41,428	41,428
Operating Expenses	5020002	43,188	51,085	51,085	51,085	51,085	51,085	51,085	51,085	51,085
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		201,014	209,705	214,480	211,554	211,554	211,554	211,554	211,554	211,554
Funding Sources										
Special Revenue	4000030	201,014	209,705		211,554	211,554	211,554	211,554	211,554	211,554
Total Funding		201,014	209,705		211,554	211,554	211,554	211,554	211,554	211,554
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		201,014	209,705		211,554	211,554	211,554	211,554	211,554	211,554

Analysis of Budget Request

Appropriation: 37F - PB Product Marketing Program

Funding Sources: FFA - Plant Board Federal Funds

The Product Marketing Program supports the promotion and enhancement of the agricultural industry and its products. Funding consists of a Specialty Block Grant from the United States Department of Agriculture (USDA). This Program enables the Agency to utilize federal funding for the following projects:

- Organic Cost Share - To assist specialty crop producers with organic certification cost and encourage the expansion of organic production in Arkansas.
- Farmers Markets and *Naturally Arkansas* Promotion - To provide promotional sacks to vendors at Arkansas Farmers' Markets to increase awareness of the "Arkansas Brand" and farmers' markets.
- Audit Fee Assistance and Food Safety Promotion - To inform Arkansas produce growers/handlers of the importance of following and documenting GAAP in their businesses for both liability issues and market access.
- Electronic Benefits Transfer (EBT) in Farmers' Markets - To establish EBT access at farmers' markets throughout Arkansas to enable Arkansas Food Stamp Program participants to utilize their food assistance benefits in Arkansas Farmers Markets.
- Produce Marketing Association Fresh Summit Show - To promote Arkansas produce growers with a booth at the Annual Fresh Summit Show.
- Floriculture Workshop - To host a two day floriculture educational workshop focusing on crop selection, post harvest handling and marketing.

The Agency requests Base Level of $600,059 each year of the biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 37F - PB Product Marketing Program

Funding Sources: FFA - Plant Board Federal Funds

		Historical Data			Agency Request and Executive Recommendation					
		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	47,231	147,000	147,000	147,000	147,000	147,000	147,000	147,000	147,000
Conference & Travel Expenses	5050009	0	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000
Professional Fees	5060010	10,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Promotional Items	5090028	0	97,059	97,059	97,059	97,059	97,059	97,059	97,059	97,059
Grants and Aid	5100004	156,183	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Total		213,414	600,059	600,059	600,059	600,059	600,059	600,059	600,059	600,059
Funding Sources										
Federal Revenue	4000020	213,414	600,059		600,059	600,059	600,059	600,059	600,059	600,059
Total Funding		213,414	600,059		600,059	600,059	600,059	600,059	600,059	600,059
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		213,414	600,059		600,059	600,059	600,059	600,059	600,059	600,059

Analysis of Budget Request

Appropriation: 37G - PB Pest/Plant Reg Program

Funding Sources: TAD - Abandoned Agricultural Pesticide and Plant Regulator Disposal Trust Fund

The State Plant Board uses the Pesticide/Plant Regulatory Program to contract with counties and other local entities approved by the Abandoned Pesticide Advisory Board for the collection and disposal of abandoned agricultural pesticides. Funding primarily consists of a $50 fee collected for annual registration of each pesticide approved for use in Arkansas (A.C.A. §8-7-1201 et seq.). Funding by gifts and grants from other sources is also authorized.

The Agency requests Base Level of $1,500,000 each year of the biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 37G - PB Pest/Plant Reg Program

Funding Sources: TAD - Abandoned Agricultural Pesticide and Plant Regulator Disposal Trust Fund

		Historical Data			Agency Request and Executive Recommendation					
		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	1,021,177	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
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		1,021,177	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Funding Sources										
Fund Balance	4000005	1,100,094	2,007,807		2,007,807	2,007,807	2,007,807	907,807	907,807	907,807
Special Revenue	4000030	1,928,890	1,500,000		400,000	400,000	400,000	400,000	400,000	400,000
Total Funding		3,028,984	3,507,807		2,407,807	2,407,807	2,407,807	1,307,807	1,307,807	1,307,807
Excess Appropriation/(Funding)		(2,007,807)	(2,007,807)		(907,807)	(907,807)	(907,807)	192,193	192,193	192,193
Grand Total		1,021,177	1,500,000		1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000

Analysis of Budget Request

Appropriation: 37N - Forestry-Operations-Special

Funding Sources: SDF - State Forestry Fund

This appropriation supports the staffing and general operations of the Forestry Commission. Funding consists of special revenue for the Timber Severance tax and Fire Protection tax, federal revenue for United States Department of Agriculture (USDA) Forest Service Grants as well as other revenue collected for fire protection and prescribed burn fees, seedling sales and timber sales.

Base Level Regular Salaries and Personal Services Matching include the continuation of the previously authorized 2015 1% Cost of Living Adjustment and Career Service Payments for eligible employees. Personal Services Matching also includes a $10 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of $420 per month. Base Level salaries and matching do not include appropriation for Merit Pay Increases. The Base Level salary of unclassified positions reflects the FY15 line item maximum plus the previously authorized 2015 1% Cost of Living Adjustment.

The Agency Base Level Request includes appropriation of $10,014,746 in FY16 and $10,022,499 in FY17 with one-hundred-thirty-nine (139) positions and eighty-six (86) extra help positions each year of the biennium.

The Agency's Change Level Request provides for $1,340,589 in FY16 and $1,451,589 in FY17 and is summarized as follows:

Regular Salaries and Personal Services Matching totaling $566,060 for:

- One (1) new position, Grants Manager, totaling $53,268
- Thirteen (13) restored positions totaling $512,792

Extra Help and Personal Services Matching totaling $6,339 for Federal Program.

Operating Expenses of $208,190 in FY16 and $136,190 in FY17 for:

- Baucum Nursery and Poison Springs State Forest increased costs of supplies and services $143,440 each year
- A reduction ($25,250) each year to more accurately reflect the needs of the nursery
- Maintenance and repairs to firefighting equipment $60,000 in FY16
- Updates to the agency website and smart phone applications totaling $30,000 in FY16 and $18,000 in FY17

Capital Outlay of $560,000 in FY16 and $743,000 in FY17 for upgrades to firefighting equipment such as industry standard dozer units and environmental cabs.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 37N - Forestry-Operations-Special

Funding Sources: SDF - State Forestry Fund

		Historical Data			Agency Request and Executive Recommendation					
		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	4,992,280	5,071,338	5,352,074	5,175,718	5,578,464	5,578,464	5,182,018	5,584,764	5,584,764
#Positions		**133**	**139**	**151**	**139**	**153**	**153**	**139**	**153**	**153**
Extra Help	5010001	84,929	85,855	80,000	80,000	85,855	85,855	80,000	85,855	85,855
#Extra Help		**25**	**86**	**86**	**86**	**86**	**86**	**86**	**86**	**86**
Personal Services Matching	5010003	1,809,026	1,864,851	1,974,187	1,911,210	2,075,008	2,075,008	1,912,663	2,076,461	2,076,461
Overtime	5010006	851	52,400	52,400	52,400	52,400	52,400	52,400	52,400	52,400
Uniform Allowance	5010016	54,946	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000
Operating Expenses	5020002	1,404,014	2,261,906	3,223,569	2,261,906	2,470,096	2,470,096	2,261,906	2,398,096	2,398,096
Conference & Travel Expenses	5050009	0	0	0	0	0	0	0	0	0
Professional Fees	5060010	85,478	325,000	325,000	325,000	325,000	325,000	325,000	325,000	325,000
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Grants and Aid	5100004	15,000	15,000	30,000	15,000	15,000	15,000	15,000	15,000	15,000
Refunds/Reimbursements	5110014	2,500	0	10,000	0	0	0	0	0	0
Capital Outlay	5120011	356,776	7,657	0	0	560,000	560,000	0	743,000	743,000
Federal Initiative Program	5900047	74,465	138,512	138,512	138,512	138,512	138,512	138,512	138,512	138,512
Total		8,880,265	9,877,519	11,240,742	10,014,746	11,355,335	11,355,335	10,022,499	11,474,088	11,474,088
Funding Sources										
Fund Balance	4000005	2,141,300	2,859,695		2,562,176	2,562,176	2,562,176	3,322,430	1,981,841	1,981,841
Federal Revenue	4000020	2,430,675	2,400,000		2,800,000	2,800,000	2,800,000	2,800,000	2,800,000	2,800,000
Special Revenue	4000030	6,861,725	7,180,000		7,975,000	7,975,000	7,975,000	7,975,000	7,975,000	7,975,000
DFA Motor Vehicle Acquisition	4000184	254,853	0		0	0	0	0	0	0
M & R Sales	4000340	51,407	0		0	0	0	0	0	0
Total Funding		11,739,960	12,439,695		13,337,176	13,337,176	13,337,176	14,097,430	12,756,841	12,756,841
Excess Appropriation/(Funding)		(2,859,695)	(2,562,176)		(3,322,430)	(1,981,841)	(1,981,841)	(4,074,931)	(1,282,753)	(1,282,753)
Grand Total		8,880,265	9,877,519		10,014,746	11,355,335	11,355,335	10,022,499	11,474,088	11,474,088

Budget exceeds Authorized Appropriation in Extra Help and Capital Outlay due to a transfer from the Miscellaneous Federal Grant Holding Account.

Change Level by Appropriation

Appropriation: 37N - Forestry-Operations-Special
Funding Sources: SDF - State Forestry Fund

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**10,014,746**	**139**	**10,014,746**	**100.0**	**10,022,499**	**139**	**10,022,499**	**100.0**
C01	Existing Program	775,839	14	10,790,585	107.7	723,839	14	10,746,338	107.2
C02	New Program	590,000	0	11,380,585	113.6	753,000	0	11,499,338	114.7
C03	Discontinue Program	(25,250)	0	11,355,335	113.4	(25,250)	0	11,474,088	114.5

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**10,014,746**	**139**	**10,014,746**	**100.0**	**10,022,499**	**139**	**10,022,499**	**100.0**
C01	Existing Program	775,839	14	10,790,585	107.7	723,839	14	10,746,338	107.2
C02	New Program	590,000	0	11,380,585	113.6	753,000	0	11,499,338	114.7
C03	Discontinue Program	(25,250)	0	11,355,335	113.4	(25,250)	0	11,474,088	114.5

Justification	
C01	Request includes salaries and associated benefits for extara help, restored positions and one new position for needed manpower. Request for Operating Expenses each year for income-producing Baucum Nursery and the Poison Springs State Forest due to increase in cost of supplies and services. Request $60,000 in 2016 for maintenance and repairs of fire fighting equipment.
C02	Request additional Operating Expenses to allow for updates to the agency website and the development of a smartphone applications to promote the Champion Trees program and to accept seedling orders for the Baucum Nursery. Capital Outlay appropriation is requested to provide for the upgrade of fire fighting equipment, including industry standard dozer units with environmental cabs.
C03	To reduce individual cost element items for the Baucum Nursery to more accurately reflect the actual needs of the nursery to provide quality seedling inventory for sale to the public.

Analysis of Budget Request

Appropriation: 37P - Forestry-Rural Comm Fire Protection-Fed

Funding Sources: FIT - Federal Funds

The Forestry Commission's Rural Community Fire Protection Program employs federal funds with state and local matches to assist volunteer fire departments and local communities with fire-fighting equipment purchases and upgrades. Funding consists of federal funding from the United States Department of Agriculture Forest Service Agency (USDA-FSA).

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

The Agency Base Level Request includes appropriation of $677,271 with two (2) positions and one (1) extra help positions each year of the biennium.

The Agency's Change Level Request provides for Capital Outlay of $330,000 each year of the biennium for firefighting equipment.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 37P - Forestry-Rural Comm Fire Protection-Fed

Funding Sources: FIT - Federal Funds

		Historical Data			Agency Request and Executive Recommendation					
		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	82,137	80,765	82,957	81,565	81,565	81,565	81,565	81,565	81,565
#Positions		**2**	**2**	**2**	**2**	**2**	**2**	**2**	**2**	**2**
Extra Help	5010001	0	0	16,260	0	0	0	0	0	0
#Extra Help		**0**	**0**	**1**	**0**	**0**	**0**	**0**	**0**	**0**
Personal Services Matching	5010003	29,318	28,417	30,215	28,864	28,864	28,864	28,864	28,864	28,864
Operating Expenses	5020002	121,019	197,132	172,132	172,132	172,132	172,132	172,132	172,132	172,132
Conference & Travel Expenses	5050009	0	0	0	0	0	0	0	0	0
Professional Fees	5060010	30,000	30,000	280,951	30,000	30,000	30,000	30,000	30,000	30,000
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Grants and Aid	5100004	159,000	364,710	364,710	364,710	364,710	364,710	364,710	364,710	364,710
Capital Outlay	5120011	273,614	156,952	150,000	0	330,000	330,000	0	330,000	330,000
Total		695,088	857,976	1,097,225	677,271	1,007,271	1,007,271	677,271	1,007,271	1,007,271
Funding Sources										
Federal Revenue	4000020	695,088	857,976		677,271	1,007,271	1,007,271	677,271	1,007,271	1,007,271
Total Funding		695,088	857,976		677,271	1,007,271	1,007,271	677,271	1,007,271	1,007,271
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		695,088	857,976		677,271	1,007,271	1,007,271	677,271	1,007,271	1,007,271

Budget exceeds Authorized Appropriation in Operating Expenses and Capital Outlay due to a transfer from the Miscellaneous Federal Grant Holding Account.

Change Level by Appropriation

Appropriation: 37P - Forestry-Rural Comm Fire Protection-Fed
Funding Sources: FIT - Federal Funds

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**677,271**	**2**	**677,271**	**100.0**	**677,271**	**2**	**677,271**	**100.0**
C01	Existing Program	330,000	0	1,007,271	148.7	330,000	0	1,007,271	148.7

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**677,271**	**2**	**677,271**	**100.0**	**677,271**	**2**	**677,271**	**100.0**
C01	Existing Program	330,000	0	1,007,271	148.7	330,000	0	1,007,271	148.7

Justification	
C01	Capital Outlay for fire fighting equipment funded by Federal grants.

Analysis of Budget Request

Appropriation: 37Q - Forestry-Urban Forestry Services-Federal

Funding Sources: SDF - State Forestry Fund

The Federal Urban Forestry Services program provides matching grants to support forestry services in urban areas. Grant awards are made in five categories: Local Government Program Development (tree ordinance development, tree inventories, management plans, etc.), Site Specific Projects (tree planting on public land, tree protection and maintenance projects), Non Profit Administration (personnel costs to help nonprofit groups support local tree management programs), Information and Education (educational programs, workshops and training sessions) and Urban Forestry or Arboricultural Training (to provide cost share funding for the development of new or continuing education or degree track courses in urban forestry).

Funding consists of federal funding from the United States Department of Agriculture (USDA) Forest Service Grant for Urban and Community Forestry.

The Agency requests Base Level of $200,000 each year of the biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 37Q - Forestry-Urban Forestry Services-Federal

Funding Sources: SDF - State Forestry Fund

		Historical Data			Agency Request and Executive Recommendation					
		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	59,769	68,000	68,000	68,000	68,000	68,000	68,000	68,000	68,000
Conference & Travel Expenses	5050009	0	0	0	0	0	0	0	0	0
Professional Fees	5060010	0	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Grants and Aid	5100004	78,231	127,000	127,000	127,000	127,000	127,000	127,000	127,000	127,000
Capital Outlay	5120011	15,528	0	0	0	0	0	0	0	0
Total		153,528	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Funding Sources										
Federal Revenue	4000020	153,528	200,000		200,000	200,000	200,000	200,000	200,000	200,000
Total Funding		153,528	200,000		200,000	200,000	200,000	200,000	200,000	200,000
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		153,528	200,000		200,000	200,000	200,000	200,000	200,000	200,000

Analysis of Budget Request

Appropriation: 37R - Forestry-Rural Fire Protection Service Loans

Funding Sources: MRF - Rural Fire Protection Revolving Fund

The Rural Fire Protection Service Loans Program provides loans to local fire departments for the purchase of fire-fighting equipment. Funding consists of repayments of rural fire protection loans.

The Agency requests Base Level of $1,200,000 each year of the biennium.

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

Appropriation Summary

Appropriation: 37R - Forestry-Rural Fire Protection Service Loans

Funding Sources: MRF - Rural Fire Protection Revolving Fund

		Historical Data			Agency Request and Executive Recommendation					
		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Loans	5120029	552,079	1,200,000	1,210,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000
Total		552,079	1,200,000	1,210,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000
Funding Sources										
Fund Balance	4000005	334,882	489,387		39,387	39,387	39,387	0	0	0
Non-Revenue Receipts	4000040	706,584	750,000		750,000	750,000	750,000	750,000	750,000	750,000
Total Funding		1,041,466	1,239,387		789,387	789,387	789,387	750,000	750,000	750,000
Excess Appropriation/(Funding)		(489,387)	(39,387)		410,613	410,613	410,613	450,000	450,000	450,000
Grand Total		552,079	1,200,000		1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000

Expenditure of appropriation is contingent upon available funding.

Analysis of Budget Request

Appropriation: 37S - Forestry-St Forestry Trust Program

Funding Sources: TZT - State Forestry Trust Fund

The State Forestry Trust Program is used for the acquisition and management of state forests, the purchase of fire-fighting equipment, other forest fire suppression activities, improvements at State Forestry Commission nurseries and the seedling storage and distribution system and any other purpose as may be authorized by law (A.C.A. §19-5-927). Funding consists of income derived from the management of state forests and state nurseries to the extent that this income is not needed to fund the general operations of the Commission.

The Agency requests Base Level of $1,500,000 each year of the biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 37S - Forestry-St Forestry Trust Program

Funding Sources: TZT - State Forestry Trust Fund

		Historical Data			Agency Request and Executive Recommendation					
		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	0	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Conference & Travel Expenses	5050009	0	0	0	0	0	0	0	0	0
Professional Fees	5060010	0	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Fire Control/Communicate	5900046	365,690	900,000	900,000	900,000	900,000	900,000	900,000	900,000	900,000
Management & Operations	5900047	20,715	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000
Total		386,405	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Funding Sources										
Fund Balance	4000005	1,303,820	1,537,747		987,747	987,747	987,747	0	0	0
Trust Fund	4000050	620,332	950,000		500,000	500,000	500,000	500,000	500,000	500,000
Total Funding		1,924,152	2,487,747		1,487,747	1,487,747	1,487,747	500,000	500,000	500,000
Excess Appropriation/(Funding)		(1,537,747)	(987,747)		12,253	12,253	12,253	1,000,000	1,000,000	1,000,000
Grand Total		386,405	1,500,000		1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000

Analysis of Budget Request

Appropriation: 37T - Forestry-Southern Pine Beetle Prevention

Funding Sources: FIT - Federal Funds

The Southern Pine Beetle (SPB) program provides for a cost share program to allow low density pine plantings, pre-commercial thinning and pre-commercial SPB suppression. The Arkansas Forestry Commission conducts aerial and ground surveys to identify high hazard stands. Funding consists of a federal grant from the United States Department of Agriculture Forest Service Agency (USDA-FSA).

The Agency Base Level Request includes appropriation of $800,000 each year of the biennium.

The Agency's Change Level Request provides for a decrease in Grants and Aid of ($50,000) in each year of the biennium as a result of a decrease in federal funding.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 37T - Forestry-Southern Pine Beetle Prevention

Funding Sources: FIT - Federal Funds

		Historical Data			Agency Request and Executive Recommendation					
		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	0	100,000	240,000	100,000	100,000	100,000	100,000	100,000	100,000
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
Grants and Aid	5100004	303,477	700,000	889,125	700,000	650,000	650,000	700,000	650,000	650,000
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Total		303,477	800,000	1,129,125	800,000	750,000	750,000	800,000	750,000	750,000
Funding Sources										
Federal Revenue	4000020	303,477	800,000		800,000	750,000	750,000	800,000	750,000	750,000
Total Funding		303,477	800,000		800,000	750,000	750,000	800,000	750,000	750,000
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		303,477	800,000		800,000	750,000	750,000	800,000	750,000	750,000

Change Level by Appropriation

Appropriation: 37T - Forestry-Southern Pine Beetle Prevention
Funding Sources: FIT - Federal Funds

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**800,000**	**0**	**800,000**	**100.0**	**800,000**	**0**	**800,000**	**100.0**
C03	Discontinue Program	(50,000)	0	750,000	93.8	(50,000)	0	750,000	93.8

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**800,000**	**0**	**800,000**	**100.0**	**800,000**	**0**	**800,000**	**100.0**
C03	Discontinue Program	(50,000)	0	750,000	93.8	(50,000)	0	750,000	93.8

Justification	
C03	Decrease in Grants and Aid due to federal funding decrease.

Analysis of Budget Request

Appropriation: 37W - Forestry-Forest Health Program

Funding Sources: FIT - Federal Funds

This appropriation supports the Invasive Species Management Program within the Cooperative Forest Health Program. This program provides for a cost sharing program to manage invasive species on private non-industrial forest lands and for forest health training related to invasive species for Arkansas Forestry Commission personnel. Funding consists of a Forest Service Grant from the United States Department of Agriculture (USDA).

The Agency's Change Level Request provides for a decrease of ($50,000) as no federal funding will be available for this program.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 37W - Forestry-Forest Health Program
Funding Sources: FIT - Federal Funds

	Historical Data			Agency Request and Executive Recommendation					
	2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid 5100004	33,004	50,000	209,521	50,000	0	0	50,000	0	0
Total	33,004	50,000	209,521	50,000	0	0	50,000	0	0
Funding Sources									
Federal Revenue 4000020	33,004	50,000		50,000	0	0	50,000	0	0
Total Funding	33,004	50,000		50,000	0	0	50,000	0	0
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	33,004	50,000		50,000	0	0	50,000	0	0

Change Level by Appropriation

Appropriation: 37W - Forestry-Forest Health Program
Funding Sources: FIT - Federal Funds

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**50,000**	**0**	**50,000**	**100.0**	**50,000**	**0**	**50,000**	**100.0**
C03	Discontinue Program	(50,000)	0	0	0.0	(50,000)	0	0	0.0

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**50,000**	**0**	**50,000**	**100.0**	**50,000**	**0**	**50,000**	**100.0**
C03	Discontinue Program	(50,000)	0	0	0.0	(50,000)	0	0	0.0

Justification	
C03	Federal programs are not available for the Invasive Weed Species program for the 2016-2017 time period.

Analysis of Budget Request

Appropriation: 37X - Forestry-Forest Legacy

Funding Sources: FIT - Federal Funds

The Forest Legacy Program is a conservation program administered by states to conserve environmentally significant privately owned forest lands that are threatened by conversion to non-forest uses. States that enter this program are able to acquire conservation easements of critical forestlands to meet the objectives outlined in the state's Assessment of Need document as submitted to and approved by the Secretary of the United States Department of Agriculture.

The Agency requests Base Level of $6,599 each year of the biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 37X - Forestry-Forest Legacy
Funding Sources: FIT - Federal Funds

Commitment Item		Historical Data 2013-2014 Actual	Historical Data 2014-2015 Budget	Historical Data 2014-2015 Authorized	Agency Request and Executive Recommendation 2015-2016 Base Level	2015-2016 Agency	2015-2016 Executive	2016-2017 Base Level	2016-2017 Agency	2016-2017 Executive
Operating Expenses	5020002	3,079	6,599	50,000	6,599	6,599	6,599	6,599	6,599	6,599
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		3,079	6,599	50,000	6,599	6,599	6,599	6,599	6,599	6,599
Funding Sources										
Federal Revenue	4000020	3,079	6,599		6,599	6,599	6,599	6,599	6,599	6,599
Total Funding		3,079	6,599		6,599	6,599	6,599	6,599	6,599	6,599
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		3,079	6,599		6,599	6,599	6,599	6,599	6,599	6,599

Analysis of Budget Request

Appropriation: 37Y - Forestry-Silvctrl Non-Point Program

Funding Sources: FIT - Federal Funds

The Silvicultural Nonpoint Program provides for a partnership between the state foresters and state water quality agencies to ensure nonpoint source water pollution from forestry activities are kept to a minimum and reduced where possible. This program assists with Best Management Practices (BMPs), provides Implementation Assessments and conducts training for loggers, foresters, and forest landowners. Federal funding consists of an Agroforestry (AFT) Grant from the United States Department of Agriculture (USDA) and grants from Natural Resource Conservation Service.

The Agency requests Base Level of $21,800 each year of the biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 37Y - Forestry-Silvctrl Non-Point Program

Funding Sources: FIT - Federal Funds

		Historical Data			Agency Request and Executive Recommendation					
		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	37,397	21,800	70,800	21,800	21,800	21,800	21,800	21,800	21,800
Conference & Travel Expenses	5050009	0	0	0	0	0	0	0	0	0
Professional Fees	5060010	0	0	35,000	0	0	0	0	0	0
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	7,865	0	26,000	0	0	0	0	0	0
Total		45,262	21,800	131,800	21,800	21,800	21,800	21,800	21,800	21,800
Funding Sources										
Federal Revenue	4000020	45,262	21,800		21,800	21,800	21,800	21,800	21,800	21,800
Total Funding		45,262	21,800		21,800	21,800	21,800	21,800	21,800	21,800
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		45,262	21,800		21,800	21,800	21,800	21,800	21,800	21,800

Analysis of Budget Request

Appropriation: ASP - PlB-Univ Scholarship Program

Funding Sources: SDP - Plant Board Fund

The Agriculture Scholarship Program was created by Act 687 of 2003 for the purpose of providing grants for internships and scholarships to the following:

- University of Arkansas - $5,000
- Arkansas State University - $5,000
- Arkansas Tech University - $5,000
- Southern Arkansas University - $5,000

Funding consists of civil penalties collected by the State Plant Board.

The Agency requests the continuation of Base Level appropriation each year of the biennium.

The Executive Recommendation provides for Agency Request.

Appropriation Summary

Appropriation: ASP - PIB-Univ Scholarship Program
Funding Sources: SDP - Plant Board Fund

		Historical Data			Agency Request and Executive Recommendation					
		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
SAU Agri Scholarships	5100004	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
U of A Agri Scholarships	5100004	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
AR Tech Agri Scholarships	5100004	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
ASU Agri Scholarships	5100004	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Total		20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Funding Sources										
Special Revenue	4000030	20,000	20,000		20,000	20,000	20,000	20,000	20,000	20,000
Total Funding		20,000	20,000		20,000	20,000	20,000	20,000	20,000	20,000
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		20,000	20,000		20,000	20,000	20,000	20,000	20,000	20,000

Analysis of Budget Request

Appropriation: D24 - L&P Poultry Indemnities-Cash

Funding Sources: 125 - Livestock & Poultry - Cash

The Arkansas Livestock & Poultry Commission's Poultry Indemnities cash appropriation is used to provide indemnities (payments) to the owners of diseased poultry flocks for accomplishing depopulation, thereby lessening the threat of exposure and spread of disease into the state's commercial industry. This appropriation is funded entirely from donations from the poultry industry.

The Agency requests Base Level of $10,000 each year of the biennium.

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

Appropriation Summary

Appropriation: D24 - L&P Poultry Indemnities-Cash

Funding Sources: 125 - Livestock & Poultry - Cash

	Historical Data			Agency Request and Executive Recommendation					
	2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid 5100004	0	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Total	0	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Funding Sources									
Cash Fund 4000045	0	10,000		10,000	10,000	10,000	10,000	10,000	10,000
Total Funding	0	10,000		10,000	10,000	10,000	10,000	10,000	10,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	0	10,000		10,000	10,000	10,000	10,000	10,000	10,000

Analysis of Budget Request

Appropriation: D25 - PB Refunds/Transfers

Funding Sources: 164 - Plant Board Cash

The State Plant Board's cash fund is used for transfer of special revenue fee collections to the State Treasury after necessary refunds have been made and the University of Arkansas' share of fertilizer and lime tonnage fees has been paid per A.C.A. §2-19-209 and §2-19-211.

The Agency requests Base Level of $6,765,600 each year of the biennium.

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

Appropriation Summary

Appropriation: D25 - PB Refunds/Transfers

Funding Sources: 164 - Plant Board Cash

		Historical Data			Agency Request and Executive Recommendation					
		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	0	500	500	500	500	500	500	500	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
Refunds/Reimbursements	5110014	0	6,765,100	6,765,100	6,765,100	6,765,100	6,765,100	6,765,100	6,765,100	6,765,100
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Total		0	6,765,600	6,765,600	6,765,600	6,765,600	6,765,600	6,765,600	6,765,600	6,765,600
Funding Sources										
Fund Balance	4000005	43,811	46,961		46,961	46,961	46,961	46,961	46,961	46,961
Cash Fund	4000045	1,862,612	6,765,600		6,765,600	6,765,600	6,765,600	6,765,600	6,765,600	6,765,600
Inter-agency Fund Transfer	4000316	(1,859,462)	0		0	0	0	0	0	0
Total Funding		46,961	6,812,561		6,812,561	6,812,561	6,812,561	6,812,561	6,812,561	6,812,561
Excess Appropriation/(Funding)		(46,961)	(46,961)		(46,961)	(46,961)	(46,961)	(46,961)	(46,961)	(46,961)
Grand Total		0	6,765,600		6,765,600	6,765,600	6,765,600	6,765,600	6,765,600	6,765,600

Appropriation Summary

Appropriation: 37V - Forestry-Wild Land Fire Assistance

Funding Sources: FIT - Federal Funds

		Historical Data			Agency Request and Executive Recommendation					
		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	11,609	0	234,338	0	0	0	0	0	0
Conference & Travel Expenses	5050009	0	0	0	0	0	0	0	0	0
Professional Fees	5060010	0	0	0	0	0	0	0	0	0
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Grants and Aid	5100004	0	0	61,631	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Total		11,609	0	295,969	0	0	0	0	0	0
Funding Sources										
Federal Revenue	4000020	11,609	0		0	0	0	0	0	0
Total Funding		11,609	0		0	0	0	0	0	0
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		11,609	0		0	0	0	0	0	0

APPROPRIATION NOT REQUESTED FOR THE 2015-2017 BIENNIUM

ARKANSAS BUILDING AUTHORITY

Enabling Laws

Act 58 of 2014
A.C.A. §22-2-101 et seq.

History and Organization

MISSION STATEMENT

Arkansas Building Authority's (ABA) mission is to act as the State's agent in all state agency lease negotiations, provide direction and assistance to agencies in all aspects of capital improvement projects and property transfers needs, and actively maintain and operate ABA owned or managed buildings in an efficient and economical manner pursuant to laws and regulations.

HISTORY and MAJOR OBJECTIVES

ABA (formerly known as State Building Services) was created July 1, 1975, by Arkansas Code Annotated §22-2-101 through 121. ABA is governed by an eleven (11) member council which sets policies, guidelines, standards and procedures to be implemented by ABA. ABA has a primary client base comprised of other state agencies in regards to the leasing, sale and purchase of properties; management and operations of ABA owned or leased facilities; review and approval of building plans from the initial design review; bidding, awarding and processing of final payment for capital improvement projects. Public School Districts are an additional client base for which ABA provides Americans with Disabilities Act (ADA) accessibility reviews of construction projects. ABA and its Council, through bonds issued by Arkansas Development Finance Authority, are authorized to acquire, construct, repair, remodel, renovate lands, buildings, improvements and facilities for the benefit of state agencies. ABA is comprised of the following four (4) sections:

(1) Real Estate Services Section develops and enforces minimum leasing, sale and purchase of property standards and criteria for consideration and adoption by the Council; designs standard lease forms to be approved by the Council for use by state agencies; assists state agencies in determining and evaluating rental space needs and the allocation of space for state agencies; conducts surveys to determine available rental space; assists state agencies to ensure that rental space acquired and utilized by state agencies is essential to the efficient performance of its duties and responsibilities; administers duties and responsibilities involving the purchase or sale of property by state agencies which are under the jurisdiction of ABA to ensure that the property is sold or purchased in a manner consistent with Arkansas laws and regulations.

(2) Construction Section supervises the bidding and awarding of construction contracts for capital improvements for or by state agencies; establishes and maintains complete construction files on all jobs, including observation reports, plans and specifications for all capital improvements; approves all proposed contracts, change orders, and final payments requests; ensures that on-site observation of all construction projects, alterations, and repairs is accomplished on a regular basis and maintain records of those observations; meets with the design professional to determine the responsibility and performance required by the contract documents; approves final payment; ensures contractors are licensed; ensures that the construction of all projects complies with the contract documents; and manages the bidders list.

(3) Design Review Section establishes and enforces minimum design standards and criteria for all capital improvement (public works) contracts undertaken by any state agency including but not limited to flood plain management, accessibility (ADA), and building codes. This Section reviews agency capital budget requests prior to submittal to the Legislature; reviews and approves agency requests to advertise for architectural and engineering related consultants; assist agency in drafting advertisements; reviews architectural and engineering consultant qualifications; reviews and approves construction plans and specifications for bidding; reviews, approves and issues Floodplain Development Permit Applications; reviews new property purchase requests for Floodplain Management Issues; provides technical services to agencies upon request for new capital projects or renovations, space planning, ADA accessibility surveys, roof maintenance inspections and reports, mechanical and electrical system investigations, and facility condition assessment reviews. The Section also reviews and approves public school district capital improvements for compliance with the accessibility guidelines (ADA).

(4) Building Operations Section provides for the management, maintenance, and operation of Arkansas Building Authority property as well as other public buildings. The Building Operations Section is responsible for maintenance and operation of buildings and grounds which are owned, leased, or managed by Arkansas Building Authority. Additionally, this Section is responsible for enforcement of regulations designed to standardize the level of maintenance on all Arkansas Building Authority facilities. The primary function of the Operations staff is to ensure the safety and comfort of state tenants through maintenance of life-safety devices, environmental comfort systems and other building related maintenance, and provide tenantable working conditions through internal maintenance staff and outside contractors.

In addition, the core of ABA is supported by internal services that fulfill additional programmatic functions: The Director's staff, which includes Legal, Information Technology, Human Resources and other administrative supportive services; and the Financial Management office which is responsible for the administration of the Agency's purchasing and accounting functions. In 2010, the agency added the administration of the Sustainable Building Revolving Loan Fund which manages approximately $12 million in energy projects under contract by the State.

Agency Commentary

This commentary relates to six (6) primary appropriations (fund centers) for Arkansas Building Authority:

(1) Miscellaneous Agencies Fund (HUA2600/253) - for the administration of ABA's functions and activities pertaining to real estate services, capital improvement oversight, design review services, administrative support services, personnel and financial management. The revenues to support this fund are dispersed from State General Revenues.

(2) ABA Maintenance Fund (MWJ0100/254) - for the property management and operation function of ABA-owned and operated buildings. The revenues for this fund are generated through rent revenues collected from ABA tenant leases (self-funded).

(3) ABA Critical Maintenance Fund (MWJ0300/IVF) - for the purpose of funding urgent and critical maintenance projects for the ABA-owned

and operated buildings. The revenues for this fund are transferred from the ABA Maintenance Fund (noted directly above) creating a "reserve account" from operations savings (self-funded).

(4) Justice Building Operations Fund (MWJ0200/809) - for the maintenance and operation of the Justice Building. The revenue to support this fund is dispersed from the State Central Services Fund.

(5) Justice Building Maintenance Fund (MJB0100/915) - for critical and major maintenance projects for the Justice Building. The revenue to support this fund is generated through fees collected by the Administrative Office of the Courts.

(6) ARRA Revolving Loan Fund (MBD0000/59R) - the Sustainable Building Revolving Loan Fund being administered by ABA for energy related capital improvement projects that exceed $250,000 for state-owned properties. The funds for this program are a combination of repaid ARRA and general improvement funds.

New Fund NBA0300/N28 - Building Improvement Fund was created in FY15 as a result of funds received by several agencies of the State for a bankruptcy claim (Delaware) filed in 2002 through the Arkansas Attorney General's office against an asbestos company, W.R. Grace. It was found that three (3) buildings owned & managed by ABA contained asbestos manufactured by the company. In 2014, ABA was notified that an award totaling $3,291,000 was being made to ABA for its three buildings. ABA will utilize the funds to abate the asbestos remaining in the 501 Building.

Operating Expenses:
Arkansas Building Authority operates and performs its duties through these six (6) distinct appropriations. The Agency is a dual-faceted agency providing two distinct client bases for which it serves: (1) building operation services, and (2) statewide client services. ABA does not collect fees for the client services it provides; the majority of the funds used to operate the Agency are generated through rent revenues billed and collected through tenant leases for ABA's building portfolio of more than 1.2 million square feet. These funds not only support the maintenance and operation of the buildings, it also funds more than half of the agency's administrative and client-based services that do not contribute to the operational fund.

ABA has been very successful in the management of its building portfolio which has achieved a 97% occupancy rate. Unfortunately, this success also creates a challenge to the Agency with its dependency on the rent revenues to support its operations. With very little office space inventory left for leasing, rent revenues have nearly peaked, limiting ABA's opportunities to generate more revenues without a rental rate increase. ABA has not proposed a rent increase since 2003; however, eleven years later, we are finding that our operational savings cannot be expected to sustain a capital reserve to support the ever-growing list of capital improvements necessary to maintain the ABA building portfolio. While we have done a commendable job with funding the majority of our capital projects, we find it only prudent to secure sufficient funding to manage a catastrophic loss without draining ABA's reserve or operating funds. Therefore, ABA Real Estate Services has

projected a 3% rental increase for a number of the ABA tenant leases for FY16. This increase will generate an approximate $122,600 in additional rent revenues that will be directed to building upgrades. ABA will continue to focus its efforts on efficient and sustainable operations through energy-efficient upgrades and replacements within its building portfolio. ABA has been able to reduce operating expenses, in spite of rising utility rates, through reduced consumption in electric and gas utilities. Likewise, we have continued to experience notable success with the upgrades and replacements already accomplished and have achieved an overall 27% reduction in utility consumption to date compared to the 2008 baseline established with Act 1494. However, we can only anticipate that costs will rise, particularly with the possibility of a minimum wage increase looming in our future. If such occurs, we anticipate an across the board increase in our vendor contracts and material pricing. We have also been notified by the Arkansas Insurance Department that our insurance premium for ABA's property portfolio and agency coverage will increase in the new biennium.

At the same time, it is imperative that ABA continue to fund its Critical Maintenance Fund (MWJ0300 / IVF) at the highest possible level so that the efficiency upgrades can continue, as well as fund preventative and critical maintenance projects for ABA's aging building portfolio. In order for ABA to improve its facilities to comply with the "greening" initiatives imposed and general maintenance needs, it is of utmost importance that ABA maintain its strict discipline to reduce operational expenses in order to generate savings to fund its Critical Maintenance Fund. These funds will continue to be used to replace or upgrade critical building systems, which are largely responsible for carbon emissions being targeted in federal legislation for carbon footprint reductions. The Critical Maintenance Fund referenced above is 100% dependent on operational savings.

ABA continues to explore opportunities to expand its building management portfolio in its efforts to generate additional rent revenues and management fees. Over the past five years, ABA has been successful in negotiating public/private partnerships for the re-development of sustainable and energy-efficient facilities to be added to the ABA portfolio. In 2010, ABA added the 900 West Capitol Building (LEED Gold certified) consisting of 124,000 square feet. In December 2012, ABA added a second sustainable building, the Five Main Building located at Capitol Avenue & Main Street in downtown Little Rock, and in July 2013, a third office building of this kind, the Mann on Main located at 4th & Main Streets in downtown Little Rock was opened. While ABA does not yet own or manage the latter two buildings, the intent is to acquire these state-occupied facilities as soon as developer financing will allow. ABA hopes to continue to expand its portfolio to include similiar facilities as necessary to meet the State's need for office space.

Personnel:
ABA is requesting two positions be restored in FY16-17 that were unbudgeted in FY15 for Fund Center 254: 1) ABA Fiscal Support Specialist - Grade C112 and 2) Maintenance Assistant - Grade C108.
ABA is also requesting two positions be restored that were unbudgeted in the prior fiscal year for Fund Center 253: 1) Personnel Assistant - Grade C121 and 2) Executive Assistant to the Director - C118.

ABA is requesting the reclassification of three positions for Fund Center 253: 1) Fiscal Support Analyst - Grade C115 to a Research Project Analyst - Grade C117, and 2) two positions: Human Resources Specialist - Grade C113 to a Human Resources Program Representative - Grade C115.

Capital Outlay:
ABA is not requesting a change in its appropriation for Capital Outlay, but we are asking that the appropriation be re-authorized so that major replacements can be accomplished when required for equipment necessary for its operational services.

In 2010, the Sustainable Building Revolving Loan Fund (MBD0000/59R) began operating with funding provided by two sources: $3 million from the Governor's GIF and $11.37 million from ARRA funding through the Arkansas Energy Office. The loan program has funded $15,113,163 projects to date with another $5,045,707 in loans repaid allowing the program to continually fund new projects as received. There are currently six (6) active loans totaling $9,513,613. The appropriation request for this fund reflects the success of the program as well as its 'revolving' structure requiring all loans to be repaid within ten (10) years at no interest.

Debt Service:
The debt service appropriation is reflective of only one bond repayment for the 900 West Capitol Building which was issued in 2010 at the time of purchase. ABA is requesting retention of the full appropriation with the possibility of additional funding or refunding in the future and to ensure adequate appropriation is available for the standard bonding and servicing fees associated with ADFA issued bonds.

ABA Real Estate Fund:
During the prior biennium, ABA agreed to the transfer of specific property adjacent to the Arkansas State Fairgrounds to the Arkansas Highway Department for right-of-way easements for the re-alignment of Roosevelt Road. The property transaction(s) resulted in proceeds of $220,628. These proceeds will be used to acquire additional properties adjacent to the fairgrounds to replace the land area lost which has necessitated a redesign of the fairground's physical orientation and main entrance.

Justice Building Construction Fund:
ABA is currently collaborating with the Justice Administration for modifications to the current library located within the Justice Building. With access to the library resources online, the Justice Administration is considering relocating and selling a portion of its legal library resources (books) in order to modify the existing library space to make room for a future visitor and interactive learning center. This fund is also used to pay the debt service for the 3 active bond issues (2000, 2005 & 2008 series), with the 2000 issue maturing during the biennium.

Contingency:
ABA has requested that the contingency appropriation for new property management agreements that may be secured during the period be restored so that ABA has a mechanism by which to receive management fees associated with new management contracts. Our request is at base level.

Lastly, a contingent rent appropriation (Rent of Space) has been included in past years in the amount of $121,000 for ABA in the event that a situation arose that would necessitate ABA to pay rent for its offices to house the ABA staff. ABA occupies office space in an ABA building and does not charge itself rent, but in the event that the need arises that requires ABA to seek substitute facilities, a rent appropriation may be required.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
ARKANSAS BUILDING AUTHORITY

FOR THE YEAR ENDED JUNE 30, 2012

Findings	Recommendations
None	None

Employment Summary

	Male	Female	Total	%
White Employees	55	12	67	91 %
Black Employees	2	1	3	4 %
Other Racial Minorities	2	2	4	5 %
Total Minorities			7	9 %
Total Employees			74	100 %

Cash Fund Balance Description as of June 30, 2014

Fund Account	Balance	Type	Location
1320200	$1,453,637	Checking	Regions

Statutory/Other Restrictions on use:

Financing of additions, extensions, improvements, and renovations of, and equipping of such additions extensions, and improvements of State Justice Building, Also the repayment of obligations issued by the Arkansas Development Finance Authority pursuant to the State Agencies Facilities Acquisition Act of 1991, as amended.

Statutory Provisions for Fees, Fines, Penalties:

N/A

Revenue Receipts Cycle:

Monthly

Fund Balance Utilization:

ABA pays the Semi-Annual Interest, Principal, Fees for the Justice Bond Payments.

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				
N/A	N/A	N	N	0	N/A	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: 0350 ARKANSAS BUILDING AUTHORITY

		Minority Type per A.C.A. 15-4-303 (2)					
Minority Business	Total Contract Awarded	African American	Hispanic American	American Indian	Asian American	Pacific Islander American	Disabled Veteran
Clean Team	$83,982	X					
Southern Maid	$74,259	X					

TOTAL NUMBER OF MINORITY CONTRACTS AWARDED	2
TOTAL EXPENDITURES FOR CONTRACTS AWARDED	$2,444,667
% OF MINORITY CONTRACTS AWARDED	6.52 %

Department Appropriation Summary

Historical Data | **Agency Request and Executive Recommendation**

Appropriation	2013-2014		2014-2015		2014-2015		2015-2016						2016-2017					
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
1VF Critical Maintenance	2,062,001	0	3,260,000	0	3,260,000	0	3,260,000	0	5,000,000	0	5,000,000	0	3,260,000	0	5,000,000	0	5,000,000	0
253 ABA - State Operations	2,332,956	32	2,590,192	37	2,684,911	39	2,586,747	37	2,686,348	39	2,586,747	37	2,587,766	37	2,687,367	39	2,587,766	37
254 Building Maintenance	9,754,328	43	12,343,872	49	13,474,265	51	12,286,482	49	13,712,988	51	13,712,988	51	12,286,728	49	13,726,042	51	13,726,042	51
488 Acquisition and Maintenance	0	0	220,628	0	1,500,000	0	220,628	0	1,500,000	0	1,500,000	0	220,628	0	1,500,000	0	1,500,000	0
59R BLDG DSGN-Loans	0	0	6,333,996	0	6,333,996	0	4,919,788	0	8,339,371	0	8,339,371	0	4,919,788	0	8,739,371	0	8,739,371	0
809 Justice Building Operations	717,505	3	730,693	3	734,184	3	732,032	3	732,032	3	732,032	3	732,032	3	732,032	3	732,032	3
915 Justice Building Maintenance	61,581	0	504,659	0	504,659	0	504,659	0	504,659	0	504,659	0	504,659	0	504,659	0	504,659	0
D17 Justice Bldg Const-Cash	928,186	0	1,290,000	0	1,290,000	0	1,290,000	0	1,690,000	0	1,290,000	0	1,290,000	0	1,690,000	0	1,290,000	0
N28 Cash in State Treasury	0	0	0	0	0	0	0	0	3,291,000	0	3,291,000	0	0	0	3,291,000	0	3,291,000	0
NOT REQUESTED FOR THE BIENNIUM																		
84T ASC Maint & Operations	980,169	0	0	0	980,000	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	16,836,726	78	27,274,040	89	30,762,015	93	25,800,336	89	37,456,398	93	36,956,797	91	25,801,601	89	37,870,471	93	37,370,870	91

Funding Sources			%		%			%		%		%		%		%		%
Fund Balance	4000005	15,026,691	45.6	16,115,392	46.7		7,208,894	27.7	7,208,894	24.5	7,208,894	24.6	1,832,768	8.9	462,957	2.0	862,957	3.8
General Revenue	4000010	2,332,956	7.1	2,590,192	7.5		2,586,747	9.9	2,686,348	9.1	2,521,747	8.6	2,587,766	12.5	2,687,367	11.8	2,522,766	11.0
DFA Motor Vehicle Acquisition	4000184	19,513	0.1	0	0.0		0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Interest	4000300	979	0.0	0	0.0		0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Loan Repayment	4000330	639,731	1.9	1,903,250	5.5		2,103,250	8.1	2,103,250	7.1	2,103,250	7.2	2,103,250	10.2	2,103,250	9.3	2,103,250	9.2
M & R Sales	4000340	2,537	0.0	0	0.0		0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Other	4000370	511,081	1.6	440,445	1.3		440,445	1.7	440,445	1.5	440,445	1.5	440,445	2.1	440,445	1.9	440,445	1.9
Real Estate Fund	4000400	0	0.0	220,628	0.6		220,628	0.8	220,628	0.7	220,628	0.8	220,628	1.1	220,628	1.0	220,628	1.0
Rental Income	4000430	12,634,923	38.3	11,418,753	33.1		11,690,160	44.9	11,690,160	39.7	11,690,160	39.9	11,690,160	56.6	11,690,160	51.5	11,690,160	51.0
Rental Income/Fund Transfers	4000435	1,379,000	4.2	1,141,000	3.3		1,141,000	4.4	1,141,000	3.9	1,141,000	3.9	1,141,000	5.5	1,141,000	5.0	1,141,000	5.0
Settlement Proceeds	4000450	0	0.0	0	0.0		0	0.0	3,291,000	11.2	3,291,000	11.2	0	0.0	3,291,000	14.5	3,291,000	14.4
State Administration of Justice	4000470	1,291,767	3.9	1,060,090	3.1		1,060,090	4.1	1,060,090	3.6	1,060,090	3.6	1,060,090	5.1	1,060,090	4.7	1,060,090	4.6
Transfer from St Central Srvs	4000575	724,500	2.2	734,184	2.1		734,184	2.8	734,184	2.5	734,184	2.5	734,184	3.6	734,184	3.2	734,184	3.2
Transfers / Adjustments	4000683	(1,611,560)	(4.9)	(1,141,000)	(3.3)		(1,141,000)	(4.4)	(1,141,000)	(3.9)	(1,141,000)	(3.9)	(1,141,000)	(5.5)	(1,141,000)	(5.0)	(1,141,000)	(5.0)
Total Funds		32,952,118	100.0	34,482,934	100.0		26,044,398	100.0	29,434,999	100.0	29,270,398	100.0	20,669,291	100.0	22,690,081	100.0	22,925,480	100.0
Excess Appropriation/(Funding)		(16,115,392)		(7,208,894)			(244,062)		8,021,399		7,686,399		5,132,310		15,180,390		14,445,390	
Grand Total		16,836,726		27,274,040			25,800,336		37,456,398		36,956,797		25,801,601		37,870,471		37,370,870	

Variance in fund balance is due to unfunded appropriation.

Agency Position Usage Report

FY2012 - 2013						FY2013 - 2014						FY2014 - 2015					
Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused
	Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total	
93	78	15	93	0	16.13 %	93	73	16	89	4	21.51 %	93	74	15	89	4	20.43 %

Analysis of Budget Request

Appropriation: 1VF - Critical Maintenance

Funding Sources: MWJ - Critical Maintenance

This appropriation is used for Critical Maintenance of ABA owned or operated buildings. Funding is derived from rental income paid by state agencies housed in ABA operated buildings.

The Agency's Base Level request is $3,260,000 each year of the 2015-2017 Biennium.

The Agency's Change Level request is $1,740,000 each year in unfunded appropriation for the purpose of funding urgent and critical maintenance projects for the ABA-owned and operated buildings as operational savings is generated.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 1VF - Critical Maintenance
Funding Sources: MWJ - Critical Maintenance

		Historical Data			Agency Request and Executive Recommendation					
		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item		**Actual**	**Budget**	**Authorized**	**Base Level**	**Agency**	**Executive**	**Base Level**	**Agency**	**Executive**
Special Maintenance	5120032	2,062,001	3,260,000	3,260,000	3,260,000	5,000,000	5,000,000	3,260,000	5,000,000	5,000,000
Total		2,062,001	3,260,000	3,260,000	3,260,000	5,000,000	5,000,000	3,260,000	5,000,000	5,000,000
Funding Sources										
Fund Balance	4000005	3,623,717	2,940,751		821,751	821,751	821,751	0	0	0
Other	4000370	35	0		0	0	0	0	0	0
Rental Income/Fund Transfers	4000435	1,379,000	1,141,000		1,141,000	1,141,000	1,141,000	1,141,000	1,141,000	1,141,000
Total Funding		5,002,752	4,081,751		1,962,751	1,962,751	1,962,751	1,141,000	1,141,000	1,141,000
Excess Appropriation/(Funding)		(2,940,751)	(821,751)		1,297,249	3,037,249	3,037,249	2,119,000	3,859,000	3,859,000
Grand Total		2,062,001	3,260,000		3,260,000	5,000,000	5,000,000	3,260,000	5,000,000	5,000,000

Fund transfers include a transfer from the Building Maintenance appropriation (254). The Other amount is comprised of a prior year warrant outlaw.

Change Level by Appropriation

Appropriation: 1VF - Critical Maintenance
Funding Sources: MWJ - Critical Maintenance

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**3,260,000**	**0**	**3,260,000**	**100.0**	**3,260,000**	**0**	**3,260,000**	**100.0**
C05	Unfunded Appropriation	1,740,000	0	5,000,000	153.4	1,740,000	0	5,000,000	153.4

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**3,260,000**	**0**	**3,260,000**	**100.0**	**3,260,000**	**0**	**3,260,000**	**100.0**
C05	Unfunded Appropriation	1,740,000	0	5,000,000	153.4	1,740,000	0	5,000,000	153.4

Justification	
C05	ABA strives to generate operational savings through its building portfolio in order to fund its capital reserve for critical maintenance and capital improvement projects. As the result of numerous energy-efficiency upgrades and similar projects that have already been accomplished that are generating their projected savings, ABA continues to aggressively pursue its disciplined savings program to further improve its aging building portfolio.

Analysis of Budget Request

Appropriation: 253 - ABA - State Operations

Funding Sources: HUA - Miscellaneous Agencies Fund

This appropriation provides for the operations of Arkansas Building Authority (ABA). Functions include administration, leasing, architectural, construction, finance, engineering, and building maintenance. This appropriation is funded entirely from general revenue.

Base Level Regular Salaries and Personal Services Matching include the continuation of the previously authorized 2015 1% Cost of Living Adjustment and Career Service Payments for eligible employees. Personal Services Matching also includes a $10 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of $420 per month. Base Level salaries and matching do not include appropriation for Merit Pay Increases. The Base Level salary of unclassified positions reflects the FY15 line item maximum plus the previously authorized 2015 1% Cost of Living Adjustment.

The Agency's Base Level request is $2,586,747 in FY16 and $2,587,766 in FY17 with thirty-seven (37) budgeted base level positions.

The Agency's Change Level request consists of Regular Salaries and Personal Services Matching totaling $99,601 each year for restoration of two (2) positions that were not budgeted in FY15, one (1) Grade C121 Personnel Manager (R014C) and one (1) Grade C118 Executive Assistant to the Director (C010C); and reclassification of three (3) positions, one (1) Grade C115 Fiscal Support Analyst to a Grade C117 Research Project Analyst, and two (2) positions Grade C113 Human Resources Specialist to a C115 Human Resources Program Representative. Additional general revenue funding of $99,601 associated with the positions is being requested each year of the biennium.

The Agency also requests a slight adjustment in the Operating Expenses line item, an increase in association and membership dues by $65 and a decrease in subscriptions and publications by $65 each year.

The Executive Recommendation provides for Base Level and a reduction in general revenue funding of $65,000 each year of the biennium.

Appropriation Summary

Appropriation: 253 - ABA - State Operations

Funding Sources: HUA - Miscellaneous Agencies Fund

		Historical Data			Agency Request and Executive Recommendation					
		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	1,716,184	1,922,260	1,997,811	1,914,956	1,988,016	1,914,956	1,915,556	1,988,616	1,915,556
#Positions		**32**	**37**	**39**	**37**	**39**	**37**	**37**	**39**	**37**
Personal Services Matching	5010003	562,712	613,138	632,306	616,997	643,538	616,997	617,416	643,957	617,416
Operating Expenses	5020002	48,311	48,594	48,594	48,594	48,594	48,594	48,594	48,594	48,594
Conference & Travel Expenses	5050009	5,749	6,200	6,200	6,200	6,200	6,200	6,200	6,200	6,200
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		2,332,956	2,590,192	2,684,911	2,586,747	2,686,348	2,586,747	2,587,766	2,687,367	2,587,766
Funding Sources										
General Revenue	4000010	2,332,956	2,590,192		2,586,747	2,686,348	2,521,747	2,587,766	2,687,367	2,522,766
Total Funding		2,332,956	2,590,192		2,586,747	2,686,348	2,521,747	2,587,766	2,687,367	2,522,766
Excess Appropriation/(Funding)		0	0		0	0	65,000	0	0	65,000
Grand Total		2,332,956	2,590,192		2,586,747	2,686,348	2,586,747	2,587,766	2,687,367	2,587,766

Change Level by Appropriation

Appropriation: 253 - ABA - State Operations
Funding Sources: HUA - Miscellaneous Agencies Fund

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**2,586,747**	**37**	**2,586,747**	**100.0**	**2,587,766**	**37**	**2,587,766**	**100.0**
C01	Existing Program	99,666	2	2,686,413	103.9	99,666	2	2,687,432	103.9
C03	Discontinue Program	(65)	0	2,686,348	103.9	(65)	0	2,687,367	103.8
C10	Reclass	0	0	2,686,348	103.9	0	0	2,687,367	103.8

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**2,586,747**	**37**	**2,586,747**	**100.0**	**2,587,766**	**37**	**2,587,766**	**100.0**
C01	Existing Program	26,606	0	2,613,353	101.0	26,606	0	2,614,372	101.0
C03	Discontinue Program	(65)	0	2,613,288	101.0	(65)	0	2,614,307	101.0
C10	Reclass	0	0	2,613,288	101.0	0	0	2,614,307	101.0
C13	Not Recommended	(26,541)	0	2,586,747	100.0	(26,541)	0	2,587,766	100.0

Justification	
C01	Two positions were restored during this period that were previously unbudgeted: Personnel Manager/Grade 121 and Executive Assistant to the Director/Grade C118 resulting a total salary increase.
C03	Minor adjustment due to recalculations but no new programs were discontinued for the period.

Analysis of Budget Request

Appropriation: 254 - Building Maintenance

Funding Sources: MWJ - ABA Maintenance

The Building Maintenance appropriation is funded from rental income and reimbursements from ABA operated buildings. It supports the property management function of state-owned and ABA-operated office buildings.

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

The Agency's Base Level request is $12,286,482 in FY16 and $12,286,728 in FY17 with forty-nine (49) budgeted base level positions each year of the biennium.

The Agency's Change Level request is $1,426,506 in FY16 and $1,439,314 in FY17 and consists of the following:

- Regular Salaries and Personal Services Matching totaling $66,513 each year of the biennium for restoration of two (2) positions, one (1) C112 Fiscal Support Specialist and one (1) C108 Maintenance Assistant position.
- Operating Expenses increase of $667,946 in FY16 and $680,754 in FY17 which consists of:

  1. $460,129 increase in FY16 and $498,649 increase in FY17 funded appropriation for maintenance of facilities, electricity, water and sewage, and other repair expenses,
  2. $400,000 increase each year unfunded appropriation for special purpose supplies, and
  3. ($192,183) decrease in FY16 and ($217,895) decrease in FY17 for janitorial service, trash pickup, contractual services, and improvement district taxes.

- Capital Outlay increase of $84,100 each year of the biennium for major equipment replacements and necessary repairs.
- Debt Services increase of $361,947 each year of the biennium for any possible debt service increases is requested as unfunded appropriation.
- Contingency line item increase of $125,000 each year of the biennium as unfunded appropriation to restore previously authorized levels.
- Rent of Space line item increase of $121,000 each year of the biennium as unfunded appropriation to restore previously authorized levels.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 254 - Building Maintenance
Funding Sources: MWJ - ABA Maintenance

Commitment Item		Historical Data 2013-2014 Actual	Historical Data 2014-2015 Budget	Historical Data 2014-2015 Authorized	Agency Request and Executive Recommendation 2015-2016 Base Level	2015-2016 Agency	2015-2016 Executive	2016-2017 Base Level	2016-2017 Agency	2016-2017 Executive
Regular Salaries	5010000	1,550,458	1,755,814	1,847,511	1,772,037	1,818,093	1,818,093	1,772,237	1,818,293	1,818,293
#Positions		**43**	**49**	**51**	**49**	**51**	**51**	**49**	**51**	**51**
Extra Help	5010001	360	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
#Extra Help		**2**	**9**	**9**	**9**	**9**	**9**	**9**	**9**	**9**
Personal Services Matching	5010003	595,477	646,303	669,441	656,790	677,247	677,247	656,836	677,293	677,293
Overtime	5010006	6,150	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
Operating Expenses	5020002	6,160,125	7,802,416	8,210,027	7,802,416	8,470,362	8,470,362	7,802,416	8,483,170	8,483,170
Conference & Travel Expenses	5050009	0	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Professional Fees	5060010	24,965	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	19,513	84,100	84,100	0	84,100	84,100	0	84,100	84,100
Debt Service	5120019	1,397,280	1,945,239	2,307,186	1,945,239	2,307,186	2,307,186	1,945,239	2,307,186	2,307,186
Facilities Management Contingen	5130018	0	0	125,000	0	125,000	125,000	0	125,000	125,000
Rent of Space	5900022	0	0	121,000	0	121,000	121,000	0	121,000	121,000
Total		9,754,328	12,343,872	13,474,265	12,286,482	13,712,988	13,712,988	12,286,728	13,726,042	13,726,042
Funding Sources										
Fund Balance	4000005	3,001,811	3,832,382		2,206,708	2,206,708	2,206,708	909,831	0	0
DFA Motor Vehicle Acquisition	4000184	19,513	0		0	0	0	0	0	0
M & R Sales	4000340	2,537	0		0	0	0	0	0	0
Other	4000370	510,260	440,445		440,445	440,445	440,445	440,445	440,445	440,445
Rental Income	4000430	11,654,754	11,418,753		11,690,160	11,690,160	11,690,160	11,690,160	11,690,160	11,690,160
Transfers / Adjustments	4000683	(1,602,165)	(1,141,000)		(1,141,000)	(1,141,000)	(1,141,000)	(1,141,000)	(1,141,000)	(1,141,000)
Total Funding		13,586,710	14,550,580		13,196,313	13,196,313	13,196,313	11,899,436	10,989,605	10,989,605
Excess Appropriation/(Funding)		(3,832,382)	(2,206,708)		(909,831)	516,675	516,675	387,292	2,736,437	2,736,437
Grand Total		9,754,328	12,343,872		12,286,482	13,712,988	13,712,988	12,286,728	13,726,042	13,726,042

Tranfers/Adjustments include a transfer to the Critical Maintenance appropriation (1VF).

Change Level by Appropriation

Appropriation: 254 - Building Maintenance
Funding Sources: MWJ - ABA Maintenance

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**12,286,482**	**49**	**12,286,482**	**100.0**	**12,286,728**	**49**	**12,286,728**	**100.0**
C01	Existing Program	623,420	2	12,909,902	105.1	661,244	2	12,947,972	105.4
C03	Discontinue Program	(204,861)	0	12,705,041	103.4	(229,877)	0	12,718,095	103.5
C05	Unfunded Appropriation	1,007,947	0	13,712,988	111.6	1,007,947	0	13,726,042	111.7

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**12,286,482**	**49**	**12,286,482**	**100.0**	**12,286,728**	**49**	**12,286,728**	**100.0**
C01	Existing Program	623,420	2	12,909,902	105.1	661,244	2	12,947,972	105.4
C03	Discontinue Program	(204,861)	0	12,705,041	103.4	(229,877)	0	12,718,095	103.5
C05	Unfunded Appropriation	1,007,947	0	13,712,988	111.6	1,007,947	0	13,726,042	111.7

Justification	
C01	This change level is reflective of the scheduled rental income for the ABA portfolio and the planned expenditures in the ABA buildings to maintain the facilities in tenantable condition through contract services, maintenance and necessary repairs. Contract increases were included for a number of contracts (elevator, chiller, window-washing, water treatment) which were learned when bidding the services for the new period. Our budget projection is also reflective of a 3% increase in utility cost reported by the utility provider. In addition, ABA has added a new landscaping contract to the budget to supplement the work being performed by a 2-man grounds crew at ABA. ABA continues to strive to implement efficiencies in operations wherever possible, but also recognizes the growing needs of an aging building portfolio. Additional spending is scheduled within the areas of public facility maintenance and buildings & grounds. ABA has expanded its safety program under the direction of a new safety officer where a focus will be placed on employee training and public safety initiatives within the buildings. Lastly, ABA has budgeted to restore two (2) positions that were unbudgeted in the prior year: ABA Fiscal Support Specialist/Grade C112 and Maintenance Assistant/C108, in response to the ever-changing needs of the ABA Operations section.
C03	Due to a change in the base bid form for janitorial contracts proposed by DFA, ABA received a number of new janitorial bids for the current fiscal year that will reduce overall contract costs. However, it is unknown at this time whether the "additional services" removed from the base contract due to the bid form change will net a lower overall contract cost as projected.
C05	The "unfunded appropriation" is for a reduction in debt service with retirement of the bond issue for the Main Street Mall 1993 bonds that were paid in full, in addition to allowing ABA to maintain flexibility in its operating fund for unanticipated expenditures that may arise.

Analysis of Budget Request

Appropriation: 488 - Acquisition and Maintenance

Funding Sources: MRE - ABA Real Estate Fund

The purpose of this appropriation is the acquisition and operation of additional buildings for state occupancy. Funding payable from the Real Estate Fund allows the Arkansas Building Authority to acquire buildings for general government use as opportunities arise as well as provide construction and renovation as needed. Expenditures would be offset by income from the operation of properties acquired.

The Base Level Request is $220,628 each year of the 2015-2017 Biennium.

The Agency's Change Level request is a total of $1,279,372 each year in unfunded appropriation to restore the appropriation back to the previously authorized level of $1,500,000 in the event that additional buildings are needed. The Change Level Request modifies the following line items:

- Operating Expenses increase of $300,000
- Construction/Renovation increase of $979,372

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

Appropriation Summary

Appropriation: 488 - Acquisition and Maintenance

Funding Sources: MRE - ABA Real Estate Fund

		Historical Data			Agency Request and Executive Recommendation					
		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	0	0	300,000	0	300,000	300,000	0	300,000	300,000
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
Construction/Renovation	5090005	0	220,628	1,200,000	220,628	1,200,000	1,200,000	220,628	1,200,000	1,200,000
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Total		0	220,628	1,500,000	220,628	1,500,000	1,500,000	220,628	1,500,000	1,500,000
Funding Sources										
Real Estate Fund	4000400	0	220,628		220,628	220,628	220,628	220,628	220,628	220,628
Total Funding		0	220,628		220,628	220,628	220,628	220,628	220,628	220,628
Excess Appropriation/(Funding)		0	0		0	1,279,372	1,279,372	0	1,279,372	1,279,372
Grand Total		0	220,628		220,628	1,500,000	1,500,000	220,628	1,500,000	1,500,000

Expenditure of appropriation is contingent upon available funding.

Change Level by Appropriation

Appropriation: 488 - Acquisition and Maintenance
Funding Sources: MRE - ABA Real Estate Fund

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**220,628**	**0**	**220,628**	**100.0**	**220,628**	**0**	**220,628**	**100.0**
C05	Unfunded Appropriation	1,279,372	0	1,500,000	679.9	1,279,372	0	1,500,000	679.9

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**220,628**	**0**	**220,628**	**100.0**	**220,628**	**0**	**220,628**	**100.0**
C05	Unfunded Appropriation	1,279,372	0	1,500,000	679.9	1,279,372	0	1,500,000	679.9

Justification	
C05	ABA continues to consider opportunities to acquire properties that are in the best interests of the State for use by ABA or that of other state agencies, boards and commissions. ABA anticipates purchasing property adjacent to the current State Fairgrounds, working in partnership with the Livestock Show Association, to replace property lost through right-of-way easements for the Roosevelt Road expansion by the Highway Department. ABA is requesting the reappropriation of the Acquistion and Maintenance appropriation at its current authorized level of $1.5 million so that such property transactions may be completed if funding is made available.

Analysis of Budget Request

Appropriation: 59R - BLDG DSGN-Loans

Funding Sources: MBD - Sustainable Building Design Revolving

The purpose of this appropriation is to provide loans to State Agencies for the Sustainable Building Design Program A.C.A. 22-3-1901. A loan made from this program must be for a renovation of a state-owned property for an amount that exceeds two hundred fifty thousand dollars ($250,000) with the term for repayment not to exceed ten (10) years.

Funding for this appropriation consists of funds transferred from the General Improvement Fund, federal grants, and loan repayments from state agencies.

The Agency's Base Level request is $4,919,788 each year of the 2015-2017 Biennium.

The Agency's Change Level request totaling $3,419,583 in FY16 and $3,819,583 in FY17 consists of the following:

- Loans line item increase of $2,419,583 in FY16 and $2,819,583 in FY17 for the agency to continue issuing loans to agencies based on available funds.
- Loans Repayment Grants line item increase of $1,000,000 each year for appropriation that will be needed to repay loans due to some agency projects not being completed until sometime during the 2015-17 Biennium.

    1. The decrease of ($414,208) in the Loans Repayment Grants line item each year represents completed loan projects that utilized funds made available through the ARRA portion of the loan program.

The Executive Recommendation provides for the Agency Request, with reallocation of the Loan Repayment Grants (American Recovery Reinvestment Act) line item to Loan Repayment due to the expiration of ARRA funding.

Appropriation Summary

Appropriation: 59R - BLDG DSGN-Loans

Funding Sources: MBD - Sustainable Building Design Revolving

		Historical Data			Agency Request and Executive Recommendation					
		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Loans	5120029	0	4,919,788	4,919,788	4,919,788	7,339,371	7,339,371	4,919,788	7,739,371	7,739,371
Loan Repayment	5900046	0	0	0	0	0	1,000,000	0	0	1,000,000
Loan Repayment Grants	5900052	0	1,414,208	1,414,208	0	1,000,000	0	0	1,000,000	0
Total		0	6,333,996	6,333,996	4,919,788	8,339,371	8,339,371	4,919,788	8,739,371	8,739,371
Funding Sources										
Fund Balance	4000005	6,667,533	7,307,264		2,876,518	2,876,518	2,876,518	59,980	0	0
Loan Repayment	4000330	639,731	1,903,250		2,103,250	2,103,250	2,103,250	2,103,250	2,103,250	2,103,250
Total Funding		7,307,264	9,210,514		4,979,768	4,979,768	4,979,768	2,163,230	2,103,250	2,103,250
Excess Appropriation/(Funding)		(7,307,264)	(2,876,518)		(59,980)	3,359,603	3,359,603	2,756,558	6,636,121	6,636,121
Grand Total		0	6,333,996		4,919,788	8,339,371	8,339,371	4,919,788	8,739,371	8,739,371

Change Level by Appropriation

Appropriation: 59R - BLDG DSGN-Loans
Funding Sources: MBD - Sustainable Building Design Revolving

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**4,919,788**	**0**	**4,919,788**	**100.0**	**4,919,788**	**0**	**4,919,788**	**100.0**
C01	Existing Program	2,419,583	0	7,339,371	149.2	2,819,583	0	7,739,371	157.3
C03	Discontinue Program	(414,208)	0	6,925,163	140.8	(414,208)	0	7,325,163	148.9
C16	ARRA	1,414,208	0	8,339,371	169.5	1,414,208	0	8,739,371	177.6

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**4,919,788**	**0**	**4,919,788**	**100.0**	**4,919,788**	**0**	**4,919,788**	**100.0**
C01	Existing Program	2,419,583	0	7,339,371	149.2	2,819,583	0	7,739,371	157.3
C03	Discontinue Program	0	0	7,339,371	149.2	0	0	7,739,371	157.3
C16	ARRA	0	0	7,339,371	149.2	0	0	7,739,371	157.3
C19	Executive Changes	1,000,000	0	8,339,371	169.5	1,000,000	0	8,739,371	177.6

Justification	
C01	ABA wants to ensure that adequate appropriation remains available for those agencies wishing to participate in the Sustainable Building Revolving Loan Fun program, so ABA is requesting an additional $2.4M in appropriation to maintain in excess of $7 million in available appropriation for future energy projects approved for the loan program.
C03	This represents completed loan projects that utilized funds made available through the ARRA portion of the loan program.
C16	Due to the "revolving" nature of the loan program, ABA prefers to maintain a minimum appropriation for the for those loans repaid that were funded through the ARRA portion of the program. The program has been advised that while the ARRA funds may be expended through the loan program for qualifying projects, the loan repayments still retain the ARRA character in the program. ABA tracks the GIF and ARRA funds separately in the program for this reason.
C19	The Executive Recommendation reallocates the Loan Repayment Grants (American Recovery Reinvestment Act) line item to Loan Repayment due to the expiration of ARRA funding.

Analysis of Budget Request

Appropriation: 809 - Justice Building Operations

Funding Sources: MWJ - ABA Maintenance

This appropriation provides for the operations of the Justice Building. Funding is provided under special language provisions for a transfer from the State Central Services Fund to the Arkansas Building Authority Maintenance Fund for actual expenditures up to the authorized appropriation level.

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

The Agency's Base Level and total request is $732,032 each year of the biennium and includes three (3) budgeted base level positions.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 809 - Justice Building Operations

Funding Sources: MWJ - ABA Maintenance

		Historical Data			Agency Request and Executive Recommendation					
		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	113,113	107,330	110,550	108,104	108,104	108,104	108,104	108,104	108,104
#Positions		**3**	**3**	**3**	**3**	**3**	**3**	**3**	**3**	**3**
Personal Services Matching	5010003	40,371	38,910	39,181	39,475	39,475	39,475	39,475	39,475	39,475
Operating Expenses	5020002	564,021	584,453	584,453	584,453	584,453	584,453	584,453	584,453	584,453
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		717,505	730,693	734,184	732,032	732,032	732,032	732,032	732,032	732,032
Funding Sources										
Fund Balance	4000005	5,291	3,677		7,168	7,168	7,168	9,320	9,320	9,320
Other	4000370	786	0		0	0	0	0	0	0
Transfer from St Central Srvs	4000575	724,500	734,184		734,184	734,184	734,184	734,184	734,184	734,184
Transfers / Adjustments	4000683	(9,395)	0		0	0	0	0	0	0
Total Funding		721,182	737,861		741,352	741,352	741,352	743,504	743,504	743,504
Excess Appropriation/(Funding)		(3,677)	(7,168)		(9,320)	(9,320)	(9,320)	(11,472)	(11,472)	(11,472)
Grand Total		717,505	730,693		732,032	732,032	732,032	732,032	732,032	732,032

Analysis of Budget Request

Appropriation: 915 - Justice Building Maintenance

Funding Sources: MJB - Justice Building Fund

The Justice Building Maintenance appropriation provides for maintenance of the Justice Building. Funding is provided by court cost receipts transferred from the State Administration of Justice Fund to be used exclusively for maintenance of the Justice Building (A.C.A. §19-5-1052).

The Agency's Base Level and total request is $504,659 each year of the 2015-2017 Biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 915 - Justice Building Maintenance

Funding Sources: MJB - Justice Building Fund

Commitment Item		Historical Data 2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	Agency Request and Executive Recommendation 2015-2016 Base Level	2015-2016 Agency	2015-2016 Executive	2016-2017 Base Level	2016-2017 Agency	2016-2017 Executive
Special Maintenance	5120032	61,581	504,659	504,659	504,659	504,659	504,659	504,659	504,659	504,659
Total		61,581	504,659	504,659	504,659	504,659	504,659	504,659	504,659	504,659
Funding Sources										
Fund Balance	4000005	568,495	577,681		143,112	143,112	143,112	0	0	0
State Administration of Justice	4000470	70,767	70,090		70,090	70,090	70,090	70,090	70,090	70,090
Total Funding		639,262	647,771		213,202	213,202	213,202	70,090	70,090	70,090
Excess Appropriation/(Funding)		(577,681)	(143,112)		291,457	291,457	291,457	434,569	434,569	434,569
Grand Total		61,581	504,659		504,659	504,659	504,659	504,659	504,659	504,659

Analysis of Budget Request

Appropriation: D17 - Justice Bldg Const-Cash

Funding Sources: 132 - Justice Building Construction Fund

The Justice Building Construction cash appropriation provides for debt service obligations associated with construction and renovation of the Justice Building. Funding is provided by court cost receipts transferred from the State Administration of Justice Fund to the Justice Building Construction Fund. This funding is to be used exclusively for the financing of additions, extensions, and improvements to the Justice Building. This includes the repayment of debt service obligations which were incurred in order to make improvements to the Justice Building (A.C.A. §19-5-1087).

The Base Level Request is $1,290,000 each year of the 2015-2017 Biennium. The Agency's Change Level Request is $400,000 each year of the biennium. This appropriation will be used to make major modifications to the Justice Building library.

The Executive Recommendation provides for Base Level.

Appropriation Summary

Appropriation: D17 - Justice Bldg Const-Cash

Funding Sources: 132 - Justice Building Construction Fund

		Historical Data			Agency Request and Executive Recommendation					
		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	0	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000
Conference & Travel Expenses	5050009	0	0	0	0	0	0	0	0	0
Professional Fees	5060010	19,275	35,000	35,000	35,000	85,000	35,000	35,000	85,000	35,000
Construction/Renovation	5090005	0	0	0	0	350,000	0	0	350,000	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
Debt Service	5120019	908,911	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000
Total		928,186	1,290,000	1,290,000	1,290,000	1,690,000	1,290,000	1,290,000	1,690,000	1,290,000
Funding Sources										
Fund Balance	4000005	1,159,844	1,453,637		1,153,637	1,153,637	1,153,637	853,637	453,637	853,637
Interest	4000300	979	0		0	0	0	0	0	0
State Administration of Justice	4000470	1,221,000	990,000		990,000	990,000	990,000	990,000	990,000	990,000
Total Funding		2,381,823	2,443,637		2,143,637	2,143,637	2,143,637	1,843,637	1,443,637	1,843,637
Excess Appropriation/(Funding)		(1,453,637)	(1,153,637)		(853,637)	(453,637)	(853,637)	(553,637)	246,363	(553,637)
Grand Total		928,186	1,290,000		1,290,000	1,690,000	1,290,000	1,290,000	1,690,000	1,290,000

Change Level by Appropriation

Appropriation: D17 - Justice Bldg Const-Cash
Funding Sources: 132 - Justice Building Construction Fund

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**1,290,000**	**0**	**1,290,000**	**100.0**	**1,290,000**	**0**	**1,290,000**	**100.0**
C02	New Program	400,000	0	1,690,000	131.0	400,000	0	1,690,000	131.0

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**1,290,000**	**0**	**1,290,000**	**100.0**	**1,290,000**	**0**	**1,290,000**	**100.0**
C02	New Program	0	0	1,290,000	100.0	0	0	1,290,000	100.0

Justification	
C02	ABA is working in concert with the Administrative Office of the Courts to consider a major modification to the current Justice Building library through a proposed downsizing of the library's collection. The appropriation will allow ABA to utilize funds from the Justice Construction Fund specifically designated for the "financing of additions, extensions, and improvements to, the renovation of, and the equipping of such additions, extensions, and improvements of the State Justice Building situated on the Capitol grounds. Modification to the existing library will allow under-utilized space to be re-purposed for a future visitor and training center. The initial modification for the library is projected at $250,000 - $300,000 and additional funds for equipping and design fees totalling a projected $400,000.

Analysis of Budget Request

Appropriation: N28 - Cash in State Treasury

Funding Sources: NBA- Cash in Treasury

The Building Improvement Fund was created in FY15 as a result of funds received by several agencies of the State for a bankruptcy claim (Delaware) filed in 2002 through the Arkansas Attorney General's office against an asbestos company, W.R. Grace. This appropriation will be used for Building Improvements such as Asbestos Abatement. Funding comes from a settlement transfer from the Attorney General's office.

The Agency's Change Level Request is $3,291,000 each year of the 2015-2017 Biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: N28 - Cash in State Treasury
Funding Sources: NBA- Cash in Treasury

	Historical Data			Agency Request and Executive Recommendation					
	2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Building Improvements (Asbestos 5900046	0	0	0	0	3,291,000	3,291,000	0	3,291,000	3,291,000
Total	0	0	0	0	3,291,000	3,291,000	0	3,291,000	3,291,000
Funding Sources									
Settlement Proceeds 4000450	0	0		0	3,291,000	3,291,000	0	3,291,000	3,291,000
Total Funding	0	0		0	3,291,000	3,291,000	0	3,291,000	3,291,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	0	0		0	3,291,000	3,291,000	0	3,291,000	3,291,000

Appropriation was established through the authority of the Cash Fund Holding Account.

Change Level by Appropriation

Appropriation: N28 - Cash in State Treasury
Funding Sources: NBA- Cash in Treasury

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
C02	New Program	3,291,000	0	3,291,000	100.0	3,291,000	0	3,291,000	100.0

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
C02	New Program	3,291,000	0	3,291,000	100.0	3,291,000	0	3,291,000	100.0

Justification	
C02	New Fund NBA0300/N28 - Building Improvement Fund was created in FY15 as a result of funds received by several agencies of the State for a bankruptcy claim (Delaware) filed in 2002 through the Arkansas Attorney General's office against an asbestos company, W.R. Grace. It was found that three (3) buildings owned & managed by ABA contained asbestos manufactured by the company. In 2014, ABA was notified that an award totaling $3,291,000 was being made to ABA for its three buildings. ABA will utilize the funds to abate the asbestos remaining in the 501 Building.

Appropriation Summary

Appropriation: 84T - ASC Maint & Operations

Funding Sources: MWJ - ABA Maintenance

		Historical Data			Agency Request and Executive Recommendation					
		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	979,944	0	0	0	0	0	0	0	0
Professional Fees	5060010	225	0	0	0	0	0	0	0	0
AR Services Center	5900046	0	0	980,000	0	0	0	0	0	0
Total		980,169	0	980,000	0	0	0	0	0	0
Funding Sources										
Rental Income	4000430	980,169	0		0	0	0	0	0	0
Total Funding		980,169	0		0	0	0	0	0	0
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		980,169	0		0	0	0	0	0	0

APPROPRIATION NOT REQUESTED FOR THE 2015-2017 BIENNIUM

DEPARTMENT OF CAREER EDUCATION

Enabling Laws

Act 279 of 2014
Act 743 of 2011
Act 1285 of 2013
A.C.A. § 25-30-103 et seq.
A.C.A. § 25-30-201 et seq.
A.C.A. § 6-11-205 and 206

History and Organization

Mission Statement: The Arkansas Department of Career Education (ACE) has the mission of providing leadership and contributing resources to serve the diverse and changing career and educational needs of the youth and adults of Arkansas. Arkansans with disabilities are provided opportunities to work and to lead productive and independent lives through Arkansas Rehabilitation Services.

Agency History: Act 64 of 1981 created the Vocational and Technical Education Division (now the Department of Career Education) as a cabinet-level state agency equal to the Arkansas Department of Education (ADE). Prior to 1981, the Arkansas Department of Education had administered postsecondary and secondary vocational education, as well as adult education. The operation of the state board was changed in 1981 as well. Act 250 of 1981 required that the State Board of Vocational Education (composed of the same members as the State Board of Education) meet on different dates than its meeting dates as the State Board of Education. In 1991, the composition of the State Board of Vocational Education changed again with the passage of Act 773, which added three new board members to represent business and industry, including the service-oriented industries.

Act 803 of 1997 created the Arkansas Department of Workforce Education. The act abolished the Arkansas Vocational Technical Education Division, as well as the Governor's Commission on Adult Literacy and the Advisory Council for Vocational-Technical Education, transferring them to the newly created Arkansas Department of Workforce Education (DWE). Act 803 also abolished the State Board of Vocational Education, transferring it to the State Board of Workforce Education and Career Opportunities, which was created by the act.

Act 787 of 2009 renamed the Arkansas Department of Workforce Education as the Arkansas Department of Career Education and the State Board of Workforce Education and Career Opportunities as the State Board of Career Education.

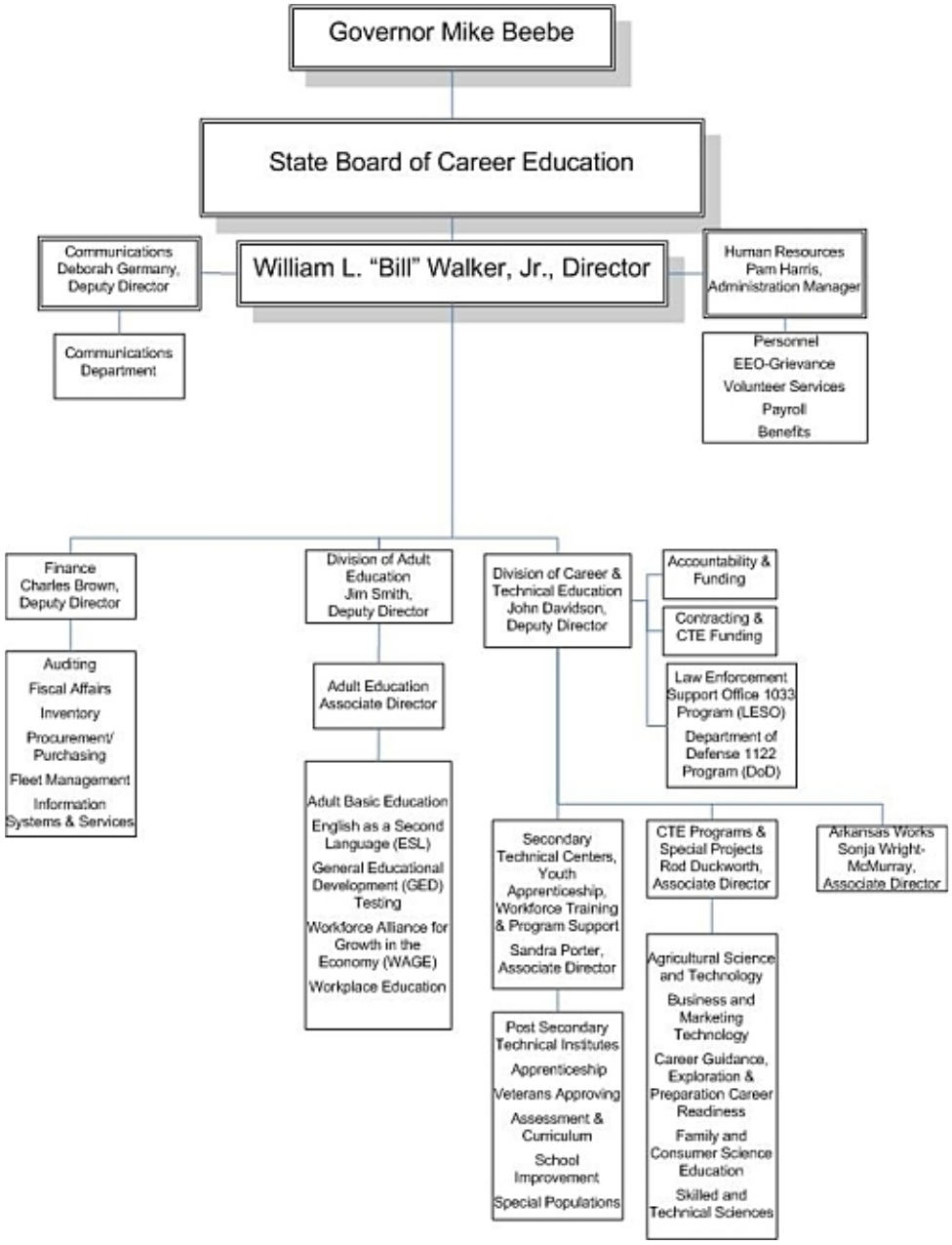
From 1971 until 1993, Arkansas Rehabilitation Services (ARS), known then as the Division of Rehabilitation Services, was administered by the

Department of Social and Rehabilitative Services (now the Department of Human Services). Act 574 of 1993 changed the name of the division to Arkansas Rehabilitation Services and transferred ARS back to the Department of Education, where it was placed under the oversight of the State Board of Vocational Education as a division of the Vocational and Technical Education Division. With the passage of Act 803, ARS became a division of the Department of Workforce Education, now the Department of Career Education.

ACE is comprised of three divisions as well as administrative support services. The three divisions are Adult Education, Career and Technical Education, and Arkansas Rehabilitation Services. ACE oversees career and technical education programs in the secondary schools, secondary area technical centers, adult and youth apprenticeship programs, Arkansas Rehabilitation Services, and adult education programs. ACE also works with the Veterans Administration to approve state educational programs for veterans' benefits and has oversight authority for the Law Enforcement Support Office 1033 and the Department of Defense 122 Program.

Statutory Responsibility and Primary Activities: The enabling legislation and the powers and duties of the Arkansas Department of Career Education are codified in Arkansas Code Annotated 25-3-103, 25-30-104, 25-30-106, 25-30-107, 25-30-201, 6-11-205, and 6-11-206. These responsibilities include, but are not limited to, the following:

1. Establishment of policies and procedures, criteria, and priorities for use in approving local programs of career and technical education, adult education, and vocational rehabilitation in all areas of the state.
2. Monitoring of local programs of career and technical education, adult education, vocational rehabilitation and provision of technical assistance to assist these programs in meeting federal and state mandates and accountability measures.
3. Performance of all administrative functions in relation to the management, control, and supervision of all programs of career and technical education, adult education, and vocational rehabilitation in Arkansas's public educational institutions, with the exception of technical colleges, community colleges, and colleges and universities.
4. Development of state plans required by state or federal laws and regulations as prerequisites to receiving federal funds for career and technical education, adult education, or vocational rehabilitation.
5. Receipt and distribution of all state and federal funds designated for adult education, federal funds provided by the Carl D. Perkins Career and Technical Education Act of 2006, and Title I formula grant funds provided by the U.S. Department of Education/Rehabilitation Services Administration.
6. Development of programs and services that prepare high school students for postsecondary education and careers through an integrated course of study blending specialized training and real-world work experience with strong academic instruction.
7. Development of programs and services designed to provide persons age 18 and older with less than a high school diploma opportunities to increase their basic academic skills and earn the General Educational Development (GED®) credential (In certain cases, 16- and 17-year-olds who have dropped out of the public schools can be served in adult education programs.)
8. Development of programs and services designed to provide increased employment of individuals with disabilities through the provision of individualized training, independent living services, educational and support services, and meaningful opportunities for employment in integrated work settings.


Governor Mike Beebe
State Board of Career Education
Communications
Deborah Germany,
Deputy Director
William L. "Bill" Walker, Jr., Director
Human Resources
Pam Harris,
Administration Manager
Communications
Department
Personnel
EEO-Grievance
Volunteer Services
Payroll
Benefits
Finance
Charles Brown,
Deputy Director
Division of Adult
Education
Jim Smith,
Deputy Director
Division of Career &
Technical Education
John Davidson,
Deputy Director
Accountability &
Funding
Contracting &
CTE Funding
Law Enforcement
Support Office 1033
Program (LESO)
Department of
Defense 1122
Program (DoD)
Auditing
Fiscal Affairs
Inventory
Procurement/
Purchasing
Fleet Management
Information
Systems & Services
Adult Education
Associate Director
Adult Basic Education
English as a Second
Language (ESL)
General Educational
Development (GED)
Testing
Workforce Alliance for
Growth in the
Economy (WAGE)
Workplace Education
Secondary
Technical Centers,
Youth
Apprenticeship,
Workforce Training
& Program Support
Sandra Porter,
Associate Director
CTE Programs &
Special Projects
Rod Duckworth,
Associate Director
Arkansas Works
Sonja Wright-
McMurray,
Associate Director
Post Secondary
Technical Institutes
Apprenticeship
Veterans Approving
Assessment &
Curriculum
School
Improvement
Special Populations
Agricultural Science
and Technology
Business and
Marketing
Technology
Career Guidance,
Exploration &
Preparation Career
Readiness
Family and
Consumer Science
Education
Skilled and
Technical Sciences

Agency Commentary

Proposed Budget Requests

ACA 6-5-10 outlines guidelines to develop, implement and sustain model CTE programs of study. In order to successfully support the efforts of our teachers, counselors and administrators to create a college and career ready environment in their schools, additional funding and appropriation will be needed to expand and enhance existing programs and resources. The funding request increases are as follows:

New Start-Up Equipment, Fund Center 200: During the last Request For Proposal process, the Career and Technical Education division received requests to fund new programs of study in the amount of $6.5 million. Due to lack of funding and appropriation, only $2.3 million of the requests were approved. To meet the needs of school districts' requests for funding to develop and implement programs of study within their districts, an increase of funding and appropriation in the amount of $4.7 million will be required.

Secondary Career Centers, Fund Center 201: Secondary Career Centers serve as a great resource to allow students to enroll in high-cost programs unable to be offered at their schools and receive college credit. Unfortunately, every student in the state does not have access to this opportunity. Increased funding is needed to fund the additions of new Secondary Career Centers, expanded course offerings, and anticipated growth in enrollment. In FY16 funding and appropriations will increase to $27,289,500. In FY17 funding and appropriations will increase to $29,163,800.

On-Line Internet Based College and Career Planning System, Fund Center M96: To provide students with an opportunity for career exploration through career interests and aptitude evaluations, funding is needed to support an on-line career assessment tool. A request of $500,000 in funding and appropriation is requested to support the continuation and maintenance of on-line college and career planning system.

College and Career Coaches: ACA 6-1-601 was designed to allow all students, grades 8-12, access to a College and Career Coach. The College and Career Coach Initiative has shown great results by meeting and exceeding all established Performance Measures goals. Currently the program is supported by temporary funding due to expire June 30, 2015. To continue and expand the program statewide, the Arkansas Works Initiative will need $17,516,150. This funding request includes Career Coaches, Enrichment programs (such as ACT Academies and Career Cluster Campus) and Administrative Staff.

Additional Positions for the division of Career and Technical Education:

Arkansas Works, Fund Center M77: As per ACA 6-1-603, the Arkansas Department of Career Education will be responsible for

administrating the College and Career Coach program. It also states that the administrative staff will consist of a Division Manager, two Program Managers and an Administrative Analyst. Currently, the administrative staff for Arkansas Works only consists of a Division Manager and Administrative Analyst. To be considered fully staffed and increase capacity for administration and monitoring of the Arkansas Works College and Career Coach Initiative, two positions (grade 123) with funding and appropriation are requested.

Career and Technical Student Organization (CTSO), Fund Center 641: Career and Technical Student Organizations are an integral component of CTE programs of study. Involvement allows students an opportunity to learn more about careers, develop leadership and workplace skills. State-wide meetings and events attached to these organizations require extensive time to oversee and coordinate for students and their advisors. Currently, these responsibilities are being assigned to CTE program supervisors and managers to be complete in addition to their other job duties. Essentially, staff is being required to perform two full-time job assignments. In addition, the financial management system in the current structure lacks regulations and accountability, which creates liability issues for our division and agency. For those reasons, four additional positions (one C123, two C122, and one C113) are requested to establish a CTSO administrative support team

FUNDING FOR GED TESTING SERVICES AND EXPENSES, Fund Center F86: As of January 1, 2014, the GED® Testing Service introduced a new test that is computer-based and aligned with the Common Core State Standards. The new computer-based test is more expensive to administer, and the increased costs will have to be passed on to the test-takers unless funding can be provided. We are requesting $1,881,000 annually in appropriation and funding to cover the costs for test-takers to take the GED® test and official practice test. The cost is broken down as follows:

- ☐ 9,000 first-time GED® testers @ $120 = $1,080,000
- ☐ 3,880 GED® re-testers @ $120 = $465,600
- ☐ 14,000 GED Ready™ testers @ $24 = $336,000 (The GED Ready™ is the official practice test.)
- ☐ Total Cost of $1,881,000.

Full-Time Teachers for Adult Education Centers, Fund Center 453: The Department of Career Education is requesting $7.03 million in appropriation and funding (annually) to provide four full-time instructors for each of the 38 Adult Education centers on twelve month contracts. Funding these positions will allow the Adult Education programs to provide equal access to quality instruction in each of the 75 counties of the state.

The cost to provide a full-time instructor is approximately $37,000. The additional cost of fringe benefits for each instructor is approximately 25% of the instructor's salary. Therefore, the total cost for each instructor will be approximately $46,250. In order to provide 152 instructors state-wide (four instructors for each of the 38 Adult Education programs), an investment of $7.03 million is needed.

FUNDING FOR THE SMARTER SENTENCING PROGRAM (SSP), Fund Center M98: The Department of Career Education, Adult Education Division, is requesting $1,700,000 in appropriation and funding with a 6% guaranteed annual capacity increase in appropriation

and funding through the Adult Education Division to serve Arkansas residents through the Smarter Sentencing program. The funds will be used to hire Smarter Sentencing instructors at each of the twenty-eight Judicial Districts across the state of Arkansas. These instructors will serve students by reducing the overall state prison population, thus saving taxpayer funds. This will increase the number of Arkansans served and better their chance of postsecondary and career readiness.

FUNDING FOR ADULT EDUCATION CAREER COACHES, Fund Center M97: The College Career Coach Initiative, which is a component of Arkansas Works, has shown great results by meeting and exceeding all established Performance Measures goals. Adult Education Career Coaches served 1,210 unduplicated students from July 1, 2013 to June 30, 2014. Currently the program is supported by temporary funding for adult education that is due to expire June 30, 2014. To provide all adult education students access to a College and Career Coach, the Adult Education Division is requesting appropriation and funding of $2,450,000 annually. This amount would fund 40 Career Coaches for Adult Education at a cost for each position of approximately $60,000.

Amendments to Special Language: The Agency is requesting to delete Secondary Technical center Aid Provisions. The Special Policies and Procedures for Secondary Technical Centers effective December 3, 2013, reflect the funding structure as follows: Technical center aid will be calculated and distributed by Department of Career Education based upon each secondary technical center's eligible student FTE count. The language which necessitated this Special Language has been removed from Policies and Procedures.

The Agency is also requesting a 6% annual capacity increase in appropriation and funding to accommodate the cost of living increases including increase in teacher's salary, teacher's insurance and the cost of rent and utilities. The 6% increase will prevent the termination of teachers who have already been trained in adult education with state funds.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
DEPARTMENT OF CAREER EDUCATION

FOR THE YEAR ENDED JUNE 30, 2013

Findings	Recommendations
None	None

State Contracts Over $50,000 Awarded To Minority Owned Businesses Fiscal Year 2014

None

Employment Summary

	Male	Female	Total	%
White Employees	19	31	50	62 %
Black Employees	6	21	27	34 %
Other Racial Minorities	1	2	3	4 %
Total Minorities			30	38 %
Total Employees			80	100 %

Cash Fund Balance Description as of June 30, 2014

Fund Account	Balance	Type	Location
1500300	$323,020	Checking, Money Market	Simmons First National Bank

Statutory/Other Restrictions on use:

A.C.A. 24-7-904 establishes that the Agency has the authority to administer retirement plans and authorizes such functions as may be reasonably appropriate.

Statutory Provisions for Fees, Fines, Penalties:

A.C.A. 24-7-908 authorizes collection of contributions to plans established under the authority of the Agency.

Revenue Receipts Cycle:

Received at irregular intervals throughout the year.

Fund Balance Utilization:

To be used for operations of the Alternate Retirement Plan.

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				
None	N/A	N	N	0	N/A	0	0.00

Department Appropriation Summary

Appropriation		Historical Data 2013-2014 Actual	Pos	2014-2015 Budget	Pos	2014-2015 Authorized	Pos	Agency Request and Executive Recommendation 2015-2016 Base Level	Pos	Agency	Pos	Executive	Pos	2016-2017 Base Level	Pos	Agency	Pos	Executive	Pos
179	High-Tech Scholarship Program	9,750	0	10,000	0	10,000	0	10,000	0	10,000	0	10,000	0	10,000	0	10,000	0	10,000	0
35S	Housing Construction Program	0	0	329,613	0	329,613	0	329,613	0	329,613	0	329,613	0	329,613	0	329,613	0	329,613	0
640	Vo Tech Admin-Operations	6,610,901	62	6,618,744	59	6,743,677	59	6,660,073	59	6,781,755	61	6,670,869	59	6,663,841	59	6,785,523	61	6,674,637	59
641	Fed Voc Educ-Operations	13,426,577	16	19,360,899	18	21,436,262	18	19,372,252	18	19,591,984	22	19,591,984	22	19,373,193	18	19,592,925	22	19,592,925	22
644	Adult Basic Education	438,749	7	535,192	7	550,767	7	540,134	7	616,568	8	540,134	7	540,134	7	616,568	8	540,134	7
645	Fed-Adult Basic Education	5,400,907	3	8,291,513	2	8,368,745	2	8,292,042	2	8,332,757	3	8,292,042	2	8,292,042	2	8,332,757	3	8,292,042	2
647	Fed Equipment & Training-Operations	1,112	0	14,800	0	14,800	0	14,800	0	14,800	0	14,800	0	14,800	0	14,800	0	14,800	0
649	Fed-Veteran's Approving Agency	268,585	4	304,440	4	283,490	4	307,159	4	307,159	4	307,159	4	307,159	4	307,159	4	307,159	4
755	Construction Craft	808,410	1	884,759	1	963,741	1	885,485	1	885,485	1	885,485	1	885,485	1	885,485	1	885,485	1
82V	LESO Program	20,662	0	55,000	0	15,000	0	15,000	0	75,000	0	75,000	0	15,000	0	75,000	0	75,000	0
96V	Career Coaches Grant	144,831	0	122,900	0	60,000	0	60,000	0	20,000	0	20,000	0	60,000	0	0	0	0	0
A88	Alternate Retirement Plan	24,133	0	122,522	0	122,522	0	122,522	0	122,522	0	122,522	0	122,522	0	122,522	0	122,522	0
F48	AR Works - School Districts	507,049	0	1,537,500	0	0	0	0	0	1,537,500	0	1,537,500	0	0	0	1,537,500	0	1,537,500	0
Total		27,661,666	93	38,187,882	91	38,898,617	91	36,609,080	91	38,625,143	99	38,397,108	95	36,613,789	91	38,609,852	99	38,381,817	95
Funding Sources			%		%				%		%		%		%		%		%
Fund Balance	4000005	2,961,402	9.7	2,951,016	7.3			2,096,046	5.3	2,096,046	5.2	2,096,046	5.3	3,293,133	8.0	1,695,633	4.3	1,695,633	4.3
General Revenue	4000010	3,480,593	11.4	3,499,579	8.7			3,530,275	8.9	3,728,391	9.3	3,530,275	8.9	3,534,043	8.6	3,732,159	9.4	3,534,043	9.0
Federal Revenue	4000020	19,143,470	62.5	27,952,412	69.4			27,954,181	70.7	28,214,628	70.6	28,173,913	70.9	27,955,276	68.3	28,215,723	71.0	28,175,008	71.4
Special Revenue	4000030	607,122	2.0	470,000	1.2			615,228	1.6	615,228	1.5	615,228	1.5	763,000	1.9	763,000	1.9	763,000	1.9
Cash Fund	4000045	819,475	2.7	1,710,364	4.2			1,662,500	4.2	1,622,500	4.1	1,622,500	4.1	1,665,500	4.1	1,605,500	4.0	1,605,500	4.1
Educational Excellence Fund	4000220	3,578,807	11.7	3,679,932	9.1			3,679,932	9.3	3,679,932	9.2	3,679,932	9.3	3,679,932	9.0	3,679,932	9.3	3,679,932	9.3
Interest & Forfeitures	4000305	20,199	0.1	35,000	0.1			25,000	0.1	25,000	0.1	25,000	0.1	30,000	0.1	30,000	0.1	30,000	0.1
M & R Sales	4000340	1,614	0.0	1,200	0.0			600	0.0	600	0.0	600	0.0	500	0.0	500	0.0	500	0.0
Total Funds		30,612,682	100.0	40,299,503	100.0			39,563,762	100.0	39,982,325	100.0	39,743,494	100.0	40,921,384	100.0	39,722,447	100.0	39,483,616	100.0
Excess Appropriation/(Funding)		(2,951,016)		(2,111,621)				(2,954,682)		(1,357,182)		(1,346,386)		(4,307,595)		(1,112,595)		(1,101,799)	
Grand Total		27,661,666		38,187,882				36,609,080		38,625,143		38,397,108		36,613,789		38,609,852		38,381,817	

Variance in Fund Balance is due to unfunded appropriation.
Budget exceeds Authorized Appropriation in Fund Centers 82V, 96V and F48 due to transfers from the Cash Fund Holding Account.
Budget exceeds Authorized Appropriation in Fund Center 649 due to a transfer from the Miscellaneous Federal Grant Holding Account.

Agency Position Usage Report

FY2012 - 2013						FY2013 - 2014						FY2014 - 2015					
Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused
	Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total	
93	80	13	93	0	13.98 %	93	90	9	99	-6	3.23 %	93	85	8	93	0	8.60 %

Total Budgeted positions exceed Authorized due to positions authorized through the Miscellaneous Federal Grant process.

Analysis of Budget Request

Appropriation: 179 - High-Tech Scholarship Program

Funding Sources: EGB - Workforce Education Fund Account

This appropriation is used to award scholarships to Arkansas students attending Arkansas' educational institutions. Twenty (20) high tech scholarships of $500.00 each as required in A.C.A. 6-82-401 et seq. can be given per student per semester. For FY2014, nineteen (19) full scholarships and one (1) half scholarships were issued. This appropriation is funded with general revenue.

The Agency requests Base Level for the 2015-2017 Biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 179 - High-Tech Scholarship Program

Funding Sources: EGB - Workforce Education Fund Account

	Historical Data			Agency Request and Executive Recommendation					
	2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item	**Actual**	**Budget**	**Authorized**	**Base Level**	**Agency**	**Executive**	**Base Level**	**Agency**	**Executive**
Scholarships 5100030	9,750	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Total	9,750	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Funding Sources									
General Revenue 4000010	9,750	10,000		10,000	10,000	10,000	10,000	10,000	10,000
Total Funding	9,750	10,000		10,000	10,000	10,000	10,000	10,000	10,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	9,750	10,000		10,000	10,000	10,000	10,000	10,000	10,000

Analysis of Budget Request

Appropriation: 35S - Housing Construction Program

Funding Sources: MTR - Building Trades Rev

This is a revolving loan program that allows the Department of Workforce Education to make loans available to Secondary Area Technical Center and other eligible entities for the purchase of building materials, supplies and fixtures to be used in construction of a single family dwelling unit or other non-residential building projects approved in the Housing Construction Program.

The Agency requests Base Level for the 2015-2017 Biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 35S - Housing Construction Program
Funding Sources: MTR - Building Trades Rev

	Historical Data			Agency Request and Executive Recommendation					
	2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Loans 5120029	0	329,613	329,613	329,613	329,613	329,613	329,613	329,613	329,613
Total	0	329,613	329,613	329,613	329,613	329,613	329,613	329,613	329,613
Funding Sources									
Fund Balance 4000005	329,613	329,613		0	0	0	0	0	0
Total Funding	329,613	329,613		0	0	0	0	0	0
Excess Appropriation/(Funding)	(329,613)	0		329,613	329,613	329,613	329,613	329,613	329,613
Grand Total	0	329,613		329,613	329,613	329,613	329,613	329,613	329,613

Analysis of Budget Request

Appropriation: 640 - Vo Tech Admin-Operations

Funding Sources: EGB - Workforce Education Fund

This appropriation provides the majority of general revenue support for the administrative functions of the Department of Workforce Education. Programs such as the Plumbing Apprenticeship program, Industrial Coordinators, and Tech Prep program are included in the activities carried out through this appropriation. In addition to general revenue, Educational Excellence funds are used to provide support for the Apprenticeship program. Additionally, during the 2007-2009 Biennium, the Motor Vehicle Education Program was added to this appropriation. This education program is funded by a transfer from the Motor Vehicle Commission.

Base Level Regular Salaries and Personal Services Matching include the continuation of the previously authorized 2015 1% Cost of Living Adjustment and Career Service Payments for eligible employees. Personal Services Matching also includes a $10 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of $420 per month. Base Level salaries do not include appropriation for Merit Pay Increases. The Base Level salary of unclassified positions reflects the FY15 line item maximum plus the previously authorized 2015 1% Cost of Living Adjustment.

The Base Level Request is $6,660,073 in FY16 and $6,663,941 in FY17.

The Agency requests a Change Level of $121,682 in appropriation and general revenue funding in each year as follows:

- Regular Salaries and Personal Services Matching of $110,886 each year for two (2) new positions, Senior Auditor and a Fiscal Support Manager, and reclassifications of three positions.
- Extra Help and Personal Services Matching of $10,796.

The Executive Recommendation provides for Base Level, with the addition of the Extra Help and Personal Services Matching request with appropriation only.

Appropriation Summary

Appropriation: 640 - Vo Tech Admin-Operations
Funding Sources: EGB - Workforce Education Fund

		Historical Data			Agency Request and Executive Recommendation					
		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	3,011,650	3,034,461	3,034,485	3,061,559	3,143,979	3,061,559	3,064,359	3,146,779	3,064,359
#Positions		**62**	**59**	**59**	**59**	**61**	**59**	**59**	**61**	**59**
Extra Help	5010001	10,261	3,541	3,923	3,541	13,541	13,541	3,541	13,541	13,541
#Extra Help		**2**	**69**	**69**	**69**	**69**	**69**	**69**	**69**	**69**
Personal Services Matching	5010003	980,999	950,662	1,075,189	964,893	994,155	965,689	965,861	995,123	966,657
Operating Expenses	5020002	954,082	979,873	987,373	979,873	979,873	979,873	979,873	979,873	979,873
Conference & Travel Expenses	5050009	26,306	36,251	28,751	36,251	36,251	36,251	36,251	36,251	36,251
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	16,147	0	0	0	0	0	0	0	0
Apprenticeship Program	5900047	1,611,456	1,611,456	1,611,456	1,611,456	1,611,456	1,611,456	1,611,456	1,611,456	1,611,456
Motor Vehicle Education Prgm	5900048	0	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
Total		6,610,901	6,618,744	6,743,677	6,660,073	6,781,755	6,670,869	6,663,841	6,785,523	6,674,637
Funding Sources										
General Revenue	4000010	3,032,094	2,938,812		2,980,141	3,101,823	2,980,141	2,983,909	3,105,591	2,983,909
Educational Excellence Fund	4000220	3,578,807	3,679,932		3,679,932	3,679,932	3,679,932	3,679,932	3,679,932	3,679,932
Total Funding		6,610,901	6,618,744		6,660,073	6,781,755	6,660,073	6,663,841	6,785,523	6,663,841
Excess Appropriation/(Funding)		0	0		0	0	10,796	0	0	10,796
Grand Total		6,610,901	6,618,744		6,660,073	6,781,755	6,670,869	6,663,841	6,785,523	6,674,637

Budget exceeds Authorized Appropriation in Conference and Travel Expenses by authority of a Budget Classification Transfer.

Change Level by Appropriation

Appropriation: 640 - Vo Tech Admin-Operations
Funding Sources: EGB - Workforce Education Fund

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**6,660,073**	**59**	**6,660,073**	**100.0**	**6,663,841**	**59**	**6,663,841**	**100.0**
C01	Existing Program	116,946	2	6,777,019	101.8	116,946	2	6,780,787	101.8
C10	Reclass	4,736	0	6,781,755	101.8	4,736	0	6,785,523	101.8

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**6,660,073**	**59**	**6,660,073**	**100.0**	**6,663,841**	**59**	**6,663,841**	**100.0**
C01	Existing Program	38,175	0	6,698,248	100.6	38,175	0	6,702,016	100.6
C10	Reclass	0	0	6,698,248	100.6	0	0	6,702,016	100.6
C13	Not Recommended	(27,379)	0	6,670,869	100.2	(27,379)	0	6,674,637	100.2

Justification	
C01	ACE is requesting 2 positions for Finance Department; first is the Senior Auditor. The Agency awards over 75M in multiple grants to 324 school districts, colleges, vocational and adult education centers. We are requesting to add one senior auditor to our agency. Currently, we only have two auditors and one audit coordinator. In addition to the large number of grants recipients, each recipient received multiple grants from the agency's different programs: federal, state and other funding sources. The complexity of the policies of the programs necessitates that the agency conduct routine financial reviews of the grants. The lack of staff makes it very difficult for the agency to provide monitoring visits ever two years. Currently we can only provide monitoring visits every 5 years. The second position is Fiscal Support Manager; the Agency has grown and added two programs, Construction Trades and AR Works. This growth requires one high level supervisor to oversee the accounting transactions of the programs. We are accommodating the growth with the same number of staff for many years. A manager with higher level skills will be very helpful to manage our workload more efficiently. This position will direct the fiscal activities of several programs of the Agency and will be responsible for preparing federal and state financial reports. This position will monitor program budget, review and approved appropriate expenditures, advise on potential budget issues and recommend changes as necessary, prepare monthly reports and present to program managers and interpret federal, state and agency policies and procedures and provide technical assistance to co-workers, vendors and program participants. The complex, increased funding, monitoring, transparency and audit compliance requirements warrant sufficient, knowledgeable financial professionals to achieve management goals and objectives. We are requesting increase of $10,000 in Extra-Help appropriation, for a total of $13,541. Utilizing extra-help positions generates salary savings by temporarily filling administrative vacant positions with lower compensated extra help personnel.

Change Level by Appropriation

	Justification
C10	Fiscal Support Supervisor to Grants Manager: This is an agency growth position with managerial tasks that require a higher level of competencies and skill sets. The Arkansas Department of Career Education - Division of Adult Education administers approximately $31M state and federal grants. The job duties for the Fiscal Support Supervisor have evolved because grants management requirements require greater financial skills and expertise, and technical assistance to recipients. The current functional job duties are the following: coordinates and monitors grants by overseeing funding procedures, and monitoring implementation to ensure compliance with federal and state policies, laws, and regulations. This position is responsible for preparing federal and state financial reports, monitors disbursements and invoices and allocates resources for programs. This position also interprets federal and state policies and provides technical assistance to staff and grantees. Fiscal Support Specialists to Fiscal Support Analysts: These are agency growth positions with assigned financial tasks that require a higher level of competencies and skill sets. The purpose of this position is to assist the Assistant Controller in maintaining all the financial operations for approved awards to local school districts, colleges, and universities, provide technical assistance to grants participants and co-workers, monitor fund balance for various Agency programs, process fed wire from U.S. Department of Education and other federal granting agencies, monitor and audit expenditure reports for payment to local programs and enter into database, assist with budget preparation for local programs and perform a wide variety of tasks including escrow accounting for the Alternate Retirement Plan and providing technical assistance in these areas. Senior Auditor to Audit Coordinator: During the previous biennial budget process, the agency did not request a reclassification of a position to create an Audit Coordinator position. Although the incumbent has the functional title and is compensated at the C122 salary level through a cross grade, this classification error must be corrected. This reclassification request of the Senior Auditor title will correct the error. There is no salary change with this transaction. The Audit Coordinator supervises the Unit Staff. As a part of the financial management team, the Auditor Coordinator will lead the audit staff to assist the agency and its providers to comply with the provisions of the Transparency Act. This position is expected to coordinate, analyze, and review accounting records, compliance audits, and implement quality assurance programs to verify the accuracy and overall efficiency of internal fiscal and administrative controls. This position is governed by state and federal laws, Generally Accepted Accounting Principles (GAAP), state and federal statutes and agency/institution policy.

Analysis of Budget Request

Appropriation: 641 - Fed Voc Educ-Operations

Funding Sources: FEV - Federal Vocational Education

This appropriation is the federal counterpart to the general revenue appropriation (640) and together they serve as the basis for the administrative support of the Agency. Funds are received from the U.S. Department of Education through the following program sources:

- Carl D. Perkins Vocational & Applied Technology Education Act- Basic Grant
- Jobs Training Partnership Act- School-to-Work Opportunities program
- Carl D. Perkins Applied Technology Education Act- Tech Prep Education

Only the 5% administrative funds in the Carl Perkins Basic Grant must be matched and this is provided in the state funded appropriation (640).

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

The Base Level Request is $19,372,252 in FY16 and $19,373,193 in FY17.

The Agency requests a Change Level of $219,732 in each year as follows:

- Regular Salaries and Personal Services Matching of $208,936 each year for four (4) new positions, two (2) ACE Program Advisors, one (1) ACE Program Coordinator, and one (1) Administrative Analyst.
- Extra Help and Personal Services Matching increase of $10,796.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 641 - Fed Voc Educ-Operations

Funding Sources: FEV - Federal Vocational Education

		Historical Data			Agency Request and Executive Recommendation					
		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item		**Actual**	**Budget**	**Authorized**	**Base Level**	**Agency**	**Executive**	**Base Level**	**Agency**	**Executive**
Regular Salaries	5010000	806,261	745,626	694,132	752,978	907,764	907,764	753,729	908,515	908,515
#Positions		**16**	**18**	**18**	**18**	**22**	**22**	**18**	**22**	**22**
Extra Help	5010001	7,966	4,306	5,000	4,305	14,305	14,305	4,305	14,305	14,305
#Extra Help		**2**	**4**	**4**	**4**	**4**	**4**	**4**	**4**	**4**
Personal Services Matching	5010003	284,013	251,014	249,653	255,016	309,962	309,962	255,206	310,152	310,152
Operating Expenses	5020002	908,041	1,673,381	1,673,936	1,673,381	1,673,381	1,673,381	1,673,381	1,673,381	1,673,381
Conference & Travel Expenses	5050009	72,723	46,175	46,175	46,175	46,175	46,175	46,175	46,175	46,175
Professional Fees	5060010	15,082	100,000	748,350	100,000	100,000	100,000	100,000	100,000	100,000
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Grants and Aid	5100004	11,332,491	16,540,397	18,019,016	16,540,397	16,540,397	16,540,397	16,540,397	16,540,397	16,540,397
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Total		13,426,577	19,360,899	21,436,262	19,372,252	19,591,984	19,591,984	19,373,193	19,592,925	19,592,925
Funding Sources										
Federal Revenue	4000020	13,426,577	19,360,899		19,372,252	19,591,984	19,591,984	19,373,193	19,592,925	19,592,925
Total Funding		13,426,577	19,360,899		19,372,252	19,591,984	19,591,984	19,373,193	19,592,925	19,592,925
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		13,426,577	19,360,899		19,372,252	19,591,984	19,591,984	19,373,193	19,592,925	19,592,925

FY15 Budget amount in Regular Salaries and Personal Services Matching exceeds the authorized amount due to salary and matching rate adjustments during the 2013-2015 Biennium.

Change Level by Appropriation

Appropriation: 641 - Fed Voc Educ-Operations
Funding Sources: FEV - Federal Vocational Education

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**19,372,252**	**18**	**19,372,252**	**100.0**	**19,373,193**	**18**	**19,373,193**	**100.0**
C01	Existing Program	219,732	4	19,591,984	101.1	219,732	4	19,592,925	101.1

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**19,372,252**	**18**	**19,372,252**	**100.0**	**19,373,193**	**18**	**19,373,193**	**100.0**
C01	Existing Program	219,732	4	19,591,984	101.1	219,732	4	19,592,925	101.1

Justification	
C01	The Division of Career and Technical Education is requesting an appropriation increase for Extra-Help and the following four (4) positions: ACE Program Coordinator, class code E061C, grade C123; two (2) ACE Program Advisors, class code E062C; and an Administrative Analyst, class code C037C, grade C115. These positions are needed to manage the financial requirements, provide technical assistance and guidance to students and teachers, and to manage the logistics of local, state, and national projects and conferences. Career and Technical Student Organizations (CTSOs) are an integral component of CTE programs of study. CTSO participation allows students an opportunity to learn more about careers, develop leadership and workplace skills. Statewide meetings and events attached to these organizations require extensive time to manage and facilitate for students and their advisors. Currently, these responsibilities are being assigned to CTE program supervisors and managers to be completed in addition to their other job duties. Essentially, current staff is required to perform these full-time job assignments. In addition, the financial management system in the current structure lacks regulations and accountability, which creates liability issues for our division and agency.

Analysis of Budget Request

Appropriation: 644 - Adult Basic Education

Funding Sources: EGB - Workforce Education Fund Account

This general revenue appropriation is utilized by the Agency to administer the State's adult education programs. These programs are generally found in adult education centers, community colleges, post-secondary vocational institutions, and area high schools.

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

The Base Level Request is $540,134 each year.

The Agency requests a Change Level of $76,434 in appropriation and general revenue funding for Regular Salaries and Personal Services Matching of $76,434 each year for one (1) new position, an ACE Division Manager, and reclassification of two (2) positions.

The Executive Recommendation provides for Base Level.

Appropriation Summary

Appropriation: 644 - Adult Basic Education

Funding Sources: EGB - Workforce Education Fund Account

		Historical Data			Agency Request and Executive Recommendation					
		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	312,435	389,743	395,155	392,990	451,367	392,990	392,990	451,367	392,990
#Positions		**7**	**7**	**7**	**7**	**8**	**7**	**7**	**8**	**7**
Personal Services Matching	5010003	101,325	120,942	130,612	122,637	140,694	122,637	122,637	140,694	122,637
Operating Expenses	5020002	24,989	24,507	25,000	24,507	24,507	24,507	24,507	24,507	24,507
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		438,749	535,192	550,767	540,134	616,568	540,134	540,134	616,568	540,134
Funding Sources										
General Revenue	4000010	438,749	535,192		540,134	616,568	540,134	540,134	616,568	540,134
Total Funding		438,749	535,192		540,134	616,568	540,134	540,134	616,568	540,134
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		438,749	535,192		540,134	616,568	540,134	540,134	616,568	540,134

Change Level by Appropriation

Appropriation: 644 - Adult Basic Education
Funding Sources: EGB - Workforce Education Fund Account

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**540,134**	**7**	**540,134**	**100.0**	**540,134**	**7**	**540,134**	**100.0**
C01	Existing Program	72,308	1	612,442	113.4	72,308	1	612,442	113.4
C10	Reclass	4,126	0	616,568	114.2	4,126	0	616,568	114.2

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**540,134**	**7**	**540,134**	**100.0**	**540,134**	**7**	**540,134**	**100.0**
C01	Existing Program	17,152	0	557,286	103.2	17,152	0	557,286	103.2
C10	Reclass	0	0	557,286	103.2	0	0	557,286	103.2
C13	Not Recommended	(17,152)	0	540,134	100.0	(17,152)	0	540,134	100.0

Justification	
C01	An ACE Division Manager, Grade C128 is requested. There is a consistent, increasing student and employer demand for Adult Education programs and services, to support a 21st century, post-recession workforce. Our constituencies mandate competent, knowledgeable management staff to address the education and training needs of adult Arkansans. Citizen demands warrant a higher level manager to facilitate directives, manage frequent projects, collect, analyze and report data, and who can supervise support personnel.
C10	Reclassification of two positions: Fiscal Support Specialist, Grade C112, to Fiscal Support Analyst, Grade C115. The purpose of this position is to assist the Fiscal Support Supervisor in maintaining all the financial operations for approved awards to local school districts, colleges, and universities, while providing technical assistance to grants participants and co-workers, monitoring fund balances for various Agency programs, processing federal wire from the U.S. Department of Education and other federal granting agencies., monitoring and auditing expenditure reports for payment to local programs and enter into database, assisting with budget preparation for local Adult Education programs and performing a wide variety of tasks and providing technical assistance in these areas. Fiscal Support Supervisor, Grade C118, to Grants Manager, Grade C121. This is a salary neutral reclassification to better align the position with the current job duties.

Analysis of Budget Request

Appropriation: 645 - Fed-Adult Basic Education

Funding Sources: FEA - Federal Adult Basic Education

This federal appropriation is utilized by the Agency to administer adult education programs. Funding is received from the U.S. Department of Education- Basic State Grant and requires a 25% match by the State. Funds from the State funded counterpart for adult education programs (appropriation 644), as well as Public School Funds received by the Agency are used to meet the matching requirement.

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

The Base Level Request is $8,292,042 each year.

The Agency requests a Change Level of $40,715 for Regular Salaries and Personal Services Matching of $40,715 each year for one (1) new position, an Administrative Analyst.

The Executive Recommendation provides for Base Level.

Appropriation Summary

Appropriation: 645 - Fed-Adult Basic Education

Funding Sources: FEA - Federal Adult Basic Education

		Historical Data			Agency Request and Executive Recommendation					
		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	133,830	76,269	134,054	76,472	105,723	76,472	76,472	105,723	76,472
#Positions		**3**	**2**	**2**	**2**	**3**	**2**	**2**	**3**	**2**
Personal Services Matching	5010003	44,640	27,298	46,745	27,624	39,088	27,624	27,624	39,088	27,624
Operating Expenses	5020002	0	77,467	77,467	77,467	77,467	77,467	77,467	77,467	77,467
Conference & Travel Expenses	5050009	16,534	25,200	25,200	25,200	25,200	25,200	25,200	25,200	25,200
Professional Fees	5060010	0	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Grants and Aid	5100004	5,205,903	8,076,279	8,076,279	8,076,279	8,076,279	8,076,279	8,076,279	8,076,279	8,076,279
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Total		5,400,907	8,291,513	8,368,745	8,292,042	8,332,757	8,292,042	8,292,042	8,332,757	8,292,042
Funding Sources										
Federal Revenue	4000020	5,400,907	8,291,513		8,292,042	8,332,757	8,292,042	8,292,042	8,332,757	8,292,042
Total Funding		5,400,907	8,291,513		8,292,042	8,332,757	8,292,042	8,292,042	8,332,757	8,292,042
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		5,400,907	8,291,513		8,292,042	8,332,757	8,292,042	8,292,042	8,332,757	8,292,042

Change Level by Appropriation

Appropriation: 645 - Fed-Adult Basic Education
Funding Sources: FEA - Federal Adult Basic Education

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**8,292,042**	**2**	**8,292,042**	**100.0**	**8,292,042**	**2**	**8,292,042**	**100.0**
C01	Existing Program	40,715	1	8,332,757	100.5	40,715	1	8,332,757	100.5

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**8,292,042**	**2**	**8,292,042**	**100.0**	**8,292,042**	**2**	**8,292,042**	**100.0**
C01	Existing Program	11,464	0	8,303,506	100.1	11,464	0	8,303,506	100.1
C13	Not Recommended	(11,464)	0	8,292,042	100.0	(11,464)	0	8,292,042	100.0

Justification	
C01	An Administrative Analyst position, Grade C115, is requested. This position will supervise administrative support staff, and provide administrative oversight of procurement, conference and meetings, client requests, and other division activities. There is a consistent, increasing student and employer demand for Adult Education programs and services, to support a 21st century, post-recession workforce. Our constituencies mandate competent, knowledgeable staff to address the education and training needs of adult Arkansans. Citizen demands warrant a technically proficient paraprofessional to facilitate directives, manage frequent projects, collect, analyze and report data.

Analysis of Budget Request

Appropriation: 647 - Fed Equipment & Training-Operations

Funding Sources: FEM - Federal Equipment & Training Operations

This federal appropriation is used for inventory control and is funded from M&R proceeds derived from the sale of equipment purchased with federal funds.

The Agency Requests Base Level of $14,800 for the 2015-2017 Biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 647 - Fed Equipment & Training-Operations

Funding Sources: FEM - Federal Equipment & Training Operations

		Historical Data			Agency Request and Executive Recommendation					
		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	0	14,800	14,800	14,800	14,800	14,800	14,800	14,800	14,800
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	1,112	0	0	0	0	0	0	0	0
Total		1,112	14,800	14,800	14,800	14,800	14,800	14,800	14,800	14,800
Funding Sources										
Fund Balance	4000005	18,460	18,962		5,362	5,362	5,362	0	0	0
M & R Sales	4000340	1,614	1,200		600	600	600	500	500	500
Total Funding		20,074	20,162		5,962	5,962	5,962	500	500	500
Excess Appropriation/(Funding)		(18,962)	(5,362)		8,838	8,838	8,838	14,300	14,300	14,300
Grand Total		1,112	14,800		14,800	14,800	14,800	14,800	14,800	14,800

Analysis of Budget Request

Appropriation: 649 - Fed-Veteran's Approving Agency

Funding Sources: FEW - Federal Veteran's Approving Agency

Any educational program or course at a school or training facility other than an installation of the federal government must be approved by the Arkansas Approving Agency before an eligible veteran, service person, or eligible dependent can receive educational benefits. This Agency evaluates public and private schools, as well as specialized training programs, such as, apprenticeship and on-the-job training programs. Federal funds are received from the Veterans Administration.

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

The Agency Requests Base Level $307,159 for the 2015-2017 Biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 649 - Fed-Veteran's Approving Agency

Funding Sources: FEW - Federal Veteran's Approving Agency

		Historical Data			Agency Request and Executive Recommendation					
		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	187,919	181,245	161,506	183,035	183,035	183,035	183,035	183,035	183,035
#Positions		**4**	**4**	**4**	**4**	**4**	**4**	**4**	**4**	**4**
Personal Services Matching	5010003	61,646	59,426	58,215	60,355	60,355	60,355	60,355	60,355	60,355
Operating Expenses	5020002	11,750	53,546	53,546	53,546	53,546	53,546	53,546	53,546	53,546
Conference & Travel Expenses	5050009	7,270	9,623	9,623	9,623	9,623	9,623	9,623	9,623	9,623
Professional Fees	5060010	0	600	600	600	600	600	600	600	600
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		268,585	304,440	283,490	307,159	307,159	307,159	307,159	307,159	307,159
Funding Sources										
Fund Balance	4000005	413,638	461,039		456,599	456,599	456,599	439,327	439,327	439,327
Federal Revenue	4000020	315,986	300,000		289,887	289,887	289,887	290,041	290,041	290,041
Total Funding		729,624	761,039		746,486	746,486	746,486	729,368	729,368	729,368
Excess Appropriation/(Funding)		(461,039)	(456,599)		(439,327)	(439,327)	(439,327)	(422,209)	(422,209)	(422,209)
Grand Total		268,585	304,440		307,159	307,159	307,159	307,159	307,159	307,159

FY15 Budget amount in Regular Salaries and Personal Services Matching exceeds the authorized amount due to salary and matching rate adjustments during the 2013-2015 Biennium.

Analysis of Budget Request

Appropriation: 755 - Construction Craft

Funding Sources: TCI - Construction Craft Training Trust Fund

This appropriation is funded with special revenues gained from a $.50 per $1,000 surcharge on building permits. Act 474 of 1999 established the Construction Industry Craft Training Program. Grants are made for training programs located in the two and four year colleges and in the Technical Institutes.

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

The Agency Requests Base Level of $885,485 for the 2015-2017 Biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 755 - Construction Craft

Funding Sources: TCI - Construction Craft Training Trust Fund

		Historical Data			Agency Request and Executive Recommendation					
		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	50,944	49,486	108,510	49,971	49,971	49,971	49,971	49,971	49,971
#Positions		**1**	**1**	**1**	**1**	**1**	**1**	**1**	**1**	**1**
Personal Services Matching	5010003	16,296	15,773	35,731	16,014	16,014	16,014	16,014	16,014	16,014
Operating Expenses	5020002	0	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000
Conference & Travel Expenses	5050009	0	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500
Professional Fees	5060010	0	0	0	0	0	0	0	0	0
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Grants and Aid	5100004	741,170	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Total		808,410	884,759	963,741	885,485	885,485	885,485	885,485	885,485	885,485
Funding Sources										
Fund Balance	4000005	1,447,301	1,246,013		831,254	831,254	831,254	560,997	560,997	560,997
Special Revenue	4000030	607,122	470,000		615,228	615,228	615,228	763,000	763,000	763,000
Total Funding		2,054,423	1,716,013		1,446,482	1,446,482	1,446,482	1,323,997	1,323,997	1,323,997
Excess Appropriation/(Funding)		(1,246,013)	(831,254)		(560,997)	(560,997)	(560,997)	(438,512)	(438,512)	(438,512)
Grand Total		808,410	884,759		885,485	885,485	885,485	885,485	885,485	885,485

Analysis of Budget Request

Appropriation: 82V - LESO Program

Funding Sources: NCE - Cash in Treasury

In FY2010, the Department of Career Education was designated as the state coordinator for the Law Enforcement Safety Office (LESO) program. This program assists local law enforcement agencies in acquiring federal property to assist them in performing their mission. For this assistance and the oversight responsibilities, the Agency collects a fee on each property transaction.

The Base Level Request is $15,000 each year.

The Agency requests a Change Level of $60,000 in appropriation in each year to allow for transportation of federal vehicles and heavy equipment to law enforcement agencies in the State. Expenses are reimbursed to the Agency.

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

Appropriation Summary

Appropriation: 82V - LESO Program
Funding Sources: NCE - Cash in Treasury

	Historical Data			Agency Request and Executive Recommendation					
	2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Law Enforcement Safety Progran 5900046	20,662	55,000	15,000	15,000	75,000	75,000	15,000	75,000	75,000
Total	20,662	55,000	15,000	15,000	75,000	75,000	15,000	75,000	75,000
Funding Sources									
Fund Balance 4000005	149,636	194,296		189,296	189,296	189,296	239,296	179,296	179,296
Cash Fund 4000045	65,322	50,000		65,000	65,000	65,000	68,000	68,000	68,000
Total Funding	214,958	244,296		254,296	254,296	254,296	307,296	247,296	247,296
Excess Appropriation/(Funding)	(194,296)	(189,296)		(239,296)	(179,296)	(179,296)	(292,296)	(172,296)	(172,296)
Grand Total	20,662	55,000		15,000	75,000	75,000	15,000	75,000	75,000

Budget exceeds Authorized Appropriation due to a transfer from the Cash Fund Holding Account.
Expenditure of appropriation is contingent upon available funding.

Change Level by Appropriation

Appropriation: 82V - LESO Program
Funding Sources: NCE - Cash in Treasury

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**15,000**	**0**	**15,000**	**100.0**	**15,000**	**0**	**15,000**	**100.0**
C01	Existing Program	60,000	0	75,000	500.0	60,000	0	75,000	500.0

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**15,000**	**0**	**15,000**	**100.0**	**15,000**	**0**	**15,000**	**100.0**
C01	Existing Program	60,000	0	75,000	500.0	60,000	0	75,000	500.0

Justification	
C01	The Agency is requesting additional appropriation of $60,000 for FY16 and FY17, commitment item 46. We will be using this amount for transportation of federal vehicles and heavy equipment to be granted to law enforcement agencies in the State. This amount will be reimbursed back to the Agency.

Analysis of Budget Request

Appropriation: 96V - Career Coaches Grant

Funding Sources: NCE - Cash in Treasury

Career Coaches Grants-The Department of Career Education receives funds from the Department of Higher Education to support Career Coaches in schools identified with high dropout rates. The source of the funds used to fund this program at the Department of Higher Education is a grant from the Winthrop Rockefeller Foundation.

The Base Level Request is $60,000 each year.

The Agency requests a Change Level reduction of ($40,000) in FY16 and ($60,000) in FY17 for Grants and Aid to match available funding.

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

Appropriation Summary

Appropriation: 96V - Career Coaches Grant
Funding Sources: NCE - Cash in Treasury

		Historical Data			Agency Request and Executive Recommendation					
		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid	5100004	144,831	122,900	60,000	60,000	20,000	20,000	60,000	0	0
Total		144,831	122,900	60,000	60,000	20,000	20,000	60,000	0	0
Funding Sources										
Fund Balance	4000005	143,500	36		0	0	0	0	0	0
Cash Fund	4000045	1,367	122,864		60,000	20,000	20,000	60,000	0	0
Total Funding		144,867	122,900		60,000	20,000	20,000	60,000	0	0
Excess Appropriation/(Funding)		(36)	0		0	0	0	0	0	0
Grand Total		144,831	122,900		60,000	20,000	20,000	60,000	0	0

Budget exceeds Authorized Appropriation due to a transfer from the Cash Fund Holding Account.

Change Level by Appropriation

Appropriation: 96V - Career Coaches Grant
Funding Sources: NCE - Cash in Treasury

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**60,000**	**0**	**60,000**	**100.0**	**60,000**	**0**	**60,000**	**100.0**
C03	Discontinue Program	(40,000)	0	20,000	33.3	(60,000)	0	0	0.0

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**60,000**	**0**	**60,000**	**100.0**	**60,000**	**0**	**60,000**	**100.0**
C03	Discontinue Program	(40,000)	0	20,000	33.3	(60,000)	0	0	0.0

Justification	
C03	Decrease appropriation to match available funding.

Analysis of Budget Request

Appropriation: A88 - Alternate Retirement Plan

Funding Sources: 150 - Vo Tech Retirement

The Department of Career Education uses this cash appropriation for administration of various retirement plans available to their employees. Funding for this appropriation comes in the form of employee deductions and matching for retirement. The Agency pays the employee premiums to the companies offering the retirement plans.

The Agency requests Base Level of $122,522 for the 2015-2017 Biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: A88 - Alternate Retirement Plan

Funding Sources: 150 - Vo Tech Retirement

		Historical Data			Agency Request and Executive Recommendation					
		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Personal Services Matching	5010003	19,644	110,222	110,222	110,222	110,222	110,222	110,222	110,222	110,222
Operating Expenses	5020002	4,489	12,300	12,300	12,300	12,300	12,300	12,300	12,300	12,300
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		24,133	122,522	122,522	122,522	122,522	122,522	122,522	122,522	122,522
Funding Sources										
Fund Balance	4000005	326,954	323,020		235,498	235,498	235,498	137,976	137,976	137,976
Interest & Forfeitures	4000305	20,199	35,000		25,000	25,000	25,000	30,000	30,000	30,000
Total Funding		347,153	358,020		260,498	260,498	260,498	167,976	167,976	167,976
Excess Appropriation/(Funding)		(323,020)	(235,498)		(137,976)	(137,976)	(137,976)	(45,454)	(45,454)	(45,454)
Grand Total		24,133	122,522		122,522	122,522	122,522	122,522	122,522	122,522

Analysis of Budget Request

Appropriation: F48 - AR Works - School Districts

Funding Sources: NCE - Cash in Treasury

The Department of Career Education is the administrative agency for the Arkansas Works Initiative. To support the career coach positions serving middle and high schools in twenty-one counties and the Little Rock school district, school districts submit a portion of the funding to the Department. The Department then reimburses the participating two-year colleges and cooperative education center in the form of grants, for costs associated with travel, training, supplies and services, utilizing this appropriation.

The Agency requests a Change Level of $1,537,500 each year for Grants and Aid for reimbursements to participating educational entities for costs related to the Arkansas Works Initiative.

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

Appropriation Summary

Appropriation: F48 - AR Works - School Districts

Funding Sources: NCE - Cash in Treasury

		Historical Data			Agency Request and Executive Recommendation					
		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid	5100004	507,049	1,537,500	0	0	1,537,500	1,537,500	0	1,537,500	1,537,500
Total		507,049	1,537,500	0	0	1,537,500	1,537,500	0	1,537,500	1,537,500
Funding Sources										
Fund Balance	4000005	132,300	378,037		378,037	378,037	378,037	1,915,537	378,037	378,037
Cash Fund	4000045	752,786	1,537,500		1,537,500	1,537,500	1,537,500	1,537,500	1,537,500	1,537,500
Total Funding		885,086	1,915,537		1,915,537	1,915,537	1,915,537	3,453,037	1,915,537	1,915,537
Excess Appropriation/(Funding)		(378,037)	(378,037)		(1,915,537)	(378,037)	(378,037)	(3,453,037)	(378,037)	(378,037)
Grand Total		507,049	1,537,500		0	1,537,500	1,537,500	0	1,537,500	1,537,500

Budget exceeds Authorized Appropriation in Grants and Aid due to a transfer from the Cash Fund Holding Account.

Change Level by Appropriation

Appropriation: F48 - AR Works - School Districts
Funding Sources: NCE - Cash in Treasury

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**0**	**0**	**0**	**0.0**	**0**	**0**	**0**	**0.0**
C01	Existing Program	1,537,500	0	1,537,500	100.0	1,537,500	0	1,537,500	100.0

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**0**	**0**	**0**	**0.0**	**0**	**0**	**0**	**0.0**
C01	Existing Program	1,537,500	0	1,537,500	100.0	1,537,500	0	1,537,500	100.0

Justification	
C01	The Agency is requesting an appropriation increase of $1,537,500 in each year to continue reimbursing participating two-year colleges and cooperative education centers for costs related to the Arkansas Works Initiative, using school district contributions.

Department Appropriation Summary

Appropriation		Historical Data 2013-2014 Actual	Pos	2014-2015 Budget	Pos	2014-2015 Authorized	Pos	Agency Request and Executive Recommendation 2015-2016 Base Level	Pos	Agency	Pos	Executive	Pos	2016-2017 Base Level	Pos	Agency	Pos	Executive	Pos
200	Vocational Start-Up Grants	2,369,210	0	2,370,000	0	2,370,000	0	2,370,000	0	6,500,000	0	2,370,000	0	2,370,000	0	6,500,000	0	2,370,000	0
201	Vocational Center Aid	20,136,362	0	20,436,383	0	20,436,383	0	20,436,383	0	27,289,500	0	20,436,383	0	20,436,383	0	29,163,800	0	20,436,383	0
427	Governor's Commission on Adult Literacy	724,220	0	768,604	1	773,676	1	768,688	1	812,683	1	768,688	1	768,688	1	815,323	1	768,688	1
453	Adult Basic & General Education	19,734,811	0	19,860,569	0	19,860,569	0	19,860,569	0	28,082,203	0	19,860,569	0	19,860,569	0	28,575,501	0	19,860,569	0
681	Coordinated Career Education Services	792,173	0	1,119,433	0	1,119,433	0	1,119,433	0	1,119,433	0	1,119,433	0	1,119,433	0	1,119,433	0	1,119,433	0
F86	GED Testing	0	0	1,870,000	0	1,870,000	0	1,870,000	0	1,870,000	0	1,870,000	0	1,870,000	0	1,870,000	0	1,870,000	0
M77	Career Coaches Public School Fund	0	0	970,425	2	1,007,000	2	971,624	2	17,387,119	4	971,624	2	972,753	2	17,388,248	4	972,753	2
M96	KUDER - Public School Fund	0	0	0	0	0	0	0	0	500,000	0	0	0	0	0	500,000	0	0	0
M97	Adult Education Career Coaches	0	0	0	0	0	0	0	0	2,450,000	0	0	0	0	0	2,450,000	0	0	0
M98	Smarter Sentencing Program - PSF	0	0	0	0	0	0	0	0	1,700,000	0	0	0	0	0	1,802,000	0	0	0
Total		43,756,776	0	47,395,414	3	47,437,061	3	47,396,697	2	87,710,938	4	47,396,697	2	47,397,826	2	90,184,305	4	47,397,826	2
Funding Sources			%		%				%		%		%		%		%		%
Fund Balance	4000005	2,924,963	6.1	3,927,971	8.1			1,078,337	2.4	1,078,337	1.2	1,078,337	2.4	1,078,337	2.4	1,078,337	1.2	1,078,337	2.4
Educational Excellence Fund	4000220	11,924,609	25.0	12,261,556	25.3			12,261,556	26.9	12,261,556	13.8	12,261,556	26.9	12,261,556	26.9	12,261,556	13.4	12,261,556	26.9
Rainy Day Fund	4000267	450,000	0.9	0	0.0			0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Intra-agency Fund Transfer	4000317	0	0.0	0	0.0			0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Miscellaneous Adjustments	4000345	100,951	0.2	0	0.0			0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Career Ed PSF	4000745	32,284,224	67.7	32,284,224	66.6			32,293,517	70.8	75,449,382	85.0	32,293,517	70.8	32,293,517	70.8	77,922,749	85.4	32,293,517	70.8
Total Funds		47,684,747	100.0	48,473,751	100.0			45,633,410	100.0	88,789,275	100.0	45,633,410	100.0	45,633,410	100.0	91,262,642	100.0	45,633,410	100.0
Excess Appropriation/(Funding)		(3,927,971)		(1,078,337)				1,763,287		(1,078,337)		1,763,287		1,764,416		(1,078,337)		1,764,416	
Grand Total		43,756,776		47,395,414				47,396,697		87,710,938		47,396,697		47,397,826		90,184,305		47,397,826	

Variance in Fund Balance is due to unfunded appropriation.

Analysis of Budget Request

Appropriation: 200 - Vocational Start-Up Grants

Funding Sources: JWE - Career Education Public School Fund

This appropriation is used to award funds to schools for the purpose of purchasing capital equipment, non-consumable supplies and program software to start newly approved vocational programs for the different occupational program areas, to support the minimum required equipment to meet program standards, and to support short-term adult skills training classes. The program is funded through the Career Education Public School Fund.

The Base Level Request is $2,370,000 in appropriation and general revenue funding each year.

The Agency requests a Change Level of $4,130,000 in appropriation and funding for Grants and Aid to award additional grants to school districts for start-up equipment for vocational programs.

The Executive Recommendation provides for Base Level.

Appropriation Summary

Appropriation: 200 - Vocational Start-Up Grants

Funding Sources: JWE - Career Education Public School Fund

	Historical Data			Agency Request and Executive Recommendation					
	2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item	**Actual**	**Budget**	**Authorized**	**Base Level**	**Agency**	**Executive**	**Base Level**	**Agency**	**Executive**
Grants and Aid 5100004	2,369,210	2,370,000	2,370,000	2,370,000	6,500,000	2,370,000	2,370,000	6,500,000	2,370,000
Total	2,369,210	2,370,000	2,370,000	2,370,000	6,500,000	2,370,000	2,370,000	6,500,000	2,370,000
Funding Sources									
Career Ed PSF 4000745	2,369,210	2,370,000		2,370,000	6,500,000	2,370,000	2,370,000	6,500,000	2,370,000
Total Funding	2,369,210	2,370,000		2,370,000	6,500,000	2,370,000	2,370,000	6,500,000	2,370,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	2,369,210	2,370,000		2,370,000	6,500,000	2,370,000	2,370,000	6,500,000	2,370,000

Change Level by Appropriation

Appropriation: 200 - Vocational Start-Up Grants
Funding Sources: JWE - Career Education Public School Fund

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**2,370,000**	**0**	**2,370,000**	**100.0**	**2,370,000**	**0**	**2,370,000**	**100.0**
C01	Existing Program	4,130,000	0	6,500,000	274.3	4,130,000	0	6,500,000	274.3

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**2,370,000**	**0**	**2,370,000**	**100.0**	**2,370,000**	**0**	**2,370,000**	**100.0**
C01	Existing Program	0	0	2,370,000	100.0	0	0	2,370,000	100.0

Justification	
C01	New Start-Up Equipment: During the last Request For Proposal process, the Career and Technical Education division received requests to fund new programs of study in the amount of $6.5 million. Due to lack of funding, only $2.3 million of the requests were approved. To meet the needs of school districts' requests for funding to develop and implement programs of study within their districts, an increase of funding and appropriation in the amount of $4.13 million will be required.

Analysis of Budget Request

Appropriation: 201 - Vocational Center Aid

Funding Sources: JWE - Career Education Public School Fund

This program distributes aid to vocational centers, in a partnership with public high schools and two-year colleges, under the rules and regulations of the State Board based on full-time equivalency. The objective of these centers is to provide high school students affordable training for entry-level skills in areas where employment opportunities exist or need to be developed. Programs are approved on the basis of student interest and local economic development opportunities. The program is funded through the Career Education Public School Fund.

The Base Level Request is $20,436,383 in appropriation and general revenue funding each year.

The Agency requests a Change Level of $6,853,117 in FY16 and $8,727,417 in FY17 for appropriation and general revenue funding for Grants and Aid to fund new Secondary Career Centers, expand course offerings, and accommodate anticipated growth in enrollment.

The Executive Recommendation provides for Base Level.

Appropriation Summary

Appropriation: 201 - Vocational Center Aid

Funding Sources: JWE - Career Education Public School Fund

		Historical Data			Agency Request and Executive Recommendation					
		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid	5100004	20,136,362	20,436,383	20,436,383	20,436,383	27,289,500	20,436,383	20,436,383	29,163,800	20,436,383
Total		20,136,362	20,436,383	20,436,383	20,436,383	27,289,500	20,436,383	20,436,383	29,163,800	20,436,383
Funding Sources										
Career Ed PSF	4000745	20,136,362	20,436,383		20,436,383	27,289,500	20,436,383	20,436,383	29,163,800	20,436,383
Total Funding		20,136,362	20,436,383		20,436,383	27,289,500	20,436,383	20,436,383	29,163,800	20,436,383
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		20,136,362	20,436,383		20,436,383	27,289,500	20,436,383	20,436,383	29,163,800	20,436,383

Change Level by Appropriation

Appropriation: 201 - Vocational Center Aid
Funding Sources: JWE - Career Education Public School Fund

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**20,436,383**	**0**	**20,436,383**	**100.0**	**20,436,383**	**0**	**20,436,383**	**100.0**
C01	Existing Program	6,853,117	0	27,289,500	133.5	8,727,417	0	29,163,800	142.7

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**20,436,383**	**0**	**20,436,383**	**100.0**	**20,436,383**	**0**	**20,436,383**	**100.0**
C01	Existing Program	0	0	20,436,383	100.0	0	0	20,436,383	100.0

Justification	
C01	Secondary Career Centers serve as a great resource to allow students to enroll in high-cost programs unable to be offered at their schools and receive college credit. Unfortunately, every student in the state does not have access to this opportunity. Increased funding is needed to fund the additions of new Secondary Career Centers, expanded course offerings, and anticipated growth in enrollment. Request was made in 2013 Legislative Session for an additional $300,000 for Vocational Center Aid to fund satellite locations for ATU-Ozark at Clarksville campus and Cossatot Community College at Murfreesboro campus to fund the additional FTE. We received the appropriation for the additional $300,000, but we did not receive the funding. As a result, approximately 100 students were unable to receive the benefits of the Heath Science Technology program of study which would have been taught at these satellite locations. Vocational Center Aid has not been increased since 2004 and as a result no additional funding for new centers, satellites or programs of study have been approved. We are requesting an increase of $6,853,117 in FY16 and $8,727,417 in FY17 for the expansion of the vocational center network.

Analysis of Budget Request

Appropriation: 427 - Governor's Commission on Adult Literacy

Funding Sources: JWE - Career Education Public School Fund

The Governor's Commission on Adult Literacy is funded from the Career Education Public School Fund. The appropriation consists of one position, supporting Operating Expenses, Grants that are made to literacy councils, and the Recognition Program.

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

The Base Level Request is $768,688 in appropriation and general revenue funding each year.

The Agency requests a Change Level of $43,995 in FY16 and $46,635 in FY17 in appropriation and general revenue for Grants and Aid as part of the Agency's request for an annual six (6) percent increase on Adult Education programs, due to increases in cost of living, teachers' salaries, teachers' health insurance and the cost of rent and utilities.

The Executive Recommendation provides for Base Level.

Appropriation Summary

Appropriation: 427 - Governor's Commission on Adult Literacy

Funding Sources: JWE - Career Education Public School Fund

		Historical Data			Agency Request and Executive Recommendation					
		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	0	26,410	30,131	26,410	26,410	26,410	26,410	26,410	26,410
#Positions		**0**	**1**	**1**	**1**	**1**	**1**	**1**	**1**	**1**
Personal Services Matching	5010003	2,860	8,947	10,298	9,031	9,031	9,031	9,031	9,031	9,031
Operating Expenses	5020002	40,373	52,242	52,242	52,242	52,242	52,242	52,242	52,242	52,242
Conference & Travel Expenses	5050009	5,988	6,005	6,005	6,005	6,005	6,005	6,005	6,005	6,005
Professional Fees	5060010	0	0	0	0	0	0	0	0	0
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Grants and Aid	5100004	674,999	675,000	675,000	675,000	718,995	675,000	675,000	721,635	675,000
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Total		724,220	768,604	773,676	768,688	812,683	768,688	768,688	815,323	768,688
Funding Sources										
Career Ed PSF	4000745	724,220	768,604		768,688	812,683	768,688	768,688	815,323	768,688
Total Funding		724,220	768,604		768,688	812,683	768,688	768,688	815,323	768,688
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		724,220	768,604		768,688	812,683	768,688	768,688	815,323	768,688

Change Level by Appropriation

Appropriation: 427 - Governor's Commission on Adult Literacy
Funding Sources: JWE - Career Education Public School Fund

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**768,688**	**1**	**768,688**	**100.0**	**768,688**	**1**	**768,688**	**100.0**
C01	Existing Program	43,995	0	812,683	105.7	46,635	0	815,323	106.1

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**768,688**	**1**	**768,688**	**100.0**	**768,688**	**1**	**768,688**	**100.0**
C01	Existing Program	0	0	768,688	100.0	0	0	768,688	100.0

Justification	
C01	Adult Education Division is requesting a 6% annual capacity increase in appropriation and funding to accommodate the cost of living increases, including increases in teachers' salaries, teachers' health insurance and the cost of rent and utilities. The 6% increase will prevent us from terminating teachers who have already been trained in adult education with state funds.

Analysis of Budget Request

Appropriation: 453 - Adult Basic & General Education

Funding Sources: JWE - Career Education Public School Fund

The Adult Basic and General Adult Education program provides grants for educating those adults with less than a high school equivalency and for retraining those already in the workforce. Adult education serves adult learners through adult basic education classes, which are designed for adults functioning up to the 8th grade level. General adult education classes prepare adults who score at the 9th to 12th grade levels. Funding for this appropriation is provided from the Career Education Public School Fund.

The Base Level Request is $19,860,569 in appropriation and general revenue funding each year.

The Agency requests a Change Level of $8,221,634 in FY16 and $8,714,932 in FY17 in appropriation and general revenue funding for Grants and Aid; $7,030,000 of this increase each year is to provide funding for four (4) full-time instructors for each of the thirty-eight (38) Adult Education Centers. The remainder of the increase each year is part of the Agency's request for an annual six (6) percent increase on Adult Education programs, due to increases in cost of living, teachers' salaries, teachers' health insurance and the cost of rent and utilities.

The Executive Recommendation provides for Base Level.

Appropriation Summary

Appropriation: 453 - Adult Basic & General Education

Funding Sources: JWE - Career Education Public School Fund

		Historical Data			Agency Request and Executive Recommendation					
		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid	5100004	19,734,811	19,860,569	19,860,569	19,860,569	28,082,203	19,860,569	19,860,569	28,575,501	19,860,569
Total		19,734,811	19,860,569	19,860,569	19,860,569	28,082,203	19,860,569	19,860,569	28,575,501	19,860,569
Funding Sources										
Fund Balance	4000005	2,924,963	3,477,971		1,078,337	1,078,337	1,078,337	1,078,337	1,078,337	1,078,337
Educational Excellence Fund	4000220	11,924,609	12,261,556		12,261,556	12,261,556	12,261,556	12,261,556	12,261,556	12,261,556
Intra-agency Fund Transfer	4000317	0	(2,390,425)		0	0	0	0	0	0
Miscellaneous Adjustments	4000345	100,951	0		0	0	0	0	0	0
Career Ed PSF	4000745	8,262,259	7,589,804		7,599,013	15,820,647	7,599,013	7,599,013	16,313,945	7,599,013
Total Funding		23,212,782	20,938,906		20,938,906	29,160,540	20,938,906	20,938,906	29,653,838	20,938,906
Excess Appropriation/(Funding)		(3,477,971)	(1,078,337)		(1,078,337)	(1,078,337)	(1,078,337)	(1,078,337)	(1,078,337)	(1,078,337)
Grand Total		19,734,811	19,860,569		19,860,569	28,082,203	19,860,569	19,860,569	28,575,501	19,860,569

Miscellaneous Adjustments consist primarily of refund to expenditures.

Change Level by Appropriation

Appropriation: 453 - Adult Basic & General Education
Funding Sources: JWE - Career Education Public School Fund

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**19,860,569**	**0**	**19,860,569**	**100.0**	**19,860,569**	**0**	**19,860,569**	**100.0**
C01	Existing Program	8,221,634	0	28,082,203	141.4	8,714,932	0	28,575,501	143.9

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**19,860,569**	**0**	**19,860,569**	**100.0**	**19,860,569**	**0**	**19,860,569**	**100.0**
C01	Existing Program	0	0	19,860,569	100.0	0	0	19,860,569	100.0

Justification	
C01	The Department of Career Education is requesting $7,030,000 in appropriation and funding to provide four full-time instructors for each of the 38 Adult Education centers on twelve month contracts. Funding these positions will allow the Adult Education programs to provide equal access to quality instruction in each of the 75 counties of the state. The cost to provide a full-time instructor is approximately $46,250 salary and benefits. In order to provide 152 instructors state-wide (four instructors for each of the 38 Adult Education programs), an investment of $7.03 million is needed. The Agency is also requesting 6% annual capacity increase in appropriation and funding to accommodate the cost of living increases, including increases in teachers' salaries, teachers' health insurance and the cost of rent and utilities. The 6% increase will prevent us from terminating teachers who have already been trained in adult education with state funds. The total request for YR1 is $8,221,634 (6% of base + 7,030,000) and for year 2 will be $8,714,932 (6% of YR1 total).

Analysis of Budget Request

Appropriation: 681 - Coordinated Career Education Services

Funding Sources: JWE - Career Education Public School Fund

The Coordinated Career Education Services- Special Needs Students program provides grants to coordinated career education programs in which students with disabilities attend academic classes in the morning and work in the afternoon. Special Needs Programs provide special projects and adaptive equipment for secondary and postsecondary career and technical education students with disabilities and vocational counselors at several secondary area vocational centers. Funding for this appropriation is provided from the Career Education Public School Fund.

The Agency requests Base Level of $1,119,433 for the 2015-2017 Biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 681 - Coordinated Career Education Services
Funding Sources: JWE - Career Education Public School Fund

		Historical Data			Agency Request and Executive Recommendation					
		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid	5100004	792,173	1,119,433	1,119,433	1,119,433	1,119,433	1,119,433	1,119,433	1,119,433	1,119,433
Total		792,173	1,119,433	1,119,433	1,119,433	1,119,433	1,119,433	1,119,433	1,119,433	1,119,433
Funding Sources										
Career Ed PSF	4000745	792,173	1,119,433		1,119,433	1,119,433	1,119,433	1,119,433	1,119,433	1,119,433
Total Funding		792,173	1,119,433		1,119,433	1,119,433	1,119,433	1,119,433	1,119,433	1,119,433
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		792,173	1,119,433		1,119,433	1,119,433	1,119,433	1,119,433	1,119,433	1,119,433

Analysis of Budget Request

Appropriation: F86 - GED Testing

Funding Sources: JWE - Career Education Public School Fund

As of January 1, 2014, the GED® Testing Service introduced a new test that is computer-based and aligned with the Common Core State Standards. The new computer-based test is more expensive to administer. The Department of Career Education utilizes this program to defer the increased practice test and test costs for test-takers. The program is funded through the Career Education Public School Fund.

The Base Level Request is $1,870,000 in appropriation each year. Currently the Agency is utilizing Public School Fund fund balance to provide funding for this program in FY15.

The Agency requests a general revenue funding increase of $1,870,000 each year to fully fund the appropriation.

The Executive Recommendation provides for Base Level.

Appropriation Summary

Appropriation: F86 - GED Testing

Funding Sources: JWE - Career Education Public School Fund

		Historical Data			Agency Request and Executive Recommendation					
		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
GED Test Costs	5900046	0	1,870,000	1,870,000	1,870,000	1,870,000	1,870,000	1,870,000	1,870,000	1,870,000
Total		0	1,870,000	1,870,000	1,870,000	1,870,000	1,870,000	1,870,000	1,870,000	1,870,000
Funding Sources										
Fund Balance	4000005	0	450,000		0	0	0	0	0	0
Rainy Day Fund	4000267	450,000	0		0	0	0	0	0	0
Intra-agency Fund Transfer	4000317	0	1,420,000		0	0	0	0	0	0
Career Ed PSF	4000745	0	0		0	1,870,000	0	0	1,870,000	0
Total Funding		450,000	1,870,000		0	1,870,000	0	0	1,870,000	0
Excess Appropriation/(Funding)		(450,000)	0		1,870,000	0	1,870,000	1,870,000	0	1,870,000
Grand Total		0	1,870,000		1,870,000	1,870,000	1,870,000	1,870,000	1,870,000	1,870,000

Funding for FY15 derived from Public School Fund fund balance, which is shown as an intra-agency transfer from Fund Center 453.

Analysis of Budget Request

Appropriation: M77 - Career Coaches Public School Fund

Funding Sources: JWE - Career Education Public School Fund

Act 1285 of 2013 established the Career Coaches program. This program is designed to allow all students, grades eighth through twelfth, access to a Career Coach. The Agency is requesting the program to be funded through the Career Education Public School Fund.

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

The Base Level Request is $971,624 for FY16 and $972,753 for FY17 in appropriation. Currently the Agency is utilizing Public School Fund fund balance to provide funding for this program for FY15.

The Agency requests appropriation of $16,415,495 each year as follows:

- Regular Salaries and Personal Services Matching of $115,495 each year for two (2) new ACE Program Coordinators.
- Grants and Aid of $16,300,000 to expand the program statewide.

The Agency requests general revenue funding increase of $17,387,119 in FY16 and $17,388,248 in FY17 to fully fund this appropriation.

The Executive Recommendation provides for Base Level.

Appropriation Summary

Appropriation: M77 - Career Coaches Public School Fund
Funding Sources: JWE - Career Education Public School Fund

		Historical Data			Agency Request and Executive Recommendation					
		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	0	79,569	105,000	80,364	166,798	80,364	81,266	167,700	81,266
#Positions		**0**	**2**	**2**	**2**	**4**	**2**	**2**	**4**	**2**
Personal Services Matching	5010003	0	25,856	37,000	26,260	55,321	26,260	26,487	55,548	26,487
Operating Expenses	5020002	0	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Conference & Travel Expenses	5050009	0	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Grants and Aid	5100004	0	800,000	800,000	800,000	17,100,000	800,000	800,000	17,100,000	800,000
Total		0	970,425	1,007,000	971,624	17,387,119	971,624	972,753	17,388,248	972,753
Funding Sources										
Intra-agency Fund Transfer	4000317	0	970,425		0	0	0	0	0	0
Career Ed PSF	4000745	0	0		0	17,387,119	0	0	17,388,248	0
Total Funding		0	970,425		0	17,387,119	0	0	17,388,248	0
Excess Appropriation/(Funding)		0	0		971,624	0	971,624	972,753	0	972,753
Grand Total		0	970,425		971,624	17,387,119	971,624	972,753	17,388,248	972,753

Funding for FY15 derived from Public School Fund fund balance, which is shown as an intra-agency transfer from Fund Center 453.

Change Level by Appropriation

Appropriation: M77 - Career Coaches Public School Fund
Funding Sources: JWE - Career Education Public School Fund

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**971,624**	**2**	**971,624**	**100.0**	**972,753**	**2**	**972,753**	**100.0**
C01	Existing Program	16,415,495	2	17,387,119	1,789.5	16,415,495	2	17,388,248	1,787.5

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**971,624**	**2**	**971,624**	**100.0**	**972,753**	**2**	**972,753**	**100.0**
C01	Existing Program	29,061	0	1,000,685	103.0	29,061	0	1,001,814	103.0
C13	Not Recommended	(29,061)	0	971,624	100.0	(29,061)	0	972,753	100.0

Justification	
C01	This program was designed to allow all students, grades 8-12, access to a College and Career Coach. The College and Career Coach initiative has shown great results by meeting and exceeding all established Performance Measure Goals. Currently, the program operates in 21 counties and is supported by temporary funding due to expire June 30, 2015. To continue to expand the program statewide (75 counties), the Arkansas Works Initiative will need a total of $17,387,119 in FY16 and $17,388,248 in FY17. This funding and appropriation request includes Career Coaches; Enrichment programs such as ACT Academy and Career Cluster Campus and Administrative Staff.

Analysis of Budget Request

Appropriation: M96 - KUDER - Public School Fund

Funding Sources: JWE - Career Education Public School Fund

This new appropriation will establish an online, internet based college and career planning system used as an online career assessment tool to provide students with an opportunity for career exploration through career interests and aptitude evaluations. The appropriation will be funded through the Career Education Public School Fund.

The Agency requests a Change Level of $500,000 in appropriation and general revenue funding each year for Operating Expenses for the continuation and maintenance of the system.

The Executive Recommendation provides for Base Level.

Appropriation Summary

Appropriation: M96 - KUDER - Public School Fund
Funding Sources: JWE - Career Education Public School Fund

		Historical Data			Agency Request and Executive Recommendation					
		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	0	0	0	0	500,000	0	0	500,000	0
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		0	0	0	0	500,000	0	0	500,000	0
Funding Sources										
Career Ed PSF	4000745	0	0		0	500,000	0	0	500,000	0
Total Funding		0	0		0	500,000	0	0	500,000	0
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		0	0		0	500,000	0	0	500,000	0

Change Level by Appropriation

Appropriation: M96 - KUDER - Public School Fund
Funding Sources: JWE - Career Education Public School Fund

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
C08	Technology	500,000	0	500,000	100.0	500,000	0	500,000	100.0

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
C08	Technology	0	0	0	0.0	0	0	0	0.0

Justification	
C08	On-Line Internet Based College and Career Planning System: To provide students with an opportunity for career exploration through career interests and aptitude evaluations, funding and appropriation are needed to support an on-line career assessment tool. $500,000 in funding and appropriation in each year is requested to support the continuation and maintenance of on-line college and career planning system. This can be found in the agency's IT Plan, p. 16-17.

Analysis of Budget Request

Appropriation: M97 - Adult Education Career Coaches

Funding Sources: JWE - Career Education Public School Fund

The College Career Coach Initiative, a component of Arkansas Works, serves adult education students by providing them with access to a College and Career Coach. This appropriation was previously federally funded and is being temporarily funded with the Agency's Public School Fund fund balance. It is proposed to be funded through the Career Education Public School Fund.

The Agency requests a Change Level of $2,450,000 in appropriation and general revenue funding each year for Grants and Aid for the addition of forty (40) Adult Education Coaches throughout the State.

The Executive Recommendation provides for Base Level.

Appropriation Summary

Appropriation: M97 - Adult Education Career Coaches
Funding Sources: JWE - Career Education Public School Fund

	Historical Data			Agency Request and Executive Recommendation					
	2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item	**Actual**	**Budget**	**Authorized**	**Base Level**	**Agency**	**Executive**	**Base Level**	**Agency**	**Executive**
Grants and Aid 5100004	0	0	0	0	2,450,000	0	0	2,450,000	0
Total	0	0	0	0	2,450,000	0	0	2,450,000	0
Funding Sources									
Career Ed PSF 4000745	0	0		0	2,450,000	0	0	2,450,000	0
Total Funding	0	0		0	2,450,000	0	0	2,450,000	0
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	0	0		0	2,450,000	0	0	2,450,000	0

Change Level by Appropriation

Appropriation: M97 - Adult Education Career Coaches
Funding Sources: JWE - Career Education Public School Fund

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
C01	Existing Program	2,450,000	0	2,450,000	100.0	2,450,000	0	2,450,000	100.0

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
C01	Existing Program	0	0	0	0.0	0	0	0	0.0

Justification	
C01	The College Career Coach Initiative, which is a component of Arkansas Works, has shown great results by meeting and exceeding all established Performance Measures goals. Adult Education Career Coaches served 1,210 unduplicated students from July 1, 2013 to June 30, 2014. Currently the program is supported by temporary funding for adult education that is due to expire June 30, 2014. To provide all adult education students' access to a College and Career Coach, the Adult Education Division is requesting appropriation and funding of $2,450,000 annually. This amount would fund 40 Career Coaches for Adult Education at a cost for each position of approximately $60,000.

Analysis of Budget Request

Appropriation: M98 - Smarter Sentencing Program - PSF

Funding Sources: JWE - Career Education Public School Fund

This appropriation would establish the Smarter Sentencing Program (SSP), designed to bring evidence-based, more effective sentencing practices by requiring first-time and non-violent offenders to complete educational goals, community service hours, and employment goals. The appropriation will be funded through the Career Education Public School Fund.

The Agency requests a Change Level of $1,700,000 in FY16 and $1,802,000 in FY17 in appropriation and general revenue funding for Grants and Aid of $1,700,000 in FY16 for instructors in each of the twenty-eight Judicial Districts in the State and $1,802,000 in FY17 is for an annual six (6) percent increase on Adult Education programs, due to increases in cost of living, teachers' salaries, teachers' health insurance and the cost of rent and utilities.

The Executive Recommendation provides for Base Level.

Appropriation Summary

Appropriation: M98 - Smarter Sentencing Program - PSF
Funding Sources: JWE - Career Education Public School Fund

	Historical Data			Agency Request and Executive Recommendation					
	2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item	**Actual**	**Budget**	**Authorized**	**Base Level**	**Agency**	**Executive**	**Base Level**	**Agency**	**Executive**
Grants and Aid 5100004	0	0	0	0	1,700,000	0	0	1,802,000	0
Total	0	0	0	0	1,700,000	0	0	1,802,000	0
Funding Sources									
Career Ed PSF 4000745	0	0		0	1,700,000	0	0	1,802,000	0
Total Funding	0	0		0	1,700,000	0	0	1,802,000	0
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	0	0		0	1,700,000	0	0	1,802,000	0

Change Level by Appropriation

Appropriation: M98 - Smarter Sentencing Program - PSF
Funding Sources: JWE - Career Education Public School Fund

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
C02	New Program	1,700,000	0	1,700,000	100.0	1,802,000	0	1,802,000	100.0

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
C02	New Program	0	0	0	0.0	0	0	0	0.0

Justification	
C02	The Department of Career Education, Adult Education Division, is requesting $1,700,000 in appropriation and funding in FY16, with a 6% guaranteed annual capacity increase in appropriation and funding, resulting in a $1,802,000 request in FY17, through the Adult Education Division to serve Arkansas residents through the Smarter Sentencing program. The funds will be used to hire Smarter Sentencing instructors at each of the twenty-eight Judicial Districts across the state of Arkansas. These instructors will serve students by reducing the overall state prison population, thus saving taxpayer funds. This will increase the number of Arkansans served and better their chance of postsecondary and career readiness.

CAREER EDUCATION-AR REHABILITATION SERVICES

Enabling Laws

Act 176 of 2014
A.C.A. §§ 6-52-101-- 6-52-105
A.C.A. § 20-79-101 et seq.

History and Organization

Mission

The mission of ARS is to provide opportunities for Arkansans with disabilities to work and to lead productive and independent lives.

This mission statement provides the foundation for the many programs and comprehensive services provided by ARS to individuals with disabilities to assist them in preparing for and entering the state's workforce, thus enabling them to become employed tax-paying citizens participating in communities throughout the state. There are approximately 400,000 people with disabilities residing in Arkansas, meaning that Arkansas has one of the highest percentages of working-age adults with disabilities in the nation. The unemployment rate among Arkansans with disabilities is approximately 60 percent, a figure consistent with the national average. The role of ARS is stipulated to increase the number of persons with disabilities returning to the workplace where they become productive and independent taxpayers instead of tax revenue dependent.

History

Vocational Rehabilitation was initiated in the United States with the passage of the Smith-Fess Act in 1920, which permitted the states to participate by providing federal aid. The act provided funding for medical and surgical treatment and vocational training. Arkansas accepted its first funds for this purpose as the result of state legislation in 1923, with the State Board of Education administering the program. ARS has a record of more than 85 years of exemplary performance as the primary state agency providing education, training, and employment to Arkansans with disabilities. The size of the agency and scope of services have continued to grow and improve over the years; however, ARS has continued to operate as a strong state and federal partnership that enjoys bipartisan support because of its record as a strong, cost-effective program that produces documented results.

In 1971, Arkansas legislation transferred administration of the state VR program to the Department of Social and Rehabilitative Services (now the Department of Human Services). During the time it was administered by the Department of Social and Rehabilitative Services, the program was known as the Division of Rehabilitation Services. Act 574 of 1993 changed the name of the division to Arkansas Rehabilitation Services and transferred it back to the Department of Education, where it was placed under the oversight of the State Board of Vocational Education as a division of the Vocational and Technical Education Division (now the Department of Career Education). ARS was actively involved in the development of legislation resulting in Act 803 of 1997, which created ARS as a division of the Department of Workforce Education.

Since its inception, the public VR program has continually expanded both in terms of additional federal resources and in the numbers and types of disabilities served. In 1943, the agency's scope of services was expanded to include individuals with mental retardation and mental illness, as well as those with physical disabilities. In 1954, the program was again expanded, this time by the inclusion of private non-profit community-based rehabilitation programs, as well as disability-related research and training centers. In 1961, ARS established the Hot Springs Rehabilitation Center (Now the Arkansas Career Training Institute or ACTI) that continues to operate today as one of eight state-operated comprehensive medical rehabilitation and vocational training centers in the nation.

More recent changes in federal legislation have increased emphasis on serving special education students as they transition to the world of work. ARS is actively involved in Welfare-to-Work and School-to-Work initiatives in order to ensure that Arkansans with disabilities participating in these programs are provided opportunities to prepare for and achieve gainful employment. A recently initiated disability management program focuses on assisting employers in developing return-to-work programs for employees (RAVE) experiencing injuries or illnesses, thus reducing workers' compensation costs. ARS also has been required to develop rehabilitation engineering and advanced technology capabilities in order to enhance training and employment opportunities for individuals who are severely disabled.

Federal law now requires that people with the most severe disabilities be served first, based upon an order-of-selection, when adequate funds are not available to serve everyone who may be eligible for services. In Arkansas, the demand for services exceeds the funding capacity, meaning that services are limited to those classified as significantly disabled. Although this group of clients requires more comprehensive services over a longer period of time and at a greater cost, ARS continues to place more people with disabilities in employment each year.

In 1990, Congress passed the Americans with Disabilities Act (ADA), the world's first civil rights legislation for people with disabilities. ARS continues to provide guidance and technical assistance to state agencies and to the private sector regarding compliance with the ADA.

The Workforce Investment Act of 1998 included the reauthorization of the Rehabilitation Act of 1973 and requires that the states establish a new service delivery system. This new system includes a "one-stop shop" approach involving all agencies that serve people who are unemployed, including those with disabilities. As one of the required partners in Arkansas's one-stop system, called the Career Development Network (CDN), ARS participates in each of 10 local regions with office space, resources, and personnel. ARS's involvement in the CDN system provides Arkansans with disabilities increased opportunities to achieve gainful employment or independent living.

ARS currently serves approximately 18,000 individuals with disabilities each year in a variety of programs. Federal Fiscal Year (FFY) 2013 results are 2,917 individuals placed in competitive employment at an average cost of $4,100. Of these individuals, 96.4% are significantly disabled. The placement of these individuals in competitive employment represents a significant investment in the state's economy. For example, in FFY 2013, our clients earned an average of $200.00 per week and after vocational rehabilitation services, this increased to $408.00, a 104% increase in earning power. Additionally, employer provided insurance increased 93% following a successful employment outcome.

The Federal Office of Management and Budget estimates that for every $1 spent on VR services, $7 is returned to the economy. This return on investment is realized in the economic benefit to the individual, the taxes paid, and the elimination or reduction of Social Security, welfare, and other public subsidy payments. One of the most important benefits cannot be measured. The creation or return to meaningful personal participation in society along with the personal dignity and independence achieved by those who have been served is immeasurable.

Over the years, ARS has focused on innovative programs modifications that not only comply with new federal and state initiatives but also enhance the quality of services and improve the employment outcomes of individuals with disabilities. As a result, ARS has received strong support from the executive and legislative branches, as well as from customers we serve. However, despite the successes ARS has had in assisting individuals with disabilities, ARS has received only basic cost-of-living increases in state and federal funds over the past several years. These cost-of-living increases have not kept pace with cost of providing employment-related services. As a result, the demand for services now significantly exceeds the resources available, a trend that will continue if funding increases are limited to cost-of-living adjustments.

Structure

Arkansas Rehabilitation Services is designed to assure a comprehensive, statewide system of service delivery that addresses the diverse needs of Arkansans living with disabilities. (See the accompanying organizational chart). The major service delivery components are: (1) the Field Services Program, which operates offices in 19 locations serving persons with severe disabilities in all seventy-five (75) counties, except those who are blind (DHHS); (2) the Arkansas Career Training Institute, which is a comprehensive vocational rehabilitation center providing education, medical and vocational training for clients throughout the State and region; (3) Special Programs and Support Services consisting of a comprehensive vocational/psychological evaluation network, the Successful Employment through Assistive Technology (SEAT) program, the Learning and Evaluation Center (LEC) providing mental health and special services for persons with learning disabilities; (4) the Office for the Deaf and Hearing Impaired which serves persons who are deaf or hearing impaired, as well as those who are deaf-blind, with vocational rehabilitation and independent living services; and (5) the Arkansas Kidney Disease Commission, which provides services to patients with end-stage renal disease. There are also several special projects or separately funded programs such as the Telecommunications Access Program (TAP), Supported Housing project, and an Alternative Financing program to assist with low interest loans for purchasing assistive technology. Supporting these service delivery operations are Financial Management, Human Resources Management, Information Systems and Services, and Program Planning, Development and Evaluation sections.

Arkansas Rehabilitation Services is primarily funded through the Department of Education Rehabilitation Services Administration (RSA). For the Vocational Rehabilitation Program RSA federal funding is 78.7% with a minimum state match of 21.3%.

General Field Program

The Field Program has 93 counselors serving individuals with disabilities in all 75 counties. All applicants are assigned a rehabilitation counselor. The counselor is responsible for interviewing and assessing disability and functional limitations, exploring the background, abilities, interests, and existing and potential barriers to employment. The determination of eligibility normally occurs within 60 days. Working in partnership, the individual and the counselor develop an Individualized Plan for Employment (IPE). This includes the kind of work the client has chosen as a goal, the specific services needed, a realistic time frame for goal accomplishment, and the assignment of responsibilities. Eligible persons may receive one or more of the following services:

Diagnosis: Every person applying for traditional rehabilitation services undergoes a general assessment, which may include special examination in cases such as heart, eye, ear, bone or psychiatric disabilities. This will assist the counselor with eligibility determination.

Counseling and Guidance: Trained personnel make a thorough study of each applicant's abilities, needs, and challenges. Intelligence along with vocational interest tests are administered to identify strengths and limitations of the individual in order to assist in determining options for pursuing competitive employment. Jointly the person with a disability and his/her counselor develop an individualized plan for employment (IPE) which establishes an employment goal and the necessary action steps, time frames and estimated costs to achieve the employment goal. Ongoing vocational counseling is a critical element in the success of the customers with whom we work.

Physical Restoration: The aim of physical restoration services is to remove, or substantially reduce, the individual's disability as an impediment to employment. Services may include medical and surgical treatment, hospitalization, personal care assistance services, physical and occupational therapy, and restorative appliances such as: artificial limbs, braces, glasses, wheelchairs, vehicle adaptations, assistive technology such as voice activated computers and speech synthesizers.

Other Services: Financial assistance that enables the client to purchase tools for self-employment, licensure and business enterprise supplies may also be available. Employment, housing and transportation information and assistance is available. Additionally, wheelchair repairs, peer counseling, and other related services are also available.

Job Placement: ARS cooperates with training agencies, employment agencies, and employers in an effort to secure suitable employment for eligible individuals with disabilities. ARS has placement specialists in all general field offices across the State. Job placement counselors assist our clients with job applications, interviews, and eventual employment in the workplace.

Education and Training: Financial assistance may be applied to a recognized public or private trade or business school, college, or university. Training in various skills also is available at the ACTI, including auto mechanics, body and fender repair, business education, cosmetology, custodial, laundry, printing, sales clerk, sewing, small engine repair, auto parts technician, welding, data processing, food service and others.

Rehabilitation Engineering: Any person, employer, agency, or organization needing help in planning and designing ADA compliant access to the home or work place may secure such assistance from the ARS. The same provision applies to modifications of tools and equipment to make them more adaptive by persons with disabilities.

Supported Employment (Title VI): With the collaboration of the Division of Developmental Disabilities and the Division of Behavioral Mental Health of the Department of Human Services, along with the support of community organizations, ARS provides supported services to the most severely disabled individuals, those who cannot function in the work place without ongoing assistance. Job coaches are assigned to the clients to help them adapt more readily to employment. These services provide meaningful employment to people who have historically been excluded from the workforce and placed in institutions or in segregated programs. During Federal Fiscal Year 2007, 131 individuals received vocational & occupational skills assistance from the Supported Employment program.

Independent Living Services (IL): IL services may be provided to any severely disabled person found eligible and may include counseling (psychological, psychotherapeutic, and guidance), physical restoration services, e.g. (braces, housing modifications, wheelchair, prosthesis, etc., and transportation). This program also provides support to independent living centers such as Mainstream Living, SPA Area Independent Living, Delta Resource Center for Independence, and Sources for Community Living. During Federal Fiscal Year 2007, 61 individuals received assistance from the Independent Living program.

If the individual is in need of comprehensive rehabilitation facility services, the counselor may refer the client to the Arkansas Career Training Institute ACTI.

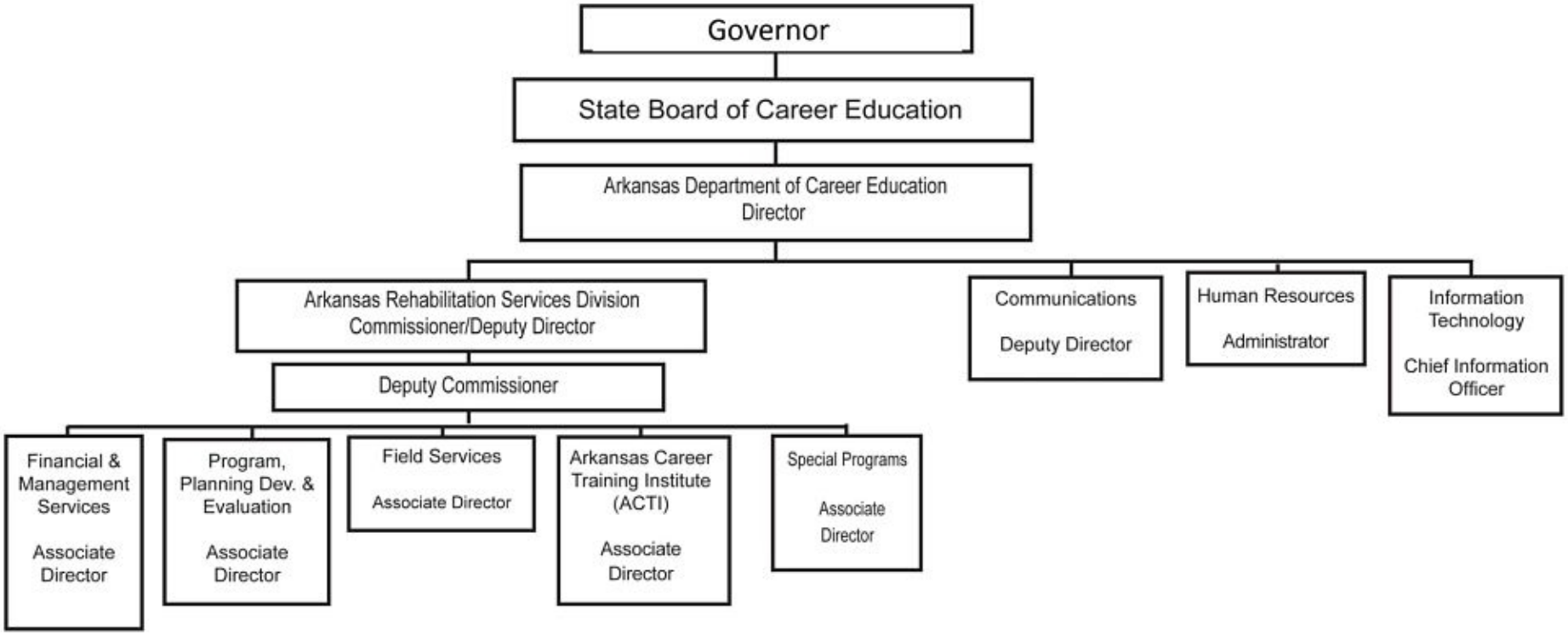
Arkansas Career Training Institute

The Arkansas Career Training Institute (ACTI) is a comprehensive rehabilitation program. It offers both residential and non-resident medical and vocational services to approximately 450 Arkansas citizens with disabilities each year, serving a population average of 270 at any one time. ACTI is a 24-hour a day facility focused on preparing people with disabilities for careers. The Administrator of the ACTI has responsibility for the management of the facility and reports to the Commission of Arkansas Rehabilitation Services Commissioner. The Center employs 210 people.

ACTI provides a wide variety of services to prepare clients of ARS to become employed. Services include counseling, case management, vocational evaluation, vocational training, employment readiness, recreation, student living, medical services (clinic, occupational therapy, physical therapy, speech therapy, lab, pharmacy, and psychological services), behavioral enhancement, and job placement.

Vocational Training is provided in 12 different programs, with many programs offering multiple courses of study which can be tailored to meet the learning style and rehabilitation needs of the client/student.

After hours Recreation Services are provided to help the student adjust to the Center's living environment through wholesome activities to pass the time when the student is not actively engaged in other rehabilitation activities. The Recreation program utilizes 6 staff to plan and supervise the recreational activities, which can range from sedentary activities such as board and video games to vigorous exercise programs. A weight-management program is also supervised in coordination with dietary services in this section.



Agency Commentary

Vocational Rehabilitation Services

The Rehabilitation Act of 1973 requires state rehabilitation agencies to provide a coordinated set of activities designed to help persons with physical or mental impairments prepare for and achieve gainful employment. These activities are designed to meet RSA standards and indicators of achievement and are outcome-oriented in collaboration with other agencies such as the Arkansas Departments of Education and Higher Education, local workforce centers, and local school districts. These activities can consist of postsecondary education, vocational training, integrated employment, continuing employment, continuing and adult education, adult services, and independent living.

Arkansas Rehabilitation Services (ARS) receives a federal grant from the Rehabilitation Services Administration to operate a comprehensive, coordinated, effective, efficient and accountable program designed to assess, plan, develop, and provide vocational rehabilitation services for individuals with disabilities, consistent with their priorities, abilities, through informed choice, in order to engage in gainful employment.

General Field Program

There are currently 93 VR counselors in the general field program servicing 16,000 - 18,000 clients annually in all 75 counties. The Field Program is divided into 10 districts with a manager assigned to each district. There are 19 offices located throughout the state. The Chief of Field Services oversees the program with the guidance and approval of the Commissioner. The Vocational Rehabilitation Program is eligibility based and all applicants are assigned a rehabilitation counselor after the referral process. The counselor is responsible for interviewing and assessing disabilities as they relate to functional limitations. The determination of eligibility by field counselors is required by federal law within 60 days. Working in partnership, the individual and the counselor develop an Individualized Plan for Employment (IPE). This includes the kind of work the client has chosen as a goal, the specific services needed, and a realistic time frame for goal accomplishment. Once the client has completed all assigned tasks, goals and objectives, the client is placed with an employment provider and after 90 days of employment the case will be closed as rehabilitated. This is considered a successful closure

Partnerships

First, Arkansas Rehabilitation Services is involved in developing new partnerships with other agencies to increase our service to people with disabilities. The Agency is very pleased to collaborate on a new pilot project with Public Employee Claims Division called RAVE. ARS is coordinating efforts to assist early return to work for individuals on medical or disability leave whose job performance has been affected by physical or mental conditions or who have sustained on the job injuries. ARS may provide assessment, counseling or specific accommodation. The benefits to employers are retaining productive workers, providing access to technical expertise and customized accommodation cost, and reducing recruiting cost. Additionally, ARS is partnering with Jefferson Comprehensive Care System Inc., a non-profit community health care provider with clinics located in rural Arkansas. The mission is to provide primary health care and related health education and social services to designated service areas to improve the health of those living in medically underserved areas. The outreach counties are: Arkansas, Ashley, Chicot, Desha, Drew, Jefferson, Lincoln, Prairie, Lonoke and Pulaski. ARS has assigned vocational counselors to each county to provide information about VR services, assessment and job placement. JCCSI will host several training sessions at the

annual Arkansas Rehabilitation Association Conference covering AIDS Awareness and Chronic Diseases. The agency has secured an additional pilot project with The Work Number, an employment verification service used to determine eligibility for the TANF, Food Stamps, and Medicaid programs. The Work Number provides current wages, income history, name of employer and resident. This service is an asset to our program and will help field staff locate our clients and increase successful outcomes. In an effort to support the Governor's initiative for state agencies to work together on providing services to Arkansans, the agency adopted a cooperative agreement with the Division of Behavioral Health Services. The objective is to care for and improve the health of citizens of Arkansas through an integrated system of prevention and treatment for mental health and substance abuse. ARS will accept referrals for individuals with mental illness, provide counseling services and refer clients to supportive employment vendors to provide training, job coaching, and placement.

Telecommunications Assistance Program (TAP) Appropriation Request

Proposed Appropriation Increase Requests: $239,019 for FY 2015-2016; $192,019 for FY 2016-2017. These program appropriation requests would adjust the TAP budget appropriation to fully support the 3 personnel positions assigned, while allowing for use of the additional revenues available to the program to increase and promote client services. Additional revenues were derived from a 1 cent surcharge increase on land and cell phone lines effective July 1st, 2013.

Arkansas Project SEARCH® Expansion Request

Proposed Appropriation Request: $725,000 for FY 2015-2016; $1,200,000 for FY 2016-2017. This program appropriation request would support finding sustainable, competitive employment for Arkansas citizens with developmental disabilities, without the need for additional agency general revenue funding. Through its UAMS Project SEARCH® program partnership, ARS and ACCESS have demonstrated a successful on-the-job vocational training model to achieve meaningful employment for individuals with disabilities. The organizations' leaders seek to expand the existing site and to establish five additional sites across the state, implemented in gradual phases, with the program serving 91 citizens per year by Year 4, and 351 total by Year 5. In addition to producing 91 employment-ready citizens who have disabilities per year by Year 5, the Arkansas Project SEARCH® proposal will create 26 additional jobs through program staff placements in six Arkansas communities by Year 5.

ARS Vocational Rehabilitation Program Appropriation Request

Proposed Appropriation Increase Request: $2,000,000 for FY 2015-2016; $2,000,000 for FY 2016-2017. This program appropriation request would support providing more citizens of Arkansas with disabilities the opportunity for meaningful, quality employment. Rehabilitation Service Administration continually monitors how the agency provides services to our clients with disabilities. In 2011, RSA strongly recommended that the agency no longer use the Order of Selection process which mandates that the agency will only serve clients with the most significant disabilities. Removing this process requires that the agency serve clients with non-significant disabilities as well as significant disabilities, greatly increasing our client base. Additionally, RSA recommended that the agency provide more services to transitional

age students. The transitional age is 16 through 23. In order to adequately serve this population, an appropriation increase is needed for quality client services.

ARS Extra Help Appropriation Request

Proposed Appropriation Increase Request: $80,000 for FY 2015-2016; $80,000 for FY 2016-2017. This program appropriation request would allow for additional Extra Help support to address program needs.

ARS Capital Outlay Appropriation Request

Proposed Appropriation Increase Request: $1,100,000 for FY 2015-2016; $1,100,000 for FY 2016-2017. This program appropriation request would support acquisition and improvement of additional client service centers throughout the state.

ARS Arkansas Promise Appropriation Request

Proposed Appropriation Increase Request: $385,000 for FY 2015-2016; $385,000 for FY 2016-2017. Arkansas Promise (Promoting the Readiness of Minors in Supplemental Security Income) Grant - This appropriation will continue a previously approved Miscellaneous Federal Grant request providing salaries, personal services match, and travel costs to implement AR Promise at Arkansas Rehabilitation Services.

Position Reclassification Request

Field Services
The Division of Field Services, including Arkansas Career Training Institute - ACTI:

Two (2) Administrative Analyst, class code C037C, grade C115;
Two (2) Administrative Review Analyst, class code C036C, grade C115;
Three (3) Rehabilitation Area Managers, class code L037C, grade C120;
One (1) Vocational Education Coordinator, class code E011C, grade C124;
One (1) Rehabilitation Director of Vocational Training, class code E005C, grade C126

The above positions are needed to manage the federal requirements, provide technical assistance and guidance to clients, students and teachers, and to manage the logistics of local, state, and national projects.

ACTI has a consistent, increasing student and employer demand for Adult Education programs and services, to support a 21st century, post-recession workforce.

The Field Services Division is charged with development of programs and services designed to provide increased employment of individuals with disabilities through the provision of individualized training, independent living services, educational and support services, and meaningful opportunities for employment in integrated work settings.

Human Resources
The Human Resources Department:

Agency Administrative Review Officer, class code G138C, grade C120;
Human Resources Analyst, class code R025C, grade C117

The Agency has grown and foresees steady future growth. This steady growth demands qualified staff in the area of Human Resources. In addition, the Office of Personnel Management (OPM) has developed much needed and detailed Dispute Resolutions process. Because of the possible legal ramifications a request for the above position is needed. In addition, there is a growing need in the area of Human Resources due to the ongoing changes and growth with the agency.

Finance
The Finance Department:

ACE Division Manager, class code G010C, grade C128

The Agency has grown and foresees steady future growth. This growth requires one manager with high level skills to oversee the accounting operations of the programs. The Agency administers millions of dollars in state and federal grants to support career and technical and adult education programs and services. We award grants of over $75 million to school districts, colleges, vocational and adult education centers. The complex, increased funding, monitoring, transparency and audit compliance warrants sufficient, knowledgeable financial professionals to achieve management goals and objectives.

Position Cross/Downgrade Request

The Agency requests approval to continue the authorized titles for the following out of family cross/downgraded positions:

- Maintain five (5) Authorized Titles- Certified Vocational Rehab Counselor; Class Code: L098C; C119; currently cross-graded to Vocational Rehabilitation Placement Specialist; Class Code: M032C; C117

- Maintain two (2) Authorized Title - Rehab Program Coordinator; Class Code: G163C; C118; currently cross-graded to Vocational

Rehabilitation Placement Specialist; Class Code: M032C; C117

- Maintain Authorized Title - Registered Nurse; Class Code: L032C; C121; currently cross-graded to Vocational Rehabilitation Placement Specialist; Class Code: M032C; C117

- Maintain Authorized Title - General Physician; Class Code: L013N; N916; currently cross-graded to an ADE Litigation Attorney; Class Code: G001N; N912

- Maintain three (3) Authorized Titles - Certified Nursing Assistant; Class Code: L082C; C109; currently cross-graded to an Administrative Specialist II; Class Code: C073C; C109

- Maintain Authorized Title - Certified Nursing Assistant; Class Code: L082C; C109; currently cross-graded to a Duplication Assistant; Class Code: C070C; C109

- Maintain Authorized Title - Administrative Specialist III; Class Code: C056C; C112; currently cross-graded to a Local Office Administrative Assistant; Class Code: C062C; C110

- Maintain Authorized Title - Administrative Specialist III; Class Code: C056C; C112; currently cross-graded to a Purchasing Technician; Class Code: V022C; C112

- Maintain Authorized Title - Registered Nurse- Hospital; Class Code: L032C; C121; currently cross-graded to a Human Resources Analyst; Class Code: R025C; C117

- Maintain Authorized Title - Payroll Service Specialist; Class Code: A090C; C115; currently cross-graded to a Human Resources Specialist; Class Code: R036C; C113

- Maintain Authorized Title -Licensed Practical Nurse; Class Code: L069C; C113; currently cross-graded to a Human Resources Specialist; Class Code: R036C; C113

- Maintain Authorized Title - Human Resources Specialist; Class Code: R036C; C113; currently cross-graded to a Record Management Analyst; Class Code: C043C; C113

- Maintain Authorized Title - Vocational Rehab Evaluator; Class Code: M061C; C114; currently cross-graded to a Record Management Analyst; Class Code: C043C; C113

- Maintain Authorized Title -Rehab Program Coordinator; Class Code: G163C; C118; currently cross-graded to a Business Operations

Specialist; Class Code: C022C; C116

- Maintain two (2) Authorized Titles - Certified Nursing Assistant; Class Code: L082C; C109; currently cross-graded to a Residential Care Technician; Class Code: M083C; C108

- Maintain Authorized Title - Administrative Specialist III; Class Code: C056C; C112; currently cross-graded to a Storeroom Supervisor; Class Code: V023C; C111-22081748

- Maintain Authorized Title - Public Safety Security Officer; Class Code: T084C; C110; currently cross-graded to a Warehouse Specialist; Class Code: V025C; C111

- Maintain Authorized Title - Registered Nurse- Hospital; Class Code: L032C; C121; currently cross-graded to a Procurement Coordinator; Class Code: V007C; C119

- Maintain Authorized Title - Registered Nurse- Hospital; Class Code: L032C; C121; currently cross-graded to a Public Safety Officer; Class Code: T055C; C116

- Maintain Authorized Title - Certified Vocational Teacher; Class Code: E043C; C117; currently cross-graded to a Public Safety Director; Class Code: T062C; C115

- Maintain Authorized Title - Registered Nurse- Hospital; Class Code: L032C; C121 currently cross-graded to a Software Support Analyst; Class Code: D052C; C121

- Maintain Authorized Title - Training Project Manager; Class Code: E023C; C120 currently cross-graded to a Website Developer; Class Code: D064C; C118

- Maintain Authorized Title - Medical Technologist; Class Code: L061C; C115 currently cross-graded to a Vocational Instructor; Class Code: E049C; C118

- Maintain Authorized Title - ACTI Medical Services Manager; Class Code: L005C; C126 currently cross-graded to a Rehab Director-Special Programs; Class Code: G040C; C126

Findings	Recommendations
None	None

Findings Covering Programs Audited by Other External Auditors

U.S. Department of Education

Finding Number:	**13-520-01**
State/Educational Agency(s):	**Arkansas Department of Career Education - Arkansas Rehabilitation Services**
CFDA Number(s) and Program Title(s):	**84.126 - Rehabilitation Services_Vocational Rehabilitation Grants to States**
Federal Award Number(s):	**H126A120003; H126A130003**
Federal Award Year(s):	**2012 and 2013**
Compliance Requirement(s) Affected:	**Activities Allowed or Unallowed; Allowable Costs/Cost Principles**
Type of Finding:	**Noncompliance and Significant Deficiency**

Criteria:
34 CFR § 80.20(a) requires that the agency's financial management systems be sufficient to permit preparing required reports and tracing funds to a level of expenditures adequate to establish that such funds have not been used in violation of restrictions, prohibitions, and statutes.

Condition and Context:
Again, the Agency was unable to reconcile, by grant award, the client payments from System 7, the Agency's client management software. As a result, the Agency reported $797,751 in Vocational Rehabilitation (VR) funds for costs that were related to other federal programs.

Questioned Costs:
$797,751

Cause:
The Agency did not have adequate internal control procedures in place to ensure that appropriate reconciliations were performed between the Arkansas Administrative Statewide

Recommendation:
We recommend the Agency strengthen controls and procedures to ensure that periodic reconciliations between AASIS and System 7 are performed.

Views of Responsible Officials and Planned Corrective Action:

ARS Discussion

The $797,751 in VR funds reported in error was identified and corrected during training and review of all federal grant reports during this audit period. Federal report training for a new supervisor was ongoing during the time of this error. This initial training has been completed, and training updates will continue.

With regards to this “repeat” finding for Libera/AASIS reconciliation, ARS concedes that during the reporting period for this audit, a formal process for reconciliation between AASIS and Libera was not in place. This process is now in place and the agency has 5 months of reconciled reports that account for all expenses between AASIS and Libera. The process changes and controls were put in place after the conclusion of State Fiscal Year 2013, and therefore by definition will produce a “repeat” finding when the entire fiscal year is considered. Only when a complete fiscal year is processed with the proper controls and processes in place will this cease to be a “repeat” finding.

As stated in our previous response to this finding, at no time was there a loss of agency grant funds or an adverse impact on the vocational rehabilitation program.

ARS Action Taken

Libera to AASIS reconciliation procedures are defined and implemented. This agency has reconciled AASIS /Libera reports monthly starting October 1, 2013. Continuous review to identify any future potential conflicts in reporting will be conducted with ARS personnel and Libera software technicians. Additionally, training for the federal reports in question has been provided and will continue on an ongoing basis to help prevent future reporting errors.

Findings

Information System (AASIS) and System 7.

Effect:
Failure to reconcile expenditures by grant award in AASIS to client expenditures in System 7 resulted in expenditures of other programs being inappropriately reported as VR grant funds.

U.S. Department of Education (Continued)

Finding Number:	**13-520-02**
State/Educational Agency(s):	**Arkansas Department of Career Education - Arkansas Rehabilitation Services**
CFDA Number(s) and Program Title(s):	**84.126 - Rehabilitation Services_Vocational Rehabilitation Grants to States**
Federal Award Number(s):	**H126A120003; H126A130003**
Federal Award Year(s):	**2012 and 2013**
Compliance Requirement(s) Affected:	**Allowable Costs/Cost Principles**
Type of Finding:	**Noncompliance and Material Weakness**

Criteria:
In accordance with 2 CFR § 225, Appendix E, indirect cost rates shall be reviewed, negotiated, and approved by the cognizant federal agency. The results shall be formalized in a written agreement between the cognizant agency and the governmental unit. The agreement is commonly referred to as an Indirect Cost Rate Agreement (ICRA).

Recommendations

Anticipated Completion Date: Complete

Contact Person:
Joseph Baxter
Chief Fiscal Officer
Arkansas Rehabilitation Services
525 W. Capital Ave
Little Rock, AR 72201
(501) 296-1614
joseph.baxter@arkansas.gov

Additional Comments From The Auditor:
The Agency stated that the issue addressed in this finding had no adverse impact on the grant. However, $444,952 of the $797,751 in questioned costs represents expenditures of non-VR programs drawn against the 2012 VR grant award. In addition, the report for the 2012 grant award has been submitted and closed without correction of this error.

Recommendation:
We recommend the Agency strengthen controls and procedures to ensure that negotiations of indirect cost rates resume and are supported by the appropriate documentation.

Views of Responsible Officials and Planned Corrective Action:

ARS Discussion

ARS respectfully contends that management does have procedures in place to ensure the ICRP and related documentation is prepared and submitted to RSA. In the current instance, a changeover in key staff extended the normal reporting time. A new ICRP has subsequently been submitted along with all proper documentation, and receipt acknowledged by the Department of Education Indirect Cost Group. The method and processes used to calculate these costs were in keeping with indirect cost calculation procedures and those used in prior year calculations submitted to the Cost Group for approval.

ARS Action Taken

Findings

Condition and Context:
The Agency claimed $1,480,651 in indirect costs without a current ICRA for fiscal year 2013. The costs were claimed using an ICRA that expired on June 30, 2012.

Questioned costs:
Unknown

Cause:
The Agency did not have adequate internal control procedures in place to ensure that indirect costs claimed were authorized by a current ICRA.

Effect:
Unauthorized claims for indirect costs could be determined unallowable, resulting in a liability and refundable to the federal awarding agency.

U.S. Department of Education (Continued)

Finding Number:	**13-520-03**
State/Educational Agency(s):	**Arkansas Department of Career Education - Arkansas Rehabilitation Services**
CFDA Number(s) and Program Title(s):	**84.126 - Rehabilitation Services_Vocational Rehabilitation Grants to States**
Federal Award Number(s):	**H126A120003; H126A130003**
Federal Award Year(s):	**2012 and 2013**
Compliance Requirement(s) Affected:	**Allowable Costs/Cost Principles**
Type of Finding:	**Noncompliance and Significant Deficiency**

Criteria:
2 CFR § 225, Appendix B, 8.h(4) and 8.h(5), requires that the distribution of salaries or wages of employees who work on multiple activities or cost objectives be supported by personnel activity reports or equivalent documentation that reflects an after-the-fact distribution of each employee's actual activity.

Recommendations

Procedures and controls are now in place to ensure that Indirect Cost Rate Proposals are submitted in a timely manner. All required ICRPs have been submitted and acknowledged by the Department of Education Indirect Cost Group. Once these proposals are approved, any affected reports will be corrected to the approved rate.

Anticipated Completion Date: April 2014

Contact Person:
Joseph Baxter
Chief Fiscal Officer
Arkansas Rehabilitation Services
525 W. Capital Ave
Little Rock, AR 72201
(501) 296-1614
joseph.baxter@arkansas.gov

Recommendation:
We recommend the Agency establish internal control procedures to accurately distribute the costs of employees who work on multiple activities or cost objectives.

Views of Responsible Officials and Planned Corrective Action:

ARS Discussion

ARS respectfully contends that it does have procedures in place to ensure that personnel activity after the fact are properly recorded. Initially, ARS developed a flat rate for personal activity, but that was later deemed imprecise and the agency subsequently developed and implemented a reporting formula that reflected 15 minute increments for personnel activities. ARS put in place the current procedures and forms for Personnel Activity Reports (PARS) tracking in May of 2013, shortly after the SFY2012 Single Audit concluded. These forms have been in continuous use by the affected employees and will be used to properly expense the related salaries to the appropriate grants at the end of the current fiscal year.

ARS Action Taken

The PAR forms are in use as May 2013. The completed forms will be used to properly

Findings

Condition and Context:
Of the 489 positions paid with Vocational Rehabilitation Grants to States (VR) funds, 18 positions were also paid from other federal grant programs or cost objectives. Again, the Agency could not provide activity reports to support the time charged to the VR grant. For most of these 18 positions, the Agency appeared to charge a flat 80% of the position's salary to the VR grant.

Questioned Costs:
Unknown

Cause:
The Agency did not have adequate internal control procedures in place to properly record personnel activity after-the-fact for multiple grants or cost objectives.

Effect:
Paying positions based on a flat rate instead of actual activity could result in VR grant funds being used to support non-VR activities. Noncompliance with program requirements could jeopardize future awards.

U.S. Department of Education (Continued)

Finding Number:	**13-520-04**
State/Educational Agency(s):	**Arkansas Department of Career Education - Arkansas Rehabilitation Services**
CFDA Number(s) and Program Title(s):	**84.126 - Rehabilitation Services_Vocational Rehabilitation Grants to States**
Federal Award Number(s):	**H126A120003; H126A130003**
Federal Award Year(s):	**2012 and 2013**
Compliance Requirement(s) Affected:	**Allowable Costs/Cost Principles**
Type of Finding:	**Noncompliance and Significant Deficiency**

Criteria:
In accordance with 2 CFR § 225, Appendix B, 8(d)(3), payments for unused leave when an employee retires or terminates employment are allowable in the year of payment, provided

Recommendations

expense grant related activities for SFY2014.

Anticipated Completion Date: Complete

Contact Person:
Joseph Baxter
Chief Fiscal Officer
Arkansas Rehabilitation Services
525 W. Capital Ave
Little Rock, AR 72201
(501) 296-1614
joseph.baxter@arkansas.gov

Recommendation:
We recommend the Agency strengthen internal controls and procedures to ensure payments for unused leave are allocated in accordance with regulations.

Views of Responsible Officials and Planned Corrective Action:

ARS Discussion

This error in federal reporting was identified and corrected during training and review of all federal grant reports.

ARS Action Taken

Federal report training for a new supervisor was ongoing during the time of this error. This initial training has been completed, and training updates will continue. At no time was there a loss of agency grant funds or an adverse impact on the vocational rehabilitation program.

Findings	Recommendations

they are allocated as a general administrative expense to all activities of the governmental unit or component. The payments are not allowed to be charged as direct costs of federal programs.

Condition and Context:
The Agency made payments to employees for unused leave totaling $235,346 that were not allocated as a general administrative expense. The payments were charged as direct costs, which is unallowable. A portion of these payments would have been incurred in a time period that was not covered by an Indirect Cost Rate Agreement (ICRA); therefore, questioned costs are unknown.

Questioned costs:
Unknown

Cause:
The Agency did not have adequate internal controls or adequately trained staff in place to ensure payments for unused leave were allocated as required.

Effect:
Costs not allocated could be determined unallowable, resulting in a liability and refundable to the federal awarding agency.

Anticipated Completion Date: Complete

Contact Person:
Joseph Baxter
Chief Fiscal Officer
Arkansas Rehabilitation Services
525 W. Capital Ave
Little Rock, AR 72201
(501) 296-1614
joseph.baxter@arkansas.gov

U.S. Department of Education (Continued)

Finding Number:	**13-520-05**
State/Educational Agency(s):	**Arkansas Department of Career Education - Arkansas Rehabilitation Services**
CFDA Number(s) and Program Title(s):	**84.126 - Rehabilitation Services_Vocational Rehabilitation Grants to States**
Federal Award Number(s):	**H126A120003; H126A130003**
Federal Award Year(s):	**2012 and 2013**
Compliance Requirement(s) Affected:	**Allowable Costs/Cost Principles**
Type of Finding:	**Noncompliance and Significant Deficiency**

Criteria:

Recommendation:
We recommend the Agency strengthen internal control procedures to ensure that client expenditures are made in accordance with established policy.

Views of Responsible Officials and Planned Corrective Action:

(1) The agency acknowledges that an exception form to exceed $5,000 was not present in the electronic case file. The agency has already taken preventive steps to ensure this error will not occur in the future; by conducting training on January 15, 2014, on internal controls and procedures for utilizing an exception form. The agency is testing a process that will initiate a requirement for completion of an exception form when applicable.

(2) Section VI-51 of the October 2010 ARS Policy and Procedure Manual allows for home modifications to the extent that remodeling to the home occurs inside the structure's foot

Findings

In accordance with 2 CFR § 225, Appendix A (C)(1)(d), in order for costs to be allowable under federal awards, they must conform to any limitations or exclusions set forth in these principles, federal laws, terms and conditions of the federal award, or other governing regulations as to types or amounts of cost items. The October 2010 Arkansas Rehabilitation Services (ARS) Policy and Procedure Manual (Manual) is a set of regulations governing the Agency's use of the federal grant.

Section VI-18 of the ARS Manual establishes a $5,000 threshold per 12-month period for tuition, required textbooks, academic fees, maintenance, and transportation. Exceptions to this threshold may be granted in special instances but must be documented with the counselor's explanation of the extenuating circumstances and approved by the District Manager.

Section VI-51 of the ARS Manual allows for home modifications only to the extent that remodeling to the home will occur inside the structure's footprint. Additions to the home are specifically excluded.

Section VI-3 of the ARS Manual states that the counselor will not approve payment requests until documentation is received that the service has been provided. Documentation may include medical reports, training progress reports, attendance forms, receipts, and/or invoices.

Condition and Context:
We reviewed 259 expenditure items totaling $317,108 that represented 84 clients. Our review revealed a lack of adequate supporting documentation resulting in the following deficiencies:

- Training costs for eight clients exceeded the $5,000 threshold and were not accompanied by an explanation of the extenuating circumstances or the approval of the District Manager. Questioned costs totaled $56,075.
- Construction costs for adding living space to an existing home were paid for one client. Such home modifications are specifically prohibited by Section VI-51 of the ARS Manual. Questioned costs totaled $20,000.
- Costs for dental services totaling $4,199 were paid, although the services were never performed. The error was discovered by dentist office staff who returned the warrant to the Agency; therefore, no questioned costs are reported for this internal control deficiency.

Recommendations

print. Accessibility assistance to the client was provided and performed within the domicile's footprint in order to assure the client had accessible and independent living conditions within the family support system. No additions to the domicile foot print or medically unnecessary accommodations were performed. Additionally, any and all additions or modifications not a part of the agency's agreement were paid for by the homeowner. Moreover, the questioned cost was reasonable in relation to the medically necessary accommodation and was separate and apart from additional modifications paid for by the homeowner that totaled over $100,000.

(3) It is the practice of agency vendors providing dental services in rural areas of Arkansas to require prepayment in advance of the service. In this instance, the vendor required prepayment and the agency is obligated to provide the medically necessary assistance under such terms. However, before the client could receive the medical assistance, he was incarcerated. The agency requested and received the return of the prepayment and there was no loss to the agency. Nevertheless, the agency has negotiated alternate terms with such vendors that only require a partial prepayment.

Anticipated Completion Date: Complete

Contact Person:
Joseph Baxter
Chief Fiscal Officer
Arkansas Rehabilitation Services
525 W. Capital Ave
Little Rock, AR 72201
(501) 296-1614
joseph.baxter@arkansas.gov

Findings | Recommendations

Questioned Costs:
$76,075

Cause:
Agency counselors and administrative staff were not adequately trained, and disbursements were not adequately reviewed to ensure they were made in accordance with the ARS Manual.

Effect:
Failure to follow policy could lead to inefficient use of program resources and/or misappropriation of funds.

U.S. Department of Education (Continued)

Finding Number:	**13-520-06**
State/Educational Agency(s):	**Arkansas Department of Career Education - Arkansas Rehabilitation Services**
CFDA Number(s) and Program Title(s):	**84.126 - Rehabilitation Services_Vocational Rehabilitation Grants to States**
Federal Award Number(s):	**H126A120003; H126A130003**
Federal Award Year(s):	**2012 and 2013**
Compliance Requirement(s) Affected:	**Cash Management**
Type of Finding:	**Noncompliance and Significant Deficiency**

Criteria:
31 CFR § 205.33 requires that the timing and amount of funds transfers be as close as administratively possible to a state's actual cash outlay for direct program costs and the proportionate share of any allowable indirect costs. In addition, 34 CFR § 76.731 requires states to maintain records showing their compliance with program requirements.

Condition and Context:
While the Agency did not appear to have a balance of federal funds on hand at the end of the

Recommendation:
We recommend the Agency strengthen internal controls procedures to ensure that the amounts drawn against federal grant awards are adequately supported by direct program costs and the proportionate share of allowable indirect costs.

Views of Responsible Officials and Planned Corrective Action:

ARS Discussion

The agency acknowledges that supporting documentation for the first four draws tested was not available. Draw calculation procedures were put in place and are reflected in the remaining five draws tested. The agency acknowledges that program income and indirect cost calculations were not accounted for in the new process. This has been corrected in updated procedures.

At no time was there a loss of agency grant funds or an adverse impact on the vocational rehabilitation program. As the audit report states, the agency was never in a position of having overdrawn federal funds.

ARS Action Taken

Cash draw calculation procedures and training have been updated to account for program income and indirect costs. The CFO will continue to monitor the training and draw

Findings

fiscal year, the following issues were noted with the nine draws tested:

- No documentation was provided to support four draws made on 8/28/2012, 9/20/2012, 11/20/2012, and 1/29/2013. The draws totaled $4.8 million.
- The documentation provided to support five draws made on 2/12/2013, 2/19/2013, 2/26/2013, 4/29/2013, and 6/21/2013 contained incomplete calculations of VR expenditures and an overstated balance of amounts under drawn. The draws totaled $6.8 million.

Questioned Costs:
None

Cause:
Agency employees responsible for cash management requirements of the federal grant award were not adequately trained. In addition, the Agency does not have adequate internal control procedures in place to ensure that cash draws were adequately supported.

Effect:
Inaccurate draw calculations could cause federal draws to exceed allowable federal expenditures.

U.S. Department of Education (Continued)

Finding Number:	**13-520-07**
State/Educational Agency(s):	**Arkansas Department of Career Education - Arkansas Rehabilitation Services**
CFDA Number(s) and Program Title(s):	**84.126 - Rehabilitation Services_Vocational Rehabilitation Grants to States**
Federal Award Number(s):	**H126A120003; H126A130003**
Federal Award Year(s):	**2012 and 2013**
Compliance Requirement(s) Affected:	**Procurement and Suspension and Debarment**
Type of Finding:	**Significant Deficiency**

Criteria:

Recommendations

calculations process. The CFO will continue to verify and approve the accuracy of the draw prior to submission.

Anticipated Completion Date: Complete

Contact Person:
Joseph Baxter
Chief Fiscal Officer
Arkansas Rehabilitation Services
525 W. Capital Ave
Little Rock, AR 72201
(501) 296-1614
joseph.baxter@arkansas.gov

Recommendation:
We recommend the Agency strengthen internal controls and procedures to ensure compliance with federal suspension and debarment requirements.

Views of Responsible Officials and Planned Corrective Action:

ARS Discussion

Historically, the agency has relied on the Arkansas Department of Finance & Administration's records and database in certifying that no debarred or suspended party participates in a Federal Assistance Program. Consequently, there has never been an instance in the agency's history of a debarred or suspended party participating in the program and there has never been a loss attributed to the agency resulting from such a practice. However, the agency agrees to require additional steps in order to mitigate the remote possibility of such an occurrence.

Findings

or contract) at any tier to any party that is debarred or suspended or is otherwise excluded from or ineligible for participation in federal assistance programs under Executive Order 12549, "Debarment and Suspension."

In addition, 2 CFR § 180.300 offers guidance to agencies for covered transactions with entities at the next lower tier. The agency must verify that the entity is not excluded or disqualified by:

(a) Checking the Excluded Parties List System (EPLS); or

(b) Collecting a certification from the entity; or

(c) Adding a clause or condition to the covered transaction with the entity.

Also, as stated in OMB Circular A-133 § 300(b), the auditee shall maintain internal control over federal programs that provides reasonable assurance that the auditee is managing federal awards in compliance with laws, regulations, and provisions of contracts or grant agreements that could have a material effect on each of its federal programs.

Condition and Context:
During our test of the internal controls over compliance, we discovered the Agency did not have internal control procedures in place ensuring compliance with the suspension and debarment portion of this compliance area.

Questioned Costs:
None

Cause:
Agency employees responsible for suspension and debarment requirements were not adequately trained. In addition, the Agency does not have internal control procedures in place to ensure the compliance objective was achieved and documented.

Effect:
Suspended or debarred entities could receive payments from federal grant awards that would be unallowable and subject to recovery by the federal awarding agency.

U.S. Department of Education (Continued)

Finding Number: **13-520-08**

Recommendations

ARS Action Taken

Agency Debarment and Suspension procedures have been reviewed, and additional steps have been added to ensure federal and state compliance.

Anticipated Completion Date: Complete

Contact Person:
Joseph Baxter
Chief Fiscal Officer
Arkansas Rehabilitation Services
525 W. Capital Ave
Little Rock, AR 72201
(501) 296-1614
joseph.baxter@arkansas.gov

Recommendation:
We recommend the Agency strengthen controls and procedures to ensure that SF-425

Findings

State/Educational Agency(s): **Arkansas Department of Career Education - Arkansas Rehabilitation Services**
CFDA Number(s) and Program Title(s): **84.126 - Rehabilitation Services_Vocational Rehabilitation Grants to States**
Federal Award Number(s): **H126A120003; H126A130003**
Federal Award Year(s): **2012 and 2013**
Compliance Requirement(s) Affected: **Reporting**
Type of Finding: **Noncompliance and Material Weakness**

Criteria:
In accordance with 2 CFR § 215.21, a federal awarding agency requires an agency financial management system to provide accurate, current, and complete disclosure of the financial results of each federally-sponsored program. Rehabilitation Services Administration (RSA) Policy Directive PD12-06 requires the agency to submit SF-425 reports semi-annually. The reports must be submitted no later than 45 days after the end of the reporting period. The reporting period end dates are March 31 and September 30. Final reports, as applicable, must be submitted no later than 90 days after the end of the grant period or the carryover year. Extensions of reporting due dates may be approved by the federal awarding agency upon request of the agency. The request and approval must be documented.

Condition and Context:
Our review of three reports revealed the Agency did not have adequate internal controls in place to ensure accurate, current, and complete financial information was submitted within the criteria established by the federal awarding agency.

An email from the Fiscal Unit Chief of the RSA revealed that as of July 25, 2013, all SF-425 reports for the 2012 grant had not been submitted, including the report for the 2012 grant for the period ended March 31, 2012, which was included in finding **12-520-08** from our 2012 Single Audit report. The semi-annual reports were due as follows:

Grant Year	Semi-annual Period Ended	Due Date
2012	March 31, 2012	May 16, 2012
2012	September 30, 2012	November 15, 2012
2012	September 30, 2013 (final report)	December 31, 2013
2013	March 31, 2013	May 16, 2013

Recommendations

financial reports are submitted accurately and timely.

Views of Responsible Officials and Planned Corrective Action:

ARS Discussion

This finding is largely a restatement of findings already listed in this report. All federal reports related to this finding's overstated amount of $2,364,300 have been addressed as follows:

- $797,751 of expenditures of cost centers related to the expenditures of other Federal programs
- $235,346 of unallowable payments of unused leave for employees
- ($149,448) of a miscalculation made by the agency to reduce payroll expenditures for employees of other programs

The errors contained in the federal reporting were identified and corrected during training and review of all federal grant reports during this audit period. Federal report training for a new supervisor was ongoing during the time of this error. This initial training has been completed, and training updates will continue. The affected report has been corrected. At no time was there a loss of agency grant funds or an adverse impact on the vocational rehabilitation program.

- $1,480,651 of unallowable indirect costs allocated to the grant

There has been no determination by either the Department of Education Indirect Cost Group or Rehabilitation Services Administration that any of the indirect costs referenced in this report are "unallowable". The method and processes used to calculate these costs were in keeping with current indirect cost calculation procedures and those used in prior year calculations submitted to the Cost Group for approval. The agency acknowledges that the cost rate proposal for the year in question was not submitted on time during a period when there was no CFO in place. Personnel turnover and associated training requirements during the audit period also contributed to the delayed submission. This proposal has been submitted along with all proper documentation, and receipt acknowledged by the Department of Education Indirect Cost Group. Once approved, any affected reports will be corrected to the approved rate.

Lastly, the audit report states that several reports were not in a submitted status when reviewed. This was due to ongoing review and corrections of these reports, including

Findings

The Agency continued to reopen reports subsequent to the due dates to correct the expenditure information submitted in the original report. It is not uncommon for an agency to reopen a submitted report in order to correct discovered errors, and this practice is acceptable when done timely. Typically, reports are reopened, corrected, and resubmitted within a few days. Two reports were reopened and remained open for a significant period of time as the Agency continued to make adjustments to the original submission as follows:

- The report representing the 2012 grant for the period ended March 31, 2012, was initially submitted on May 16, 2012. The report was reopened for adjustments and resubmitted on November 14, 2012. In addition, subsequent to the resubmission in November 2012, this report was reopened again on June 11, 2013, and remained open for adjustments for 70 days until its final submission on August 20, 2013, 461 days after the due date of May 16, 2012.
- The report representing the 2012 grant for the period ended September 30, 2012, was initially submitted on November 16, 2012, one day past the due date. However, the report was reopened on June 11, 2013, and remained open for adjustments for 44 days until it was resubmitted on July 25, 2013, 252 days after the due date of November 15, 2012.

The Agency's lack of adequate internal controls over reporting resulted in a net overstatement of expenditures by $2,364,300 on the SF-425 for the period ended March 31, 2013. The net overstatement is a cumulative effect of the following errors:

- As noted in finding 13-520-01, expenditures totaling $797,751 were expenditures of other federal programs.
- As noted in finding 13-520-02, unallowable indirect costs totaling $1,480,651 were allocated to the grant.
- As noted in finding 13-520-04, expenditures for general administration totaling $235,346 were charged as a direct cost of the program instead of being allocated as required.
- A miscalculation totaling ($149,448), reduced payroll expenditures for employees coding their time to multiple federal programs.

Questioned Costs:
None

Recommendations

corrections needed to grant amounts figures that are the responsibility of RSA themselves. For the record, all federal reports for the period under review were submitted on time. Consistent with general federal reporting procedures, federal reports that were identified during review and training as requiring correction were requested to be re-opened for submission. Submitting accurate reports was deemed an overriding consideration. The entire federal reporting process allows for these types of requests in instances where incorrect data was used, or as sometimes occurs, the treatment of certain expenditures is changed based on end of year financial reviews. Again accurate reports are always a priority.

ARS Action Taken

All affected reports have been corrected. At no time was there a loss of agency grant funds or an adverse impact on the vocational rehabilitation program.

Anticipated Completion Date: Complete

Contact Person:
Joseph Baxter
Chief Fiscal Officer
Arkansas Rehabilitation Services
525 W. Capital Ave
Little Rock, AR 72201
(501) 296-1614
joseph.baxter@arkansas.gov

Additional Comments From The Auditor:
Expenditures representing VR grant activity may span two fiscal years. As a result, corrections to the report representing the 2013 VR grant award may fall outside the time period covered in this audit. However, the report representing the 2012 VR grant award has been submitted and closed without correction of the errors identified in this finding.

Clarification should be given to the Agency's assertion that this finding represents a restatement of other findings already included in this report. The errors we identified in findings 13-520-01, 13-520-02, and 13-520-04 affected two other compliance requirements:

Findings

Cause:
Agency employees responsible for preparing the reports were not adequately trained regarding reporting requirements, and the Agency did not have procedures in place to ensure that reports were properly reviewed for accuracy and completeness.

Effect:

Failure to submit required reports timely and accurately could jeopardize future awards.

U.S. Department of Education (Continued)

Finding Number:	**13-520-09**
State/Educational Agency(s):	**Arkansas Department of Career Education - Arkansas Rehabilitation Services**
CFDA Number(s) and Program Title(s):	**84.126 - Rehabilitation Services_Vocational Rehabilitation Grants to States**
Federal Award Number(s):	**H126A110003; H126A120003**
Federal Award Year(s):	**2011 and 2012**
Compliance Requirement(s) Affected:	**Reporting**
Type of Finding:	**Noncompliance and Significant Deficiency**

Criteria:
RSA Policy Directive RSA-PD-09-04 and 34 CFR § 361.40 require an agency to submit Annual Vocational Rehabilitation Program/Cost Reports (RSA-2 reports) to the U.S. Department of Education - Rehabilitation Services Administration (USDOE - RSA). Requirements for the RSA-2 include submission of yearly reports no later than December 31 for the federal fiscal year ended September 30.

In addition, in accordance with 2 CFR § 215.21, a federal awarding agency requires an agency's financial management system to provide accurate, current, and complete disclosure of the financial results of each federally-sponsored program.

Recommendations

affected the Reporting compliance requirement, which is the requirement addressed in this finding.

We also disagree with the Agency's assertion that the $1,480,651 charged as indirect costs is allowable. On August 21, 2013, the U.S. Department of Education's (USDOE) Director of Indirect Cost Group confirmed that an ICRP had not been received from the Agency since October 2011. In addition, the Director confirmed that the Agency did not have a rate in place for the 2013 fiscal year and should not have collected and claimed indirect costs on its SF-425 reports. On February 12, 2014, USDOE confirmed that the Agency had submitted an ICRP, but a rate had not been authorized. Until a rate is authorized by USDOE, indirect costs collected and claimed are unallowable.

Recommendation:
We recommend the Agency strengthen internal controls and procedures to ensure that reports are submitted accurately and that adequate supporting documentation is maintained.

Views of Responsible Officials and Planned Corrective Action:

The RSA-2 is a compilation of data contained in both the System 7 case management software database and the AASIS accounting system. In order to accurately complete the report, a methodic and systematic extraction of the information must occur and be transferred to the federal database. Because all data necessary to construct the report resides within System 7 and AASIS, documentation exists, is perpetually maintained therein, and can be reconstructed at anytime. In this instance, the data provided on the RSA-2 was found to be accurate and timely by RSA and thus was verifiable. However, at the time of examination the working papers were not attached to the controlling document.

ARS Action Taken

The agency's accounting supervisor has received specific training and instruction concerning the maintenance of all reporting documents.

Contact Person: Joseph Baxter
Chief Fiscal Officer
Arkansas Rehabilitation Services

Findings	Recommendations
Also, as stated in OMB Circular A-133 § 300(b), the auditee shall maintain internal control over federal programs that provides reasonable assurance that the auditee is managing federal awards in compliance with laws, regulations, and provisions of contracts or grant agreements that could have a material effect on each of its federal programs. **Condition and Context:** Our review of the RSA-2 report revealed that although the Agency submitted the RSA-2 timely, the Agency did not maintain adequate supporting documentation for the information reported on the RSA-2. As a result, we were unable to assess the accuracy of the report. **Questioned Costs:** Unknown **Cause:** The Agency did not have adequate internal control procedures in place to ensure that reports were properly prepared and reviewed and that adequate supporting documentation was maintained. **Effect:** Inaccurate reporting and noncompliance with program requirements could jeopardize future awards.	525 W. Capital Ave Little Rock, AR 72201 (501) 296-1614 joseph.baxter@arkansas.gov

Employment Summary

	Male	Female	Total	%
White Employees	108	198	306	66 %
Black Employees	44	111	155	33 %
Other Racial Minorities	2	4	6	1 %
Total Minorities			161	34 %
Total Employees			467	100 %

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				
AKDC Annual Report	Act 450 of 1971	Y	Y	75	Annual report providing results of Arkansas Kidney Disease services.	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: 0520 CAREER EDUCATION-AR REHABILITATION SERVICES

		Minority Type per A.C.A. 15-4-303 (2)					
Minority Business	Total Contract Awarded	African American	Hispanic American	American Indian	Asian American	Pacific Islander American	Disabled Veteran
Carson & Associates Inc.	$4,107,065	X					

TOTAL NUMBER OF MINORITY CONTRACTS AWARDED	1
TOTAL EXPENDITURES FOR CONTRACTS AWARDED	$6,360,439
% OF MINORITY CONTRACTS AWARDED	64.57 %

Department Appropriation Summary

Appropriation		2013-2014 Actual	Pos	2014-2015 Budget	Pos	2014-2015 Authorized	Pos	2015-2016 Base Level	Pos	2015-2016 Agency	Pos	2015-2016 Executive	Pos	2016-2017 Base Level	Pos	2016-2017 Agency	Pos	2016-2017 Executive	Pos
128	Rehab Services - Operations	52,743,343	503	58,772,851	530	59,494,552	530	59,019,128	530	63,042,620	527	62,963,237	527	59,042,151	530	63,540,643	527	63,461,259	527
1VB	Increase Capabilities Access Network	30,245	0	298,690	0	298,690	0	298,690	0	298,690	0	298,690	0	298,690	0	298,690	0	298,690	0
374	Statewide Disability Telecomm	257,695	2	338,000	0	472,070	0	338,000	0	577,019	3	577,019	3	338,000	0	530,019	3	530,019	3
743	People w/Disabilities	25,000	0	45,000	0	45,000	0	45,000	0	45,000	0	45,000	0	45,000	0	45,000	0	45,000	0
902	Tech Equipment - Treasury	344,033	0	1,580,000	0	1,580,000	0	1,580,000	0	1,580,000	0	1,580,000	0	1,580,000	0	1,580,000	0	1,580,000	0
903	Rehab Services - Treasury Pay	36,013	0	863,400	0	863,400	0	863,400	0	863,400	0	863,400	0	863,400	0	863,400	0	863,400	0
M89	Promise Grant	0	0	385,000	7	0	0	0	0	380,680	7	380,680	7	0	0	380,680	7	380,680	7
Total		53,436,329	505	62,282,941	537	62,753,712	530	62,144,218	530	66,787,409	537	66,708,026	537	62,167,241	530	67,238,432	537	67,159,048	537
Funding Sources			%		%				%		%		%		%		%		%
Fund Balance	4000005	1,995,275	3.6	1,929,540	2.9			3,717,374	5.7	3,717,374	5.4	3,717,374	5.4	2,623,211	4.2	2,384,192	3.5	2,433,575	3.6
General Revenue	4000010	12,294,007	22.2	13,261,785	20.1			13,261,785	20.5	13,261,785	19.2	13,261,785	19.2	13,261,785	21.0	13,261,785	19.6	13,261,785	19.5
Federal Revenue	4000020	40,209,641	72.6	49,053,362	74.3			44,799,870	69.2	49,204,042	71.2	49,204,042	71.2	44,324,870	70.2	49,204,042	72.6	49,204,042	72.5
Special Revenue	4000030	624,542	1.1	595,000	0.9			595,000	0.9	595,000	0.9	595,000	0.9	595,000	0.9	595,000	0.9	595,000	0.9
Cash Fund	4000045	175,644	0.3	1,160,628	1.8			2,363,400	3.7	2,363,400	3.4	2,363,400	3.4	2,363,400	3.7	2,363,400	3.5	2,363,400	3.5
DFA Motor Vehicle Acquisition	4000184	64,586	0.1	0	0.0			0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Interest	4000300	182	0.0	0	0.0			0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
M & R Sales	4000340	1,992	0.0	0	0.0			0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Total Funds		55,365,869	100.0	66,000,315	100.0			64,737,429	100.0	69,141,601	100.0	69,141,601	100.0	63,168,266	100.0	67,808,419	100.0	67,857,802	100.0
Excess Appropriation/(Funding)		(1,929,540)		(3,717,374)				(2,593,211)		(2,354,192)		(2,433,575)		(1,001,025)		(569,987)		(698,754)	
Grand Total		53,436,329		62,282,941				62,144,218		66,787,409		66,708,026		62,167,241		67,238,432		67,159,048	

Historical Data

Agency Request and Executive Recommendation

Variance in fund balance due to unfunded appropriation.

Agency Position Usage Report

FY2012 - 2013						FY2013 - 2014						FY2014 - 2015					
Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused
	Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total	
530	473	57	530	0	10.75 %	530	472	58	530	0	10.94 %	530	468	69	537	-7	11.70 %

Total Budgeted positions exceed Authorized due to positions authorized through the Miscellaneous Federal Grant process.

Analysis of Budget Request

Appropriation: 128 - Rehab Services - Operations

Funding Sources: PER - Educational Rehabilitation Pay - Admin

The Office of Rehabilitation Services (ARS) carries out its responsibilities through a field program that reaches all 75 counties from 19 field offices across the state. They also operate the Hot Springs Rehabilitation Center (HSRC), a comprehensive, state-owned rehabilitation facility -- one of only nine in the country and the only one in the country west of the Mississippi River. The center is comprised of a medical unit providing traumatic care and comprehensive physical and occupational therapy. ARS also includes the Arkansas Career Training Institute (ACTI), which provides vocational training and support in a number of training programs. Funding for this appropriation is a combination of general revenue, federal funding, and program income. Federal funds account for approximately 75% of the total funding.

Base Level Regular Salaries and Personal Services Matching include the continuation of the previously authorized 2015 1% Cost of Living Adjustment and Career Service Payments for eligible employees. Personal Services Matching also includes a $10 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of $420 per month. Base Level salaries do not include Merit Pay Increases. The Base Level salary of unclassified positions reflects the FY15 line item maximum plus the previously authorized 2015 1% Cost of Living Adjustment.

The Base Level is $59,019,128 in FY16 and $59,042,151 in FY17.

The Agency requests a Change Level, for appropriation only, of $4,023,492 in FY16, and $4,498,492 in FY17 as follows:

- Net Regular Salaries and Personal Services Matching of $111,516 each year, consisting of an increase in Regular Salaries and Personal Services Matching of $254,535 for reclassification of twelve (12) positions and a decrease in Regular Salaries and Personal Services Matching of ($143,019) due to a transfer of three (3) positions to the Statewide Disability Telecommunications Equipment Program (374); and Extra Help and Personal Services Matching of $86,976 each year.

- Capital Outlay of $1,100,000 in each year for improvement of client service centers throughout the State.

- Contract Services of $2,000,000 in each year to allow the Agency the ability to provide services to more citizens throughout the state.

- Project Search of $725,000 in FY16 and $1,200,000 in FY17 to expand the program partnership with the University of Arkansas for Medical Sciences, adding additional sites in each year to serve more citizens.

The Executive Recommendation provides for the Agency Request with the exception of various reclassifications.

Appropriation Summary

Appropriation: 128 - Rehab Services - Operations

Funding Sources: PER - Educational Rehabilitation Pay - Admin

		Historical Data			Agency Request and Executive Recommendation					
		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item		**Actual**	**Budget**	**Authorized**	**Base Level**	**Agency**	**Executive**	**Base Level**	**Agency**	**Executive**
Regular Salaries	5010000	17,455,058	19,526,233	20,222,652	19,671,253	19,772,433	19,711,813	19,689,025	19,790,205	19,729,585
#Positions		**503**	**530**	**530**	**530**	**527**	**527**	**530**	**527**	**527**
Extra Help	5010001	171,195	172,000	172,000	172,000	252,000	252,000	172,000	252,000	252,000
#Extra Help		**16**	**19**	**19**	**19**	**19**	**19**	**19**	**19**	**19**
Personal Services Matching	5010003	6,473,660	7,445,710	7,470,992	7,546,967	7,564,279	7,545,516	7,552,218	7,569,530	7,550,766
Extra Salaries	5010008	0	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000
Operating Expenses	5020002	7,288,599	8,691,380	8,691,380	8,691,380	8,691,380	8,691,380	8,691,380	8,691,380	8,691,380
Conference & Travel Expenses	5050009	155,506	155,506	155,506	155,506	155,506	155,506	155,506	155,506	155,506
Professional Fees	5060010	454,383	882,029	882,029	882,029	882,029	882,029	882,029	882,029	882,029
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Grants and Aid	5100004	729,180	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000
Capital Outlay	5120011	532,151	0	0	0	1,100,000	1,100,000	0	1,100,000	1,100,000
Contract Services	5900043	18,830,960	18,941,993	18,941,993	18,941,993	20,941,993	20,941,993	18,941,993	20,941,993	20,941,993
Data Processing Services	5900044	35,084	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Arkansas Kidney Disease Commis	5900046	617,567	950,000	950,000	950,000	950,000	950,000	950,000	950,000	950,000
Project Search	5900047	0	0	0	0	725,000	725,000	0	1,200,000	1,200,000
Total		52,743,343	58,772,851	59,494,552	59,019,128	63,042,620	62,963,237	59,042,151	63,540,643	63,461,259
Funding Sources										
Fund Balance	4000005	505,173	301,811		3,080,417	3,080,417	3,080,417	1,774,254	1,774,254	1,823,637
General Revenue	4000010	12,294,007	13,261,785		13,261,785	13,261,785	13,261,785	13,261,785	13,261,785	13,261,785
Federal Revenue	4000020	40,179,396	48,289,672		44,421,180	48,444,672	48,444,672	43,946,180	48,444,672	48,444,672
DFA Motor Vehicle Acquisition	4000184	64,586	0		0	0	0	0	0	0
M & R Sales	4000340	1,992	0		0	0	0	0	0	0
Total Funding		53,045,154	61,853,268		60,763,382	64,786,874	64,786,874	58,982,219	63,480,711	63,530,094
Excess Appropriation/(Funding)		(301,811)	(3,080,417)		(1,744,254)	(1,744,254)	(1,823,637)	59,932	59,932	(68,835)
Grand Total		52,743,343	58,772,851		59,019,128	63,042,620	62,963,237	59,042,151	63,540,643	63,461,259

Change Level by Appropriation

Appropriation: 128 - Rehab Services - Operations
Funding Sources: PER - Educational Rehabilitation Pay - Admin

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**59,019,128**	**530**	**59,019,128**	**100.0**	**59,042,151**	**530**	**59,042,151**	**100.0**
C01	Existing Program	2,811,976	0	61,831,104	104.8	3,286,976	0	62,329,127	105.6
C02	New Program	1,100,000	0	62,931,104	106.6	1,100,000	0	63,429,127	107.4
C07	Agency Transfer	(143,019)	(3)	62,788,085	106.4	(143,019)	(3)	63,286,108	107.2
C10	Reclass	254,535	0	63,042,620	106.8	254,535	0	63,540,643	107.6

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**59,015,574**	**530**	**59,015,574**	**100.0**	**59,038,596**	**530**	**59,038,596**	**100.0**
C01	Existing Program	2,811,976	0	61,827,550	104.8	3,286,976	0	62,325,572	105.6
C02	New Program	1,100,000	0	62,927,550	106.6	1,100,000	0	63,425,572	107.4
C07	Agency Transfer	(143,019)	(3)	62,784,531	106.4	(143,019)	(3)	63,282,553	107.2
C10	Reclass	178,706	0	62,963,237	106.7	178,706	0	63,461,259	107.5

Justification	
C01	Arkansas Project SEARCH® Expansion Request Proposed Appropriation Request: $725,000 for FY 2015-2016; $1,200,000 for FY 2016-2017. This program appropriation request would support finding sustainable, competitive employment for Arkansas citizens with developmental disabilities, without the need for additional agency general revenue funding. Through its UAMS Project SEARCH® program partnership, ARS and ACCESS have demonstrated a successful on-the-job vocational training model to achieve meaningful employment for individuals with disabilities. The organizations' leaders seek to expand the existing site and to establish five additional sites across the state, implemented in gradual phases, with the program serving 91 citizens per year by Year 4, and 351 total by Year 5. In addition to producing 91 employment-ready citizens who have disabilities per year by Year 5, the Arkansas Project SEARCH® proposal will create 26 additional jobs through program staff placements in six Arkansas communities by Year 5. ARS Vocational Rehabilitation Program Appropriation Request Proposed Appropriation Increase Request: $2,000,000 in each year. This program appropriation request would support providing more citizens of Arkansas with disabilities the opportunity for meaningful, quality employment. Rehabilitation Service Administration continually monitors how the agency provides services to our clients with disabilities. In 2011, RSA strongly recommended that the agency no longer use the Order of Selection process which mandates that the agency will only serve clients with the most significant disabilities. Removing this process requires that the agency serve clients with non-significant disabilities as well as significant disabilities, greatly increasing our client base. Additionally, RSA recommended that the agency provide more services to transitional age students. The transitional age is 16 through 23. In order to adequately serve this population, an appropriation increase is needed for quality client services. Proposed Extra- Help and Matching Appropriation Increase Request: $86,976 in each year. This program appropriation request would allow for additional Extra Help support to address program needs.
C02	Capital Outlay Proposed Appropriation Increase Request: $1,100,000 in each year. This program appropriation request would support acquisition and improvement of additional client service centers throughout the state.
C07	Transfer of 3 positions from this appropriation to the Telecommunications Assistance Program, Fund Center 374, to better align with program needs.
C10	Salary and Matching Proposed Appropriation Request: $254,535 in each year for reclassification of multiple positions to better align available positions with Agency needs.

Analysis of Budget Request

Appropriation: 1VB - Increase Capabilities Access Network

Funding Sources: PER - Educational Rehabilitation Pay - Admin

Increasing Capabilities Access Network (ICAN), a federally funded program of Arkansas Rehabilitation Services, is designed to make technology available and accessible for all who need it. ICAN is a funding information resource and provides information on new and existing technology free to any person regardless of age or disability.

ICAN supports several service programs that target different areas of need for assistive technology. Specific strategies assist individuals in locating and/or receiving assistive devices or services. ICAN maintains an equipment AT4ALL database which lists hundreds of items available for loan, demonstration, or giveaway.

ICAN sponsors many training events, conferences and networking events year-round. ICAN is committed to researching all funding sources and overcome obstacles that prevent people from receiving needed technology. ICAN keeps current on the newest advances in technology and provides information to anyone requesting assistance.

The Agency requests Base Level for the 2015-2017 Biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 1VB - Increase Capabilities Access Network

Funding Sources: PER - Educational Rehabilitation Pay - Admin

		Historical Data			Agency Request and Executive Recommendation					
		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	23,235	291,500	291,500	291,500	291,500	291,500	291,500	291,500	291,500
Conference & Travel Expenses	5050009	7,010	7,190	7,190	7,190	7,190	7,190	7,190	7,190	7,190
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		30,245	298,690	298,690	298,690	298,690	298,690	298,690	298,690	298,690
Funding Sources										
Federal Revenue	4000020	30,245	298,690		298,690	298,690	298,690	298,690	298,690	298,690
Total Funding		30,245	298,690		298,690	298,690	298,690	298,690	298,690	298,690
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		30,245	298,690		298,690	298,690	298,690	298,690	298,690	298,690

Analysis of Budget Request

Appropriation: 374 - Statewide Disability Telecomm

Funding Sources: STC - Telecommunications Equipment

The Statewide Disability Telecommunications Equipment Program is authorized to provide telecommunication devices for persons who are deaf, hard of hearing, blind, or speech impaired. Funding is provided through the Arkansas Public Service Commission, which is authorized to increase existing local exchange carrier tariffs, surcharges, or other funding mechanisms.

The Base Level is $338,000 in each year.

The Agency requests a Change Level of $239,019 in FY16 and $192,019 in FY17 as follows:

- Salaries and Personal Services Matching of $143,019 each year for transfer of three (3) positions from Rehabilitation Services - Operations (128).
- Operating Expenses of $16,000 each year for travel related costs for additional outreach opportunities and to train customers.
- Conference and Travel Expenses of $3,000 each year for staff to attend conferences on new technologies.
- Professional Fees of $47,000 in FY16 for the transition from a paper-based client services file system to an electronic database system.
- Grants and Aid of $30,000 each year for program expansion and increase distribution, targeting specific disability groups.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 374 - Statewide Disability Telecomm
Funding Sources: STC - Telecommunications Equipment

		Historical Data			Agency Request and Executive Recommendation					
		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	85,869	0	100,153	0	102,549	102,549	0	102,549	102,549
#Positions		**2**	**0**	**0**	**0**	**3**	**3**	**0**	**3**	**3**
Personal Services Matching	5010003	26,741	0	33,917	0	40,470	40,470	0	40,470	40,470
Operating Expenses	5020002	26,973	54,000	54,000	54,000	70,000	70,000	54,000	70,000	70,000
Conference & Travel Expenses	5050009	3,671	4,000	4,000	4,000	7,000	7,000	4,000	7,000	7,000
Professional Fees	5060010	44	5,000	5,000	5,000	52,000	52,000	5,000	5,000	5,000
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Grants and Aid	5100004	114,397	275,000	275,000	275,000	305,000	305,000	275,000	305,000	305,000
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Total		257,695	338,000	472,070	338,000	577,019	577,019	338,000	530,019	530,019
Funding Sources										
Fund Balance	4000005	36,438	390,946		602,946	602,946	602,946	814,946	575,927	575,927
Special Revenue	4000030	612,203	550,000		550,000	550,000	550,000	550,000	550,000	550,000
Total Funding		648,641	940,946		1,152,946	1,152,946	1,152,946	1,364,946	1,125,927	1,125,927
Excess Appropriation/(Funding)		(390,946)	(602,946)		(814,946)	(575,927)	(575,927)	(1,026,946)	(595,908)	(595,908)
Grand Total		257,695	338,000		338,000	577,019	577,019	338,000	530,019	530,019

Change Level by Appropriation

Appropriation: 374 - Statewide Disability Telecomm
Funding Sources: STC - Telecommunications Equipment

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**338,000**	**0**	**338,000**	**100.0**	**338,000**	**0**	**338,000**	**100.0**
C01	Existing Program	49,000	0	387,000	114.5	49,000	0	387,000	114.5
C07	Agency Transfer	143,019	3	530,019	156.8	143,019	3	530,019	156.8
C08	Technology	47,000	0	577,019	170.7	0	0	530,019	156.8

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**338,000**	**0**	**338,000**	**100.0**	**338,000**	**0**	**338,000**	**100.0**
C01	Existing Program	49,000	0	387,000	114.5	49,000	0	387,000	114.5
C07	Agency Transfer	143,019	3	530,019	156.8	143,019	3	530,019	156.8
C08	Technology	47,000	0	577,019	170.7	0	0	530,019	156.8

Justification	
C01	Proposed Appropriation Increase Requests: $49,000 for FY 2015-2016; $49,000 for FY 2016-2017. These program appropriation requests would adjust the TAP budget appropriation to increase and promote client services. Additional revenues were derived from a 1 cent surcharge increase on land and cell phone lines effective July 1st, 2013.
C07	Transfer of three positions that were authorized in this appropriation in previous bienniums. Funding for these positions are from additional revenues derived from a 1 cent surcharge increase on land and cell phone lines effective July 1, 2013.
C08	Proposed Appropriation Increase Request: $47,000 for FY 2015-2016. This program appropriation request would adjust the TAP budget appropriation to support the transition from a paper based client services/vendor file system to an electronic database system. This technology driven solution is addressed on page 17 of our Agency Information Technology plan. Additional revenues to support this request were derived from a 1 cent surcharge increase on land and cell phone lines effective July 1st, 2013.

Analysis of Budget Request

Appropriation: 743 - People w/Disabilities

Funding Sources: SPD - People with Disabilities

The Governor's Commission on People with Disabilities provides scholarships to students with disabilities. Under A.C.A. §27-15-305(c)(1), revenue is provided from thirty percent (30%) of parking violation fines and fees from illegally parking in handicapped parking spaces.

The Agency requests Base Level for the 2015-2017 Biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 743 - People w/Disabilities
Funding Sources: SPD - People with Disabilities

		Historical Data			Agency Request and Executive Recommendation					
		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	25,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000
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		25,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000
Funding Sources										
Fund Balance	4000005	40,954	28,293		28,293	28,293	28,293	28,293	28,293	28,293
Special Revenue	4000030	12,339	45,000		45,000	45,000	45,000	45,000	45,000	45,000
Total Funding		53,293	73,293		73,293	73,293	73,293	73,293	73,293	73,293
Excess Appropriation/(Funding)		(28,293)	(28,293)		(28,293)	(28,293)	(28,293)	(28,293)	(28,293)	(28,293)
Grand Total		25,000	45,000		45,000	45,000	45,000	45,000	45,000	45,000

Analysis of Budget Request

Appropriation: 902 - Tech Equipment - Treasury

Funding Sources: NRS - Cash in Treasury

The purpose of this program is to provide loans to individuals with disabilities for essential assistive technology, adaptive equipment, and for loan administration by the Office of Rehabilitation Services. The principal amount was transferred from the original treasury loan fund. Additional funding is earned from interest on the loans.

The Agency requests Base Level for the 2015-2017 Biennium.

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

Appropriation Summary

Appropriation: 902 - Tech Equipment - Treasury
Funding Sources: NRS - Cash in Treasury

	Historical Data			Agency Request and Executive Recommendation					
	2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Loans 5120029	344,033	1,580,000	1,580,000	1,580,000	1,580,000	1,580,000	1,580,000	1,580,000	1,580,000
Total	344,033	1,580,000	1,580,000	1,580,000	1,580,000	1,580,000	1,580,000	1,580,000	1,580,000
Funding Sources									
Fund Balance 4000005	1,371,161	1,202,772		0	0	0	0	0	0
Cash Fund 4000045	175,644	377,228		1,580,000	1,580,000	1,580,000	1,580,000	1,580,000	1,580,000
Total Funding	1,546,805	1,580,000		1,580,000	1,580,000	1,580,000	1,580,000	1,580,000	1,580,000
Excess Appropriation/(Funding)	(1,202,772)	0		0	0	0	0	0	0
Grand Total	344,033	1,580,000		1,580,000	1,580,000	1,580,000	1,580,000	1,580,000	1,580,000

Analysis of Budget Request

Appropriation: 903 - Rehab Services - Treasury Pay

Funding Sources: NRS - Cash in Treasury

The Rehabilitation Cash Fund receives revenue from various sources including cafeteria fees, contributions, reimbursements, hospital medical fees, interest income, and institutional services. This revenue is defined as program income and governed by Vocational Rehabilitation Program regulations.

The Agency requests Base Level for the 2015-2017 Biennium.

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

Appropriation Summary

Appropriation: 903 - Rehab Services - Treasury Pay

Funding Sources: NRS - Cash in Treasury

		Historical Data			Agency Request and Executive Recommendation					
		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	26,104	741,400	741,400	741,400	741,400	741,400	741,400	741,400	741,400
Conference & Travel Expenses	5050009	9,909	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Professional Fees	5060010	0	112,000	112,000	112,000	112,000	112,000	112,000	112,000	112,000
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Total		36,013	863,400	863,400	863,400	863,400	863,400	863,400	863,400	863,400
Funding Sources										
Fund Balance	4000005	41,549	5,718		5,718	5,718	5,718	5,718	5,718	5,718
Federal Revenue	4000020	0	80,000		80,000	80,000	80,000	80,000	80,000	80,000
Cash Fund	4000045	0	783,400		783,400	783,400	783,400	783,400	783,400	783,400
Interest	4000300	182	0		0	0	0	0	0	0
Total Funding		41,731	869,118		869,118	869,118	869,118	869,118	869,118	869,118
Excess Appropriation/(Funding)		(5,718)	(5,718)		(5,718)	(5,718)	(5,718)	(5,718)	(5,718)	(5,718)
Grand Total		36,013	863,400		863,400	863,400	863,400	863,400	863,400	863,400

Analysis of Budget Request

Appropriation: M89 - Promise Grant

Funding Sources: FER - Promise Grant

This appropriation was established through the authority of the Miscellaneous Federal Program Act; and Arkansas is one of five states participating in the five-year PROMISE (Promoting Readiness of Minors in Supplemental Security Income) Initiative grant awarded by the U.S. Department of Education. The purpose of the PROMISE grant is for each state to establish and operate model demonstration projects designed to improve the education and employment outcomes of child Supplemental Security Income (SSI) recipients and their families.

The Agency requests a Change Level of $380,680 each year as follows:

- Regular Salaries and Personal Services Matching of $345,680 for seven (7) Certified Vocational Rehabilitation Counselors that will serve program participants.
- Conference and Travel Expenses of $35,000 for administering services to program participants.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: M89 - Promise Grant
Funding Sources: FER - Promise Grant

		Historical Data			Agency Request and Executive Recommendation					
		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item		**Actual**	**Budget**	**Authorized**	**Base Level**	**Agency**	**Executive**	**Base Level**	**Agency**	**Executive**
Regular Salaries	5010000	0	252,878	0	0	248,878	248,878	0	248,878	248,878
#Positions		**0**	**7**	**0**	**0**	**7**	**7**	**0**	**7**	**7**
Personal Services Matching	5010003	0	97,122	0	0	96,802	96,802	0	96,802	96,802
Operating Expenses	5020002	0	0	0	0	0	0	0	0	0
Conference & Travel Expenses	5050009	0	35,000	0	0	35,000	35,000	0	35,000	35,000
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		0	385,000	0	0	380,680	380,680	0	380,680	380,680
Funding Sources										
Federal Revenue	4000020	0	385,000		0	380,680	380,680	0	380,680	380,680
Total Funding		0	385,000		0	380,680	380,680	0	380,680	380,680
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		0	385,000		0	380,680	380,680	0	380,680	380,680

Appropriation was established through the authority of the Miscellaneous Federal Program Act.

Change Level by Appropriation

Appropriation: M89 - Promise Grant
Funding Sources: FER - Promise Grant

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**0**	**0**	**0**	**0.0**	**0**	**0**	**0**	**0.0**
C01	Existing Program	35,000	0	35,000	100.0	35,000	0	35,000	100.0
C06	Restore Position/Approp	345,680	7	380,680	1,087.7	345,680	7	380,680	1,087.7

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**0**	**0**	**0**	**0.0**	**0**	**0**	**0**	**0.0**
C01	Existing Program	35,000	0	35,000	100.0	35,000	0	35,000	100.0
C06	Restore Position/Approp	345,680	7	380,680	1,087.7	345,680	7	380,680	1,087.7

Justification	
C01	Appropriation request to continue a previously approved Miscellaneous Federal Grant request providing salaries, personal services match, and travel costs to implement AR Promise.
C06	Appropriation request to continue a previously approved Miscellaneous Federal Grant request providing salaries, personal services match, and travel costs to implement AR Promise.

CROWLEY'S RIDGE TECHNICAL INSTITUTE

Enabling Laws

Act 158 of 2014
A.C.A. § 6-51-901 et seq.

History and Organization

History - Act 328 of 1957 established vocational technical schools. Crowley's Ridge Vocational Technical School was approved for construction by the State Board of Vocational Education in 1966, and students were accepted in September 1967. The building site was donated by the Forrest City Chamber of Commerce. Six programs were offered the first year. The program offerings were expanded in 1971, 1972, and 1973, as a result of the expansions of the training facilities. Crowley's Ridge Vocational Technical School was approved in March 1992, by the State Board of Workforce Education to become a technical institute. At the present time, programs being offered are: Auto Body Repair, Automotive Service Technology, Basic Drafting Technology, Business Technology, Child Care Specialist, Computer Repair and Networking, Cosmetology, Industrial Equipment Technology, Practical Nursing, Major Appliance Service, Residential Construction-Carpentry, Residential Heat & Air Conditioning and Welding. There are three short-term programs: Basic Emergency Medical Technician, Certified Nursing Assistant, and Truck Driving. Each program has its own advisory committee consisting of local business and industry leaders.

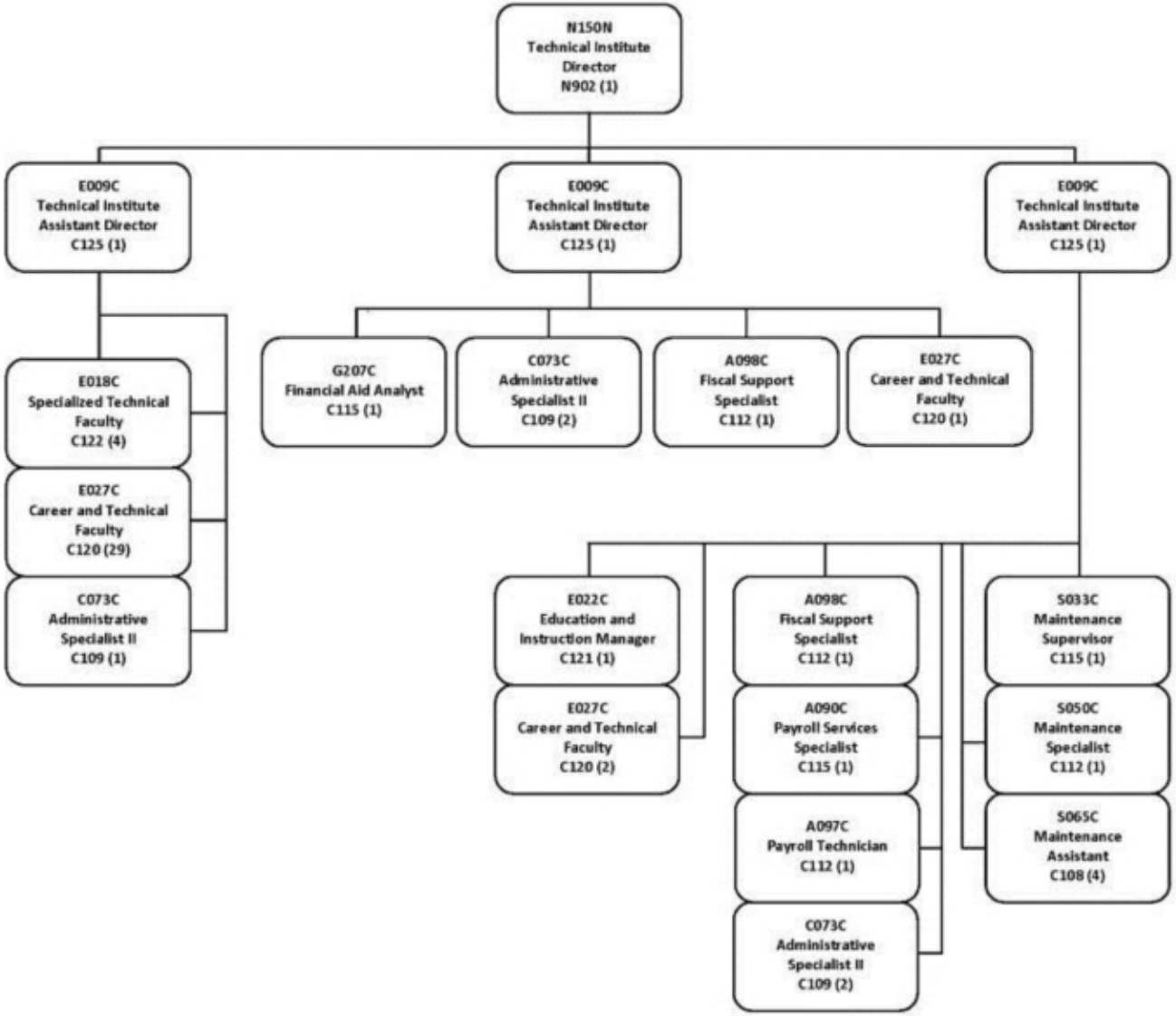
Mission Statement - Our mission is to provide a competently trained, educated, and retrainable workforce to support agriculture, business, health services, industry, and government.

Role - Crowley's Ridge Technical Institute (CRTI) strives to cooperate with industries and businesses in an effort to secure and maintain programs which supplement each individual's training. Adult education classes are taught at several locations throughout the school's service delivery area. CRTI has several mobile classroom units that provide workplace literacy training and welfare reform. Computers are utilized at workplace sites to provide specific training as requested by business and industry.

Accreditation - Crowley's Ridge Technical Institute has been approved for accreditation by the Commission of the Council on Occupational Education.

Certifications and Approvals - The Practical Nursing program is certified by the Arkansas State Board of Nursing. The Automotive Service Technology program is certified by the National Automotive Technicians Education Foundation (NATEF). The Residential Construction -

Carpentry program is certified by the Associated General Contractors of America. The Cosmetology program is approved by the Arkansas State Board of Cosmetology. The Child Care Specialist program meets the requirements for the Child Development Associate credential. The Emergency Medical Technician program is certified by the Arkansas Office of Emergency Medical Services.



Agency Commentary

Crowley's Ridge Technical Institute requests the restoration of the authorized level for Capital Outlay in the Cash Appropriation as per Act 158 of 2014 Fiscal Session. The restoration of the Capital Outlay would allow for the replacement of obsolete training equipment with tuition and resale income.

The Agency is not making any additional requests for the State or Federal funded programs.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :

CROWLEY'S RIDGE TECHNICAL INSTITUTE

FOR THE YEAR ENDED JUNE 30, 2013

Findings	Recommendations
None	None

State Contracts Over $50,000 Awarded To Minority Owned Businesses Fiscal Year 2014

None

Employment Summary

	Male	Female	Total	%
White Employees	17	19	36	64%
Black Employees	11	9	20	36%
Other Racial Minorities	0	0	0	0 %
Total Minorities			20	36 %
Total Employees			56	100 %

Cash Fund Balance Description as of June 30, 2014

Fund Account	Balance	Type	Location
1830100	$1,104,523	Checking, Savings, and Investments	Forrest City Bank; First National Bank of Eastern Arkansas, Forrest City

Statutory/Other Restrictions on use:

A.C.A. 6-51-901 et.al. Local Board has authority to acquire, hold, and transfer real and personal property as necessary.

Statutory Provisions for Fees, Fines, Penalties:

A.C.A. 6-51-904 authorizes the agency to collect student tuition and fees.

Revenue Receipts Cycle:

Student tuition, fees, and bookstore receipts are collected all through the year.

Fund Balance Utilization:

Funds are utilized to purchase books and supplies for the institute's bookstore; for construction projects; equipment purchases; and emergency purchases when general revenue is unavailable.

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				
None	N/A	N	N	0	N/A	0	0.00

Department Appropriation Summary

Appropriation		2013-2014 Actual	Pos	2014-2015 Budget	Pos	2014-2015 Authorized	Pos	2015-2016 Base Level	Pos	2015-2016 Agency	Pos	2015-2016 Executive	Pos	2016-2017 Base Level	Pos	2016-2017 Agency	Pos	2016-2017 Executive	Pos
709	Crowley's Ridge - State	3,815,992	53	3,830,826	52	3,865,883	52	3,830,599	52	3,830,599	52	3,830,599	52	3,835,474	52	3,835,474	52	3,835,474	52
710	Crowley's Ridge - Federal	88,828	2	107,542	2	111,979	2	108,740	2	108,740	2	108,740	2	108,740	2	108,740	2	108,740	2
B54	Crowley's Ridge - Cash	526,939	2	1,276,189	3	1,330,615	3	967,961	3	1,267,961	3	1,267,961	3	967,961	3	1,267,961	3	1,267,961	3
Total		4,431,759	57	5,214,557	57	5,308,477	57	4,907,300	57	5,207,300	57	5,207,300	57	4,912,175	57	5,212,175	57	5,212,175	57
Funding Sources			%		%				%		%		%		%		%		%
Fund Balance	4000005	1,058,385	19.1	1,104,523	18.9			632,712	11.8	632,712	11.8	632,712	11.8	469,129	9.0	169,129	3.4	169,129	3.4
General Revenue	4000010	2,669,014	48.2	2,671,624	45.7			2,671,624	49.7	2,671,624	49.7	2,671,624	49.7	2,674,878	51.3	2,674,878	54.4	2,674,878	54.4
Federal Revenue	4000020	88,828	1.6	107,542	1.8			108,740	2.0	108,740	2.0	108,740	2.0	108,740	2.1	108,740	2.2	108,740	2.2
Cash Fund	4000045	573,077	10.4	804,378	13.8			804,378	15.0	804,378	15.0	804,378	15.0	804,378	15.4	804,378	16.4	804,378	16.4
Adult Basic/General	4000065	363,757	6.6	476,163	8.1			476,163	8.9	476,163	8.9	476,163	8.9	476,163	9.1	476,163	9.7	476,163	9.7
Workforce 2000	4000740	783,221	14.1	683,039	11.7			682,812	12.7	682,812	12.7	682,812	12.7	684,433	13.1	684,433	13.9	684,433	13.9
Total Funds		5,536,282	100.0	5,847,269	100.0			5,376,429	100.0	5,376,429	100.0	5,376,429	100.0	5,217,721	100.0	4,917,721	100.0	4,917,721	100.0
Excess Appropriation/(Funding)		(1,104,523)		(632,712)				(469,129)		(169,129)		(169,129)		(305,546)		294,454		294,454	
Grand Total		4,431,759		5,214,557				4,907,300		5,207,300		5,207,300		4,912,175		5,212,175		5,212,175	

Agency Position Usage Report

FY2012 - 2013						FY2013 - 2014						FY2014 - 2015					
Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused
	Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total	
57	50	7	57	0	12.28 %	57	56	1	57	0	1.75 %	57	55	2	57	0	3.51 %

Analysis of Budget Request

Appropriation: 709 - Crowley's Ridge - State

Funding Sources: ETC - General Revenue - Crowley's Ridge Technical Institute

A major focus of Crowley's Ridge Technical Institute (CRTI) is the enhancement of capabilities to respond to the business and industry needs in Forrest City, West Memphis, and surrounding areas within Arkansas. Program objectives of CRTI focus on providing a competently trained, educated, and retrainable workforce to support agriculture, business, industry, health services, etc. Funding for this appropriation is provided by general revenue, Adult Education funds received from the Department of Workforce Education, and funds transferred from the Work Force 2000 Development Fund.

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

The Base Level Request and total Agency Request is $3,830,599 in FY16 and $3,835,474 in FY17.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 709 - Crowley's Ridge - State

Funding Sources: ETC - General Revenue - Crowley's Ridge Technical Institute

		Historical Data			Agency Request and Executive Recommendation					
		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	2,198,150	2,159,469	2,162,105	2,171,384	2,171,384	2,171,384	2,175,384	2,175,384	2,175,384
#Positions		**53**	**52**	**52**	**52**	**52**	**52**	**52**	**52**	**52**
Extra Help	5010001	131,843	216,379	216,379	216,379	216,379	216,379	216,379	216,379	216,379
#Extra Help		**21**	**45**	**45**	**45**	**45**	**45**	**45**	**45**	**45**
Personal Services Matching	5010003	767,524	765,655	798,076	753,513	753,513	753,513	754,388	754,388	754,388
Operating Expenses	5020002	700,616	684,323	684,323	684,323	684,323	684,323	684,323	684,323	684,323
Conference & Travel Expenses	5050009	0	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
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	17,859	0	0	0	0	0	0	0	0
Total		3,815,992	3,830,826	3,865,883	3,830,599	3,830,599	3,830,599	3,835,474	3,835,474	3,835,474
Funding Sources										
General Revenue	4000010	2,669,014	2,671,624		2,671,624	2,671,624	2,671,624	2,674,878	2,674,878	2,674,878
Adult Basic/General	4000065	363,757	476,163		476,163	476,163	476,163	476,163	476,163	476,163
Workforce 2000	4000740	783,221	683,039		682,812	682,812	682,812	684,433	684,433	684,433
Total Funding		3,815,992	3,830,826		3,830,599	3,830,599	3,830,599	3,835,474	3,835,474	3,835,474
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		3,815,992	3,830,826		3,830,599	3,830,599	3,830,599	3,835,474	3,835,474	3,835,474

Analysis of Budget Request

Appropriation: 710 - Crowley's Ridge - Federal

Funding Sources: FTC - Federal Operations - CRTI

This federally funded appropriation receives primary funding from the U.S. Department of Education (Carl D. Perkins Vocational and Applied Technology Education Act, P.L. 101-392) and such reimbursement programs as the Jobs Training Partnership Act. A major emphasis of this program is to provide competent training programs for business and industry.

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

Base Level Request and total Agency Request is $108,740 each year of the 2015-2017 Biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 710 - Crowley's Ridge - Federal
Funding Sources: FTC - Federal Operations - CRTI

Commitment Item		Historical Data 2013-2014 Actual	Historical Data 2014-2015 Budget	Historical Data 2014-2015 Authorized	Agency Request and Executive Recommendation 2015-2016 Base Level	2015-2016 Agency	2015-2016 Executive	2016-2017 Base Level	2016-2017 Agency	2016-2017 Executive
Regular Salaries	5010000	64,691	76,918	78,852	77,686	77,686	77,686	77,686	77,686	77,686
#Positions		**2**	**2**	**2**	**2**	**2**	**2**	**2**	**2**	**2**
Personal Services Matching	5010003	23,773	26,624	29,127	27,054	27,054	27,054	27,054	27,054	27,054
Operating Expenses	5020002	364	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
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		88,828	107,542	111,979	108,740	108,740	108,740	108,740	108,740	108,740
Funding Sources										
Federal Revenue	4000020	88,828	107,542		108,740	108,740	108,740	108,740	108,740	108,740
Total Funding		88,828	107,542		108,740	108,740	108,740	108,740	108,740	108,740
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		88,828	107,542		108,740	108,740	108,740	108,740	108,740	108,740

Analysis of Budget Request

Appropriation: B54 - Crowley's Ridge - Cash

Funding Sources: 183 - Cash Operations - CRTI

Funds for this appropriation are received from tuition, resale from the bookstore, contracted programs such as Apprenticeship and classes contracted with the federal prison. Cash funds are used to supplement the operations of the Agency.

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

The Base Level Request is $967,961 each year of the 2015-2017 Biennium.

The Change Level Request totals $300,000 each year of the biennium in Capital Outlay for the purchase of equipment to include but not limited to machinery, trailers, and course equipment.

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

Appropriation Summary

Appropriation: B54 - Crowley's Ridge - Cash

Funding Sources: 183 - Cash Operations - CRTI

		Historical Data			Agency Request and Executive Recommendation					
		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	47,986	109,244	153,901	110,335	110,335	110,335	110,335	110,335	110,335
#Positions		**2**	**3**	**3**	**3**	**3**	**3**	**3**	**3**	**3**
Extra Help	5010001	54,863	162,631	162,631	162,631	162,631	162,631	162,631	162,631	162,631
#Extra Help		**14**	**31**	**31**	**31**	**31**	**31**	**31**	**31**	**31**
Personal Services Matching	5010003	29,489	61,314	71,083	51,995	51,995	51,995	51,995	51,995	51,995
Operating Expenses	5020002	105,565	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000
Conference & Travel Expenses	5050009	9,925	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000
Professional Fees	5060010	225	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Resale (COGS)	5090017	205,684	260,000	260,000	260,000	260,000	260,000	260,000	260,000	260,000
Promotional Items	5090028	24,998	0	0	0	0	0	0	0	0
Capital Outlay	5120011	48,204	300,000	300,000	0	300,000	300,000	0	300,000	300,000
Debt Service	5120019	0	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Total		526,939	1,276,189	1,330,615	967,961	1,267,961	1,267,961	967,961	1,267,961	1,267,961
Funding Sources										
Fund Balance	4000005	1,058,385	1,104,523		632,712	632,712	632,712	469,129	169,129	169,129
Cash Fund	4000045	573,077	804,378		804,378	804,378	804,378	804,378	804,378	804,378
Total Funding		1,631,462	1,908,901		1,437,090	1,437,090	1,437,090	1,273,507	973,507	973,507
Excess Appropriation/(Funding)		(1,104,523)	(632,712)		(469,129)	(169,129)	(169,129)	(305,546)	294,454	294,454
Grand Total		526,939	1,276,189		967,961	1,267,961	1,267,961	967,961	1,267,961	1,267,961

Expenditure of appropriation is contingent upon available funding.

Change Level by Appropriation

Appropriation: B54 - Crowley's Ridge - Cash
Funding Sources: 183 - Cash Operations - CRTI

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**967,961**	**3**	**967,961**	**100.0**	**967,961**	**3**	**967,961**	**100.0**
C01	Existing Program	300,000	0	1,267,961	131.0	300,000	0	1,267,961	131.0

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**967,961**	**3**	**967,961**	**100.0**	**967,961**	**3**	**967,961**	**100.0**
C01	Existing Program	300,000	0	1,267,961	131.0	300,000	0	1,267,961	131.0

Justification	
C01	Agency requests the restoration of Capital Outlay for the purchase of equipment to include but not limited to machinery, trailers, and course equipment.

NORTHWEST TECHNICAL INSTITUTE

Enabling Laws

Act 156 of 2014
A.C.A. § 6-51-901 et seq.

History and Organization

History- Northwest Vocational Technical School (NTI) was established in 1975 and became Northwest Technical Institute through legislation enacted in 1991. During the 1999 legislative session, NTI was authorized its own individual budget status providing more local control and flexibility in the budget process. NTI offers training and education in 11 diploma programs: Ammonia Refrigeration Maintenance Technology, Automotive Service Technology, Business (Accounting Assistant, Administrative Assistant, and Medial Office Assistant), Collision Repair Technology, Computer Information Systems (Network/Computer Technician and Web Programmer), Diesel and Truck Technology, Electronics Technology, Industrial Maintenance Technology, Machine Tool Technology (as well as Automated Industrial Processes Technology), Practical Nursing, and Surgical Technology. Math and Communication courses are also embedded into the required courses of each diploma program. NTI also offers several different Adult Basic Education classes and GED preparation courses through the Adult Education Center.

Plant and Location- Northwest Technical Institute is located in Springdale in Washington County, on Highway 265 in the Industrial Park area. The site consists of 38.5 acres of choice land dedicated by the Springdale Industrial Commission and gifted to the State of Arkansas to be used for a vocational-technical school. The original building of 25,000 square feet was completed in 1975. Two additional expansions to the main building of 3,000 square feet and 8,147 square feet followed. Separate expansions followed including the Adult Education/GED building of 3,100 square feet, the Diesel building of 5,600 square feet, the Automotive/Diesel/Library building (now Collision Repair Technology) of 6,200 square feet and the Collegiate Center of 18,585 square feet. Ammonia Refrigeration Technology has a building located on a ten-acre site that adds 9,332 square feet to the facilities. The buildings and contents have a total insured value of $16,720,779.00 and consists of 86,176 square feet of floor space, including maintenance shops, storage facilities, and mobile classrooms.

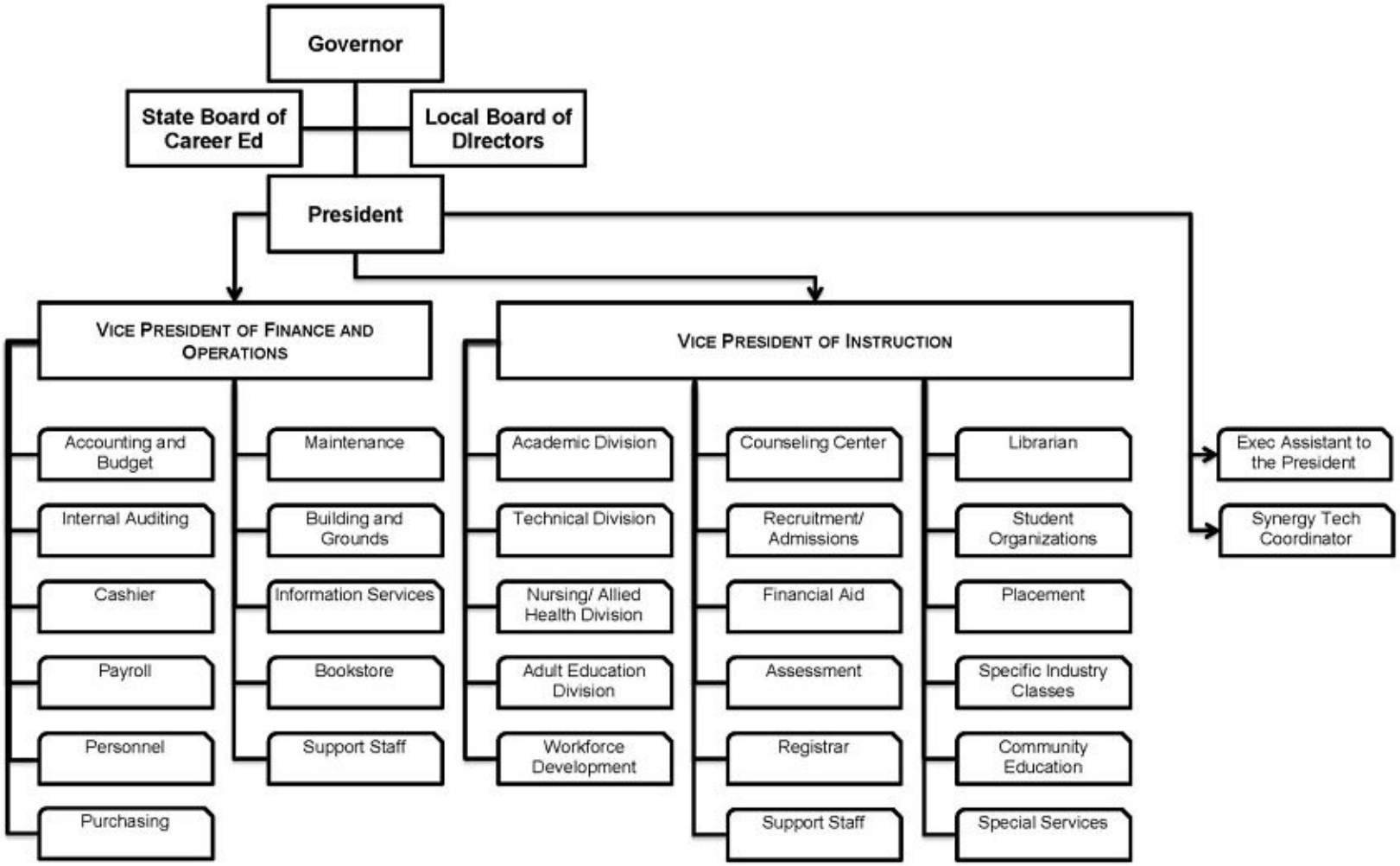
Mission Statement- "Changing lives through education, training, and skill development."

Role- Northwest Technical Institute has developed courses and programs intended to strengthen basic, occupational, and technical skills necessary for adults to become economically self-sufficient and provide agriculture, business, health services, industry, and government with skilled employees to support their respective ventures. Most importantly, NTI exists so individuals may attain advancement or create a better life for themselves, and often their families. In addition to diploma programs, training is available in Business & Industry Training (BIT) and

Community Education. NTI is united in its commitment with business and industry, secondary and post-secondary educators, and regional employers to providing educational programs to serve the training/re-training needs of its students. Also, on July 1, 2011, NTI became the fiscal agent for the Northwest Arkansas Secondary Career Center. The career center provides concurrent credit post-secondary coursework to 17 area public school districts, as well as hosting and facilitating 3 secondary programs on its campus (Collision Repair Technology, Automotive Service Technology, and Modern Welding Technology).

Administration- Dr. Blake Robertson currently serves as the President for Northwest Technical Institute. Dr. Robertson holds a B.A. degree in History and Political Science, a M.A. in Criminal Justice, and an Ed.D. in Higher Education Administration. Mike Hamley serves as the Vice President of Finance and Operations and holds a B.S. in Accounting. Robbie Cornelius serves as the Vice President of Instruction and holds a B.A. in Music, and a M.A. in Teaching.

Governance- Northwest Technical Institute is a post-secondary educational institution operating under the governance of the Arkansas Department of Career Education. A five-member Board of Directors, appointed by the Governor, provides local control for the institute. In addition, an Advisory Council consisting of approximately 200 business and industry leaders from various occupational fields and levels of specialization and expertise provide curriculum oversight, needs analysis, and recommendations for modification and improvement for the different programs offered at NTI. In addition, an "All School Advisory Council" required by the school's accrediting agency brings the various program recommendations to the administration and Board of Directors for official implementation. Northwest Technical Institute is nationally accredited by the Council on Occupational Education (COE).



Agency Commentary

Cash appropriation is requested for the restoration of Capital Outlay to the authorized level of $200,000 and an additional $25,000 of cash appropriation is requested for Professional & Administrative Fees. The capital outlay will be used for the purchase of instructional equipment. The professional & administrative fees is used for pass-through funding for our apprenticeship programs funded through the Department of Career Education.

The administration of NTI is also requesting additional Federal appropriation for the federal Direct & Equitable program. This request includes $15,000 for Extra Help Salaries plus the appropriate match. The extra help appropriation will be used for part-time Career and Technical Faculty to teach additional classes in English as a Second Language (ESL), Citizenship, and Family Literacy classes. This request also includes $7,500 for Educational Materials and Supplies. These requests are based on the continuing growth of our Direct & Equitable grant that is administered by the Department of Career Education.

The NTI administration is requesting state appropriation only for our Adult Education Program. This program is funded through the Department of Career Education. The request includes two (2) additional full-time Career and Faculty positions. The additional positions are needed to meet the high demands for GED preparation and adult basic education courses of our local community. Additional appropriation of $15,000 in Extra Help with related matching is requested for part-time instructors to teach short term and satellite classes. Also, we are requesting $5,000 additional appropriation in Advertising and $15,000 in Software/Licenses. These two requests will allow us to promote and administer the adult education center's various offerings. In addition, appropriation only is being requested in the amounts of $3,000 in Conference Fees and $15,000 in Capital Outlay. Conference fees will allow for the instructional staff to attend relevant conferences and workshops that are essential to their educational needs in the ever changing climate of the adult education field. Equipment requests will allow the Adult Education Program the authority to purchase instructional and administrative equipment.

The NTI administration is requesting additional general revenue funds and appropriation for Educational Materials and Supplies in the amount of $50,000. This increase in funds and appropriation will allow for the purchase of materials for the classrooms and labs for all the diploma programs at NTI. The increase is being requested to allow NTI to meet the high cost demands associated with hands-on technical education.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
NORTHWEST TECHNICAL INSTITUTE

FOR THE YEAR ENDED JUNE 30, 2013

Findings	Recommendations
None	None

State Contracts Over $50,000 Awarded To Minority Owned Businesses Fiscal Year 2014

None

Employment Summary

	Male	Female	Total	%
White Employees	26	30	56	92 %
Black Employees	0	1	1	2 %
Other Racial Minorities	0	4	4	6 %
Total Minorities			5	8 %
Total Employees			61	100 %

Cash Fund Balance Description as of June 30, 2014

Fund Account	Balance	Type	Location
1730100	$886,642	Checking and certificates of deposit	Arvest Bank, Legacy National Bank, and 1st Security Bank all in Springdale, AR

Statutory/Other Restrictions on use:

A.C.A 6-51-901. Local board has authority to acquire, hold, and transfer real and personal property as necessary.

Statutory Provisions for Fees, Fines, Penalties:

A.C.A. 6-51-904 authorizes the agency to collect student tuition and fees.

Revenue Receipts Cycle:

Student tuition, fees and bookstore receipts are collected throughout the year.

Fund Balance Utilization:

Funds are utilized to purchase textbooks for resale; equipment purchases, and payroll. Funds are also used when general revenue is not available.

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				
N/A	N/A	N	N	0	N/A	0	0.00

Department Appropriation Summary

Appropriation		2013-2014 Actual	Pos	2014-2015 Budget	Pos	2014-2015 Authorized	Pos	2015-2016 Base Level	Pos	2015-2016 Agency	Pos	2015-2016 Executive	Pos	2016-2017 Base Level	Pos	2016-2017 Agency	Pos	2016-2017 Executive	Pos
721	Northwest TI-State	4,429,802	54	4,474,572	53	4,530,021	53	4,523,250	53	4,728,360	55	4,728,360	55	4,525,805	53	4,730,915	55	4,730,915	55
722	Northwest TI-Federal	229,840	1	269,796	1	391,014	2	270,396	1	294,054	1	294,054	1	270,396	1	294,054	1	294,054	1
B60	Northwest TI-Cash	1,828,446	10	3,243,125	11	3,350,379	11	3,048,818	11	3,273,818	11	3,273,818	11	3,049,548	11	3,274,548	11	3,274,548	11
Total		6,488,088	65	7,987,493	65	8,271,414	66	7,842,464	65	8,296,232	67	8,296,232	67	7,845,749	65	8,299,517	67	8,299,517	67
Funding Sources			%		%				%		%		%		%		%		%
Fund Balance	4000005	894,958	11.8	1,071,293	12.9			321,293	4.2	321,293	4.0	321,293	4.0	0	0.0	0	0.0	0	0.0
General Revenue	4000010	3,105,325	41.1	3,107,551	37.4			3,107,551	40.8	3,157,551	39.2	3,107,551	38.8	3,107,551	42.6	3,157,551	40.8	3,107,551	40.4
Federal Revenue	4000020	229,840	3.0	269,796	3.2			270,396	3.6	294,054	3.6	294,054	3.7	270,396	3.7	294,054	3.8	294,054	3.8
Cash Fund	4000045	2,004,781	26.5	2,493,125	30.0			2,493,125	32.8	2,718,125	33.7	2,718,125	33.9	2,493,125	34.2	2,718,125	35.1	2,718,125	35.3
Adult Basic/General	4000065	441,271	5.8	486,638	5.9			535,316	7.0	690,426	8.6	690,426	8.6	537,871	7.4	692,981	8.9	692,981	9.0
Workforce 2000	4000740	883,206	11.7	880,383	10.6			880,383	11.6	880,383	10.9	880,383	11.0	880,383	12.1	880,383	11.4	880,383	11.4
Total Funds		7,559,381	100.0	8,308,786	100.0			7,608,064	100.0	8,061,832	100.0	8,011,832	100.0	7,289,326	100.0	7,743,094	100.0	7,693,094	100.0
Excess Appropriation/(Funding)		(1,071,293)		(321,293)				234,400		234,400		284,400		556,423		556,423		606,423	
Grand Total		6,488,088		7,987,493				7,842,464		8,296,232		8,296,232		7,845,749		8,299,517		8,299,517	

Agency Position Usage Report

FY2012 - 2013						FY2013 - 2014						FY2014 - 2015					
Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused
	Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total	
65	60	5	65	0	7.69 %	66	60	5	65	1	9.09 %	66	61	4	65	1	7.58 %

Analysis of Budget Request

Appropriation: 721 - Northwest TI-State

Funding Sources: ETN - General Revenue - Northwest Technical Institute

Northwest Technical Institute (NTI), in partnership with the community, provides educational programs to serve the training/re-training needs of students who wish to enter a recognized occupation or improve their occupational skills and knowledge so that they may achieve stability or advancement in a technological society. NTI also responds to business and industry needs and initiatives. This appropriation is funded by general revenue, Adult Education grants received from the Department of Workforce Education and transfers from the Work Force 2000 Development Fund.

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

The Base Level request is $4,523,250 in FY16 and $4,525,805 in FY17.

The Change Level requests total $205,110 each year of the biennium with $50,000 each year in general revenue and reflect the following:

- Regular Salaries and Personal Services Matching of $100,954 for two (2) new Career & Technical Faculty (C120) positions.
- Extra Help and Personal Services Matching of $16,156 each year for part-time instructors to teach the increasing demands for short term and satellite classes in the local community.
- Operating Expenses of $70,000 each year with $50,000 in new general revenue for advertising, software/licenses, and educational materials & supplies to allow for the purchase of materials for the classrooms and labs for all the diploma programs at NTI.
- Conference and Travel Expenses of $3,000 each year to allow the instructional staff in the Adult Education Program to attend relevant conferences and work shops that are essential to the continuing education needs of the faculty in the ever changing climate of the adult education field.
- Capital Outlay of $15,000 each year for the purchase of equipment.

The Executive Recommendation provides for the Agency Request for appropriation only and positions with no additional general revenue funding.

Appropriation Summary

Appropriation: 721 - Northwest TI-State

Funding Sources: ETN - General Revenue - Northwest Technical Institute

		Historical Data			Agency Request and Executive Recommendation					
		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	2,505,322	2,479,595	2,479,595	2,505,502	2,580,166	2,580,166	2,507,602	2,582,266	2,582,266
#Positions		**54**	**53**	**53**	**53**	**55**	**55**	**53**	**55**	**55**
Extra Help	5010001	195,024	432,271	432,271	432,271	447,271	447,271	432,271	447,271	447,271
#Extra Help		**19**	**26**	**26**	**26**	**26**	**26**	**26**	**26**	**26**
Personal Services Matching	5010003	808,720	822,059	877,508	844,830	872,276	872,276	845,285	872,731	872,731
Operating Expenses	5020002	885,781	729,147	729,147	729,147	799,147	799,147	729,147	799,147	799,147
Conference & Travel Expenses	5050009	20,283	11,500	11,500	11,500	14,500	14,500	11,500	14,500	14,500
Professional Fees	5060010	0	0	0	0	0	0	0	0	0
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Promotional Items	5090028	2,749	0	0	0	0	0	0	0	0
Capital Outlay	5120011	11,923	0	0	0	15,000	15,000	0	15,000	15,000
Total		4,429,802	4,474,572	4,530,021	4,523,250	4,728,360	4,728,360	4,525,805	4,730,915	4,730,915
Funding Sources										
General Revenue	4000010	3,105,325	3,107,551		3,107,551	3,157,551	3,107,551	3,107,551	3,157,551	3,107,551
Adult Basic/General	4000065	441,271	486,638		535,316	690,426	690,426	537,871	692,981	692,981
Workforce 2000	4000740	883,206	880,383		880,383	880,383	880,383	880,383	880,383	880,383
Total Funding		4,429,802	4,474,572		4,523,250	4,728,360	4,678,360	4,525,805	4,730,915	4,680,915
Excess Appropriation/(Funding)		0	0		0	0	50,000	0	0	50,000
Grand Total		4,429,802	4,474,572		4,523,250	4,728,360	4,728,360	4,525,805	4,730,915	4,730,915

Change Level by Appropriation

Appropriation: 721 - Northwest TI-State
Funding Sources: ETN - General Revenue - Northwest Technical Institute

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**4,523,250**	**53**	**4,523,250**	**100.0**	**4,525,805**	**53**	**4,525,805**	**100.0**
C01	Existing Program	205,110	2	4,728,360	104.5	205,110	2	4,730,915	104.5

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**4,523,250**	**53**	**4,523,250**	**100.0**	**4,525,805**	**53**	**4,525,805**	**100.0**
C01	Existing Program	205,110	2	4,728,360	104.5	205,110	2	4,730,915	104.5

Justification	
C01	NTI administration is requesting appropriation for our State Adult Education Programs. This request is for appropriation only--no general revenue is requested. Two full-time Career & Technical Faculty positions are requested for the Adult Education Program. These two positions are needed to meet the high demands for GED preparation and adult basic education courses of our local community. In addition, Extra Help appropriation only in the amount of $15,000 is being requested for part-time instructors to teach the increasing demands for short term and satellite classes in our local community. Also, additional appropriation only is being requested for Advertising and Software/Licenses in the amounts of $5,000 and $15,000 respectively. Advertising is needed to promote the opportunities that the Adult Education program has to offer the local community such as family literacy, citizenship, and English as a Second Language (ESL). Software/Licenses appropriation is being requested for the successful administration of such programs. Appropriation only is being requested for Conference Fees in the amount of $3,000. This will allow the instructional staff in the Adult Education Program to attend relevant conferences and work shops that are essential to the continuing education needs of the faculty in the ever changing climate of the adult education field. In addition, Equipment appropriation only is being requested in the amount of$15,000. This equipment request will allow the Adult Education Program the authority to purchase instructional and administrative equipment to meet the needs of the program. NTI administration is requesting general revenue funds and appropriation for Educational Materials & Supplies in the amount of $50,000. This increase in funds and appropriation will allow the purchase of materials for the classrooms and labs for all of the diploma programs at NTI. The increase is being requested to allow NTI to meet the high cost demands associated with hands-on technical education.

Analysis of Budget Request

Appropriation: 722 - Northwest TI-Federal

Funding Sources: FTN - Federal Operations - NTI

This federal appropriation is administered by Northwest Technical Institute (NTI) and federal funds for its support are received from the Carl D. Perkins Vocational & Applied Technology Education Act (P.L. 101-392), and reimbursement programs such as the Jobs Training Partnership Act.

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

The Base Level Request is $270,396 each year of the 2015-2017 Biennium.

The Agency's Change Level Requests total $23,658 each year of the 2015-2017 Biennium and are summarized as follows:

- Extra Help and Personal Service Matching of $16,158 each year to meet the expanding need to teach additional classes in the areas of English as a Second Language (ESL), citizenship, family literacy and adult education basic education.
- Operating Expenses of $7,500 each year for education materials.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 722 - Northwest TI-Federal

Funding Sources: FTN - Federal Operations - NTI

		Historical Data			Agency Request and Executive Recommendation					
		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	36,557	36,813	36,813	37,114	37,114	37,114	37,114	37,114	37,114
#Positions		**1**	**1**	**2**	**1**	**1**	**1**	**1**	**1**	**1**
Extra Help	5010001	141,028	172,542	275,000	172,542	187,542	187,542	172,542	187,542	187,542
#Extra Help		**11**	**16**	**16**	**16**	**16**	**16**	**16**	**16**	**16**
Personal Services Matching	5010003	23,206	25,690	34,451	25,989	27,147	27,147	25,989	27,147	27,147
Operating Expenses	5020002	29,049	34,751	44,750	34,751	42,251	42,251	34,751	42,251	42,251
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		229,840	269,796	391,014	270,396	294,054	294,054	270,396	294,054	294,054
Funding Sources										
Federal Revenue	4000020	229,840	269,796		270,396	294,054	294,054	270,396	294,054	294,054
Total Funding		229,840	269,796		270,396	294,054	294,054	270,396	294,054	294,054
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		229,840	269,796		270,396	294,054	294,054	270,396	294,054	294,054

Change Level by Appropriation

Appropriation: 722 - Northwest TI-Federal
Funding Sources: FTN - Federal Operations - NTI

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**270,396**	**1**	**270,396**	**100.0**	**270,396**	**1**	**270,396**	**100.0**
C01	Existing Program	23,658	0	294,054	108.7	23,658	0	294,054	108.7

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**270,396**	**1**	**270,396**	**100.0**	**270,396**	**1**	**270,396**	**100.0**
C01	Existing Program	23,658	0	294,054	108.7	23,658	0	294,054	108.7

Justification	
C01	Federal appropriation is requested for our Adult Education's Direct & Equitable grant. This request includes $15,000 for Extra Help and the appropriate amount of matching. This Extra Help appropriation is needed to meet the expanding need to teach additional classes in the areas of English as a Second Language (ESL), citizenship, family literacy and adult education basic education. Also requested is an additional federal appropriation for Educational Materials & Supplies in the amount of $7,500. With this additional appropriation for Educational Materials & Supplies the program will be able to furnish the students with the materials necessary for the completion of the various course offerings. These appropriation requests will enable the Adult Education program to better meet the local diverse needs of our community.

Analysis of Budget Request

Appropriation: B60 - Northwest TI-Cash

Funding Sources: 173 - Cash Operations - NTI

Funding for this cash appropriation is received from tuition ($36 to $100 per hour), resale from the bookstore, and reimbursement programs such as Apprenticeship. These funds supplement and enhance general revenue funding.

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

Base Level Request of $3,048,818 in FY16 and $3,049,548 in FY17.

The Agency's Change Level Requests total $225,000 each year of the 2015-2017 Biennium and are summarized as follows:

- Professional Fees of $25,000 each year to be used for the apprenticeship program funded by the Department of Career Education.
- Capital Outlay of $200,000 each year for the purchase of equipment.

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

Appropriation Summary

Appropriation: B60 - Northwest TI-Cash

Funding Sources: 173 - Cash Operations - NTI

		Historical Data			Agency Request and Executive Recommendation					
		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	315,173	388,957	460,954	392,083	392,083	392,083	392,683	392,683	392,683
#Positions		**10**	**11**	**11**	**11**	**11**	**11**	**11**	**11**	**11**
Extra Help	5010001	208,632	556,450	556,450	556,450	556,450	556,450	556,450	556,450	556,450
#Extra Help		**34**	**65**	**65**	**65**	**65**	**65**	**65**	**65**	**65**
Personal Services Matching	5010003	143,471	180,898	216,155	183,465	183,465	183,465	183,595	183,595	183,595
Operating Expenses	5020002	561,510	1,226,820	1,226,820	1,226,820	1,226,820	1,226,820	1,226,820	1,226,820	1,226,820
Conference & Travel Expenses	5050009	13,369	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Professional Fees	5060010	316,419	350,000	350,000	350,000	375,000	375,000	350,000	375,000	375,000
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Resale (COGS)	5090017	189,033	325,000	325,000	325,000	325,000	325,000	325,000	325,000	325,000
Promotional Items	5090028	14,218	0	0	0	0	0	0	0	0
Capital Outlay	5120011	66,621	200,000	200,000	0	200,000	200,000	0	200,000	200,000
Total		1,828,446	3,243,125	3,350,379	3,048,818	3,273,818	3,273,818	3,049,548	3,274,548	3,274,548
Funding Sources										
Fund Balance	4000005	894,958	1,071,293		321,293	321,293	321,293	0	0	0
Cash Fund	4000045	2,004,781	2,493,125		2,493,125	2,718,125	2,718,125	2,493,125	2,718,125	2,718,125
Total Funding		2,899,739	3,564,418		2,814,418	3,039,418	3,039,418	2,493,125	2,718,125	2,718,125
Excess Appropriation/(Funding)		(1,071,293)	(321,293)		234,400	234,400	234,400	556,423	556,423	556,423
Grand Total		1,828,446	3,243,125		3,048,818	3,273,818	3,273,818	3,049,548	3,274,548	3,274,548

Expenditure of appropriation is contingent upon available funding.

Change Level by Appropriation

Appropriation: B60 - Northwest TI-Cash
Funding Sources: 173 - Cash Operations - NTI

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**3,048,818**	**11**	**3,048,818**	**100.0**	**3,049,548**	**11**	**3,049,548**	**100.0**
C01	Existing Program	225,000	0	3,273,818	107.4	225,000	0	3,274,548	107.4

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**3,048,818**	**11**	**3,048,818**	**100.0**	**3,049,548**	**11**	**3,049,548**	**100.0**
C01	Existing Program	225,000	0	3,273,818	107.4	225,000	0	3,274,548	107.4

Justification	
C01	The administration of NTI is requesting cash appropriation for the restoration of Capital Outlay to the current authorized level in the amount of $200,000 and an additional $25,000 of cash appropriation for Professional & Administrative Fees. The Capital Outlay will be used to purchase equipment for our instructional programs. The Professional & Administrative Fees will be used for our pass through apprenticeship programs located on our campus. This pass through funding comes from the Department of Career Education.

RIVERSIDE VOCATIONAL TECHNICAL SCHOOL

Enabling Laws

Act 159 of 2014
A.C.A. §12-29-306 et seq.

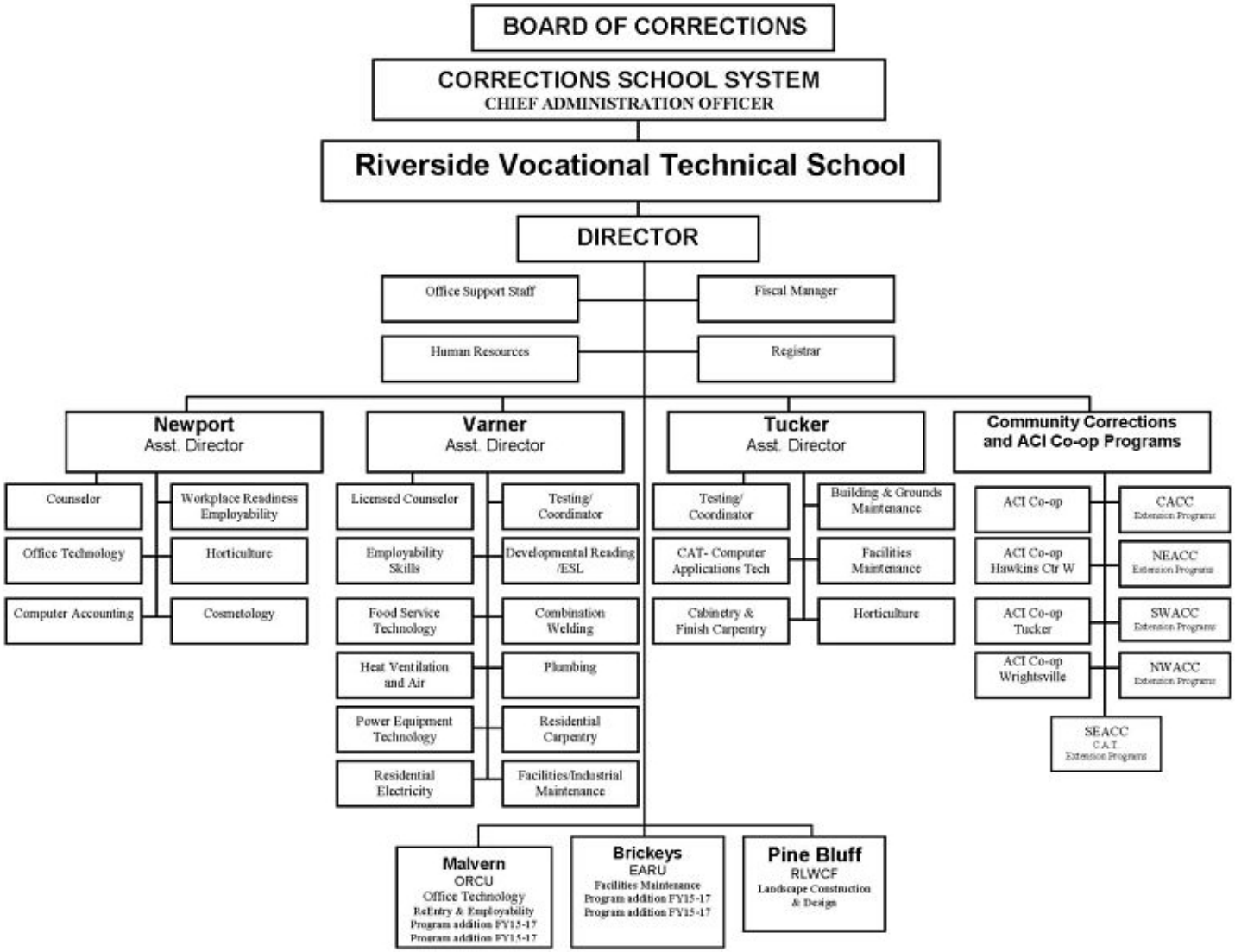
History and Organization

Vocational Education Programs began at the Tucker Unit, Arkansas Department of Correction in May, 1970 and at the Cummins Unit in August, 1970. Buildings were constructed utilizing funds from the Law Enforcement Assistance Administration. Funding for staff, equipment and supplies was provided by the Manpower Development Training Act. These funds were later supplanted by the Comprehensive Employment Training Act. The guidelines established by Congress for participation in the Job Training Partnership Act ended federal funding on October 1, 1984.

In 1985, Act 288 of the legislature (A.C.A. § 12-29-306) created Riverside Vocational Technical School effective July 1, 1985. Funding from October 1, 1984 to July 1, 1985 was provided on an interim basis by the Vocational Education Division, the Arkansas Department of Correction and the Employment Security Division.

Legislative action, Act 496 of 2005 was passed placing Riverside Vocational Technical School and the Arkansas Department of Correction School District under the same umbrella, resulting in what is now known as the Arkansas Correctional School System.

Riverside Vocational Technical School is regulated by the State Board of Career Education and is governed by the Corrections Board of Education. Riverside Vocational Technical School is responsible for all Vocational Education Programs provided within the Arkansas Department of Correction and the Department of Community Corrections. Programs are also provided in Career Technical Facilities at correctional institutions in Newport, Varner, Tucker, Pine Bluff, Malvern, Brickeys, and Grimes. Extension courses are also offered at ACC institutions in Little Rock, Osceola, Fayetteville, Pine Bluff and Texarkana.


BOARD OF CORRECTIONS
CORRECTIONS SCHOOL SYSTEM
CHIEF ADMINISTRATION OFFICER
Riverside Vocational Technical School
DIRECTOR
Office Support Staff
Fiscal Manager
Human Resources
Registrar
Newport
Asst. Director
Counselor
Workplace Readiness Employability
Office Technology
Horticulture
Computer Accounting
Cosmetology
Varner
Asst. Director
Licensed Counselor
Testing/ Coordinator
Employability Skills
Developmental Reading /ESL
Food Service Technology
Combination Welding
Heat Ventilation and Air
Plumbing
Power Equipment Technology
Residential Carpentry
Residential Electricity
Facilities/Industrial Maintenance
Tucker
Asst. Director
Testing/ Coordinator
Building & Grounds Maintenance
CAT- Computer Applications Tech
Facilities Maintenance
Cabinetry & Finish Carpentry
Horticulture
Community Corrections and ACI Co-op Programs
ACI Co-op
CACC
Extension Programs
ACI Co-op Hawkins Ctr W
NEACC
Extension Programs
ACI Co-op Tucker
SWACC
Extension Programs
ACI Co-op Wrightsville
NWACC
Extension Programs
SEACC
C.A.T.
Extension Programs
Malvern
ORCU
Office Technology
ReEntry & Employability
Program addition FY15-17
Program addition FY15-17
Brickeys
EARU
Facilities Maintenance
Program addition FY15-17
Program addition FY15-17
Pine Bluff
RLWCF
Landscape Construction & Design

Agency Commentary

The mission of Riverside Vocational Technical School is to provide quality vocational training to all qualified inmates incarcerated within the Arkansas Departments of Correction and Community Corrections. Successful completion of a program will allow the inmate to re-enter society with a marketable skill upon release from prison.

Studies have shown that inmates who participate in Vocational Technical programs have a lower recidivism rate than those who do not. Those who receive a G.E.D. and complete a technical program have a lower recidivism rate than those who receive only a G.E.D. or Vocational Technical certificate.

Programs at the Arkansas Department Correction are 1440 contact hours in length and enrollment is open entry open exit to better utilize training slots. Currently, there are 8 programs offered at the Varner Unit, 5 programs at the Tucker Unit, 4 programs at the McPherson unit for female offenders at Newport, 1 program at the Ouachita River Unit at Malvern, 1 program at the East Arkansas Regional Unit at Brickeys, 1 program at SEAACC in Pine Bluff and 1 program at Randle Williams Unit in Pine Bluff. Riverside also participates in Co-Operative programs with Arkansas Correctional Industries. Currently, there are 2 Co-Op programs at the Tucker Unit and 2 Co-Op programs at the Wrightsville Unit. Related study programs are available at Tucker and Varner. Short term programs are available at Pine Bluff for women and Texarkana.

Riverside has requested new positions to include 1 Education Program Manager, 1 Administrative Specialist I and 3 Career and Technical Faculty positions for three new career technical programs being started at the newly constructed facilities located at the Ouachita River Correctional Unit at Malvern and the East Arkansas Regional Unit at Brickeys. This growth will allow access to programs at units where populations were severely restricted to program access.

The Education Program Manager position will be used to oversee a small professional staff of career technical faculty and support staff. This position will coordinate an extension site of four programs and maintain the curriculum and day to day operations. The addition of two extension locations precipitate the need for an additional supervisory position.

The Administrative Specialist I is needed due to the increase in student enrollment and the need to reassign duties allowing other staff to maintain the requesting, enrolling, certification roles caused by the addition of two extension facilities in the Arkansas Department of Correction and the expansion of programming in Arkansas Community Corrections.

These positions will provide for greater training and workforce opportunities for our clients. Studies have indicated that education and workforce training through technical program significantly reduces the recidivism rate and provide for a smoother reentry.

In addition, the associated cost in Operating Expenses has been requested.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
RIVERSIDE VOCATIONAL TECHNICAL SCHOOL
FOR THE YEAR ENDED JUNE 30, 2013

Findings	Recommendations
None	None

State Contracts Over $50,000 Awarded To Minority Owned Businesses Fiscal Year 2014

None

Employment Summary

	Male	Female	Total	%
White Employees	15	13	28	78 %
Black Employees	6	2	8	22 %
Other Racial Minorities	0	0	0	0 %
Total Minorities			8	22 %
Total Employees			36	100 %

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				
N/A	N/A	N	N	0	N/A	0	0.00

Department Appropriation Summary

	Historical Data						Agency Request and Executive Recommendation											
	2013-2014		2014-2015		2014-2015		2015-2016						2016-2017					
Appropriation	**Actual**	**Pos**	**Budget**	**Pos**	**Authorized**	**Pos**	**Base Level**	**Pos**	**Agency**	**Pos**	**Executive**	**Pos**	**Base Level**	**Pos**	**Agency**	**Pos**	**Executive**	**Pos**
732 Riverside VT-State Operations	2,037,667	34	2,238,044	35	2,238,044	35	2,247,883	35	2,520,715	40	2,247,883	35	2,249,183	35	2,522,015	40	2,249,183	35
750 Plumbing Apprenticeship Program	75,772	1	76,971	1	76,971	1	77,006	1	77,006	1	77,006	1	77,006	1	77,006	1	77,006	1
Total	2,113,439	35	2,315,015	36	2,315,015	36	2,324,889	36	2,597,721	41	2,324,889	36	2,326,189	36	2,599,021	41	2,326,189	36
Funding Sources		**%**		**%**				**%**		**%**		**%**		**%**		**%**		**%**
General Revenue 4000010	2,113,439	100.0	2,315,015	100.0			2,324,889	100.0	2,597,721	100.0	2,324,889	100.0	2,326,189	100.0	2,599,021	100.0	2,326,189	100.0
Total Funds	2,113,439	100.0	2,315,015	100.0			2,324,889	100.0	2,597,721	100.0	2,324,889	100.0	2,326,189	100.0	2,599,021	100.0	2,326,189	100.0
Excess Appropriation/(Funding)	0		0				0		0		0		0		0		0	
Grand Total	2,113,439		2,315,015				2,324,889		2,597,721		2,324,889		2,326,189		2,599,021		2,326,189	

Agency Position Usage Report

FY2012 - 2013						FY2013 - 2014						FY2014 - 2015					
Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused
	Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total	
36	34	2	36	0	5.56 %	36	35	1	36	0	2.78 %	36	35	1	36	0	2.78 %

Analysis of Budget Request

Appropriation: 732 - Riverside VT-State Operations

Funding Sources: ETR - General Revenue - Riverside Voc-Tech School

Riverside Vocational Technical School operates five (5) campuses within the Department of Community Correction. These are the Varner Unit, Tucker Unit, Wrightsville Unit, Grimes Unit, and the McPherson Unit for female offenders. Short term or part-time programs are available at the Little Rock, Pine Bluff, Osceola, Malvern, and Brickeys facilities of the Department of Community Corrections. Emphasis is placed on education and skill development which will result in lower recidivism rate and employment upon release. This appropriation is funded by general revenue.

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

Base Level Request is $2,247,883 in FY16 and $2,249,183 in FY17.

The Agency's Change Level Requests total $272,832 each year of the biennium to provide training and workforce opportunities for our clients and reflect the following:

- Regular Salaries and Personal Services Matching of $240,832 each year for five (5) new positions: three (3) Career & Technical Faculty (C120); one (1) Education Program Manager (C124); one (1) Administrative Specialist I (C106).
- Operating Expenses of $32,000 each year to cover the operating expenses associated with the requested positions.

The Executive Recommendation provides for Base Level.

Appropriation Summary

Appropriation: 732 - Riverside VT-State Operations

Funding Sources: ETR - General Revenue - Riverside Voc-Tech School

		Historical Data			Agency Request and Executive Recommendation					
		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	1,401,417	1,517,047	1,517,047	1,526,886	1,703,114	1,526,886	1,528,186	1,704,414	1,528,186
#Positions		**34**	**35**	**35**	**35**	**40**	**35**	**35**	**40**	**35**
Personal Services Matching	5010003	448,646	531,893	531,893	531,893	596,497	531,893	531,893	596,497	531,893
Operating Expenses	5020002	183,604	183,604	183,604	183,604	215,604	183,604	183,604	215,604	183,604
Conference & Travel Expenses	5050009	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Professional Fees	5060010	0	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
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		2,037,667	2,238,044	2,238,044	2,247,883	2,520,715	2,247,883	2,249,183	2,522,015	2,249,183
Funding Sources										
General Revenue	4000010	2,037,667	2,238,044		2,247,883	2,520,715	2,247,883	2,249,183	2,522,015	2,249,183
Total Funding		2,037,667	2,238,044		2,247,883	2,520,715	2,247,883	2,249,183	2,522,015	2,249,183
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		2,037,667	2,238,044		2,247,883	2,520,715	2,247,883	2,249,183	2,522,015	2,249,183

Change Level by Appropriation

Appropriation: 732 - Riverside VT-State Operations
Funding Sources: ETR - General Revenue - Riverside Voc-Tech School

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**2,247,883**	**35**	**2,247,883**	**100.0**	**2,249,183**	**35**	**2,249,183**	**100.0**
C02	New Program	272,832	5	2,520,715	112.1	272,832	5	2,522,015	112.1

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**2,247,883**	**35**	**2,247,883**	**100.0**	**2,249,183**	**35**	**2,249,183**	**100.0**
C02	New Program	0	0	2,247,883	100.0	0	0	2,249,183	100.0

Justification	
C02	Agency requests appropriation and general revenue funding for five positions, related matching, and operating. These positions and the Operating request will provide for greater training and workforce opportunities for our clients. Studies have indicated that education and workforce training through technical programs significantly reduce the recidivism rate and provide for a smoother reentry.

Analysis of Budget Request

Appropriation: 750 - Plumbing Apprenticeship Program

Funding Sources: ETR - General Revenue - Riverside Voc-Tech School

The Plumbing Apprenticeship Program is administered by Riverside Vocational Technical School. Program costs consists of personal services for one (1) faculty member and provides technical training in the area of plumbing to qualified persons incarcerated in facilities of the Department of Community Correction. The goal is to provide individuals with marketable skills to re-enter the workplace upon release from prison. This appropriation is funded by general revenue.

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

Base Level and total Agency Request is $77,006 each year of the 2015-2017 Biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 750 - Plumbing Apprenticeship Program

Funding Sources: ETR - General Revenue - Riverside Voc-Tech School

		Historical Data			Agency Request and Executive Recommendation					
		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	58,243	58,242	58,242	58,815	58,815	58,815	58,815	58,815	58,815
#Positions		**1**	**1**	**1**	**1**	**1**	**1**	**1**	**1**	**1**
Personal Services Matching	5010003	17,529	18,729	18,729	18,191	18,191	18,191	18,191	18,191	18,191
Total		75,772	76,971	76,971	77,006	77,006	77,006	77,006	77,006	77,006
Funding Sources										
General Revenue	4000010	75,772	76,971		77,006	77,006	77,006	77,006	77,006	77,006
Total Funding		75,772	76,971		77,006	77,006	77,006	77,006	77,006	77,006
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		75,772	76,971		77,006	77,006	77,006	77,006	77,006	77,006

ARKANSAS STATE CLAIMS COMMISSION

Enabling Laws

Act 135 of 2014
A.C.A. §19-10-201 et seq. (Creation & Operations)
A.C.A. §19-10-101 et seq. (Claims against the State)
A.C.A. §21-5-701 et seq. (Death & disability benefit eligibility)
A.C.A. §6-82-501 et seq. (Scholarship benefit eligibility)

History and Organization

The Arkansas Constitution, adopted in 1874, has constitutional provisions relating to sovereign immunity. The permissive provisions of the Constitution leave the decision of whether to abrogate the doctrine and to what extent, to the discretion of the General Assembly. Arkansas' Constitution in Article 5, Section 20 states: "The State of Arkansas shall never be made a defendant in any of her courts." This provision has prohibited suits against the State.

The Arkansas General Assembly, while maintaining the State's sovereign immunity, established the Claims Commission to mitigate the impact of the rigid rule of "governmental immunity" while adhering to another constitutional direction that the "General Assembly shall from time to time provide for the payment of all just and legal debts of the State."

By creating the Claims Commission a method was found by which damaged or injured persons could be compensated without the State being made a defendant in any of its courts. The first Claims Commission, consisting of the State Auditor, Attorney General and State Comptroller, was created to review claims.

The General Assembly, thereafter, biennially established a special Claims Commission and appropriated money to pay the claims approved by that Commission. This special Claims Commission was replaced by the Board of Fiscal Control in 1945 with the passage of Act 53 of 1945 and, subsequently, by Act 462 of 1949.

In response to a demand for a body removed from political influence that could efficiently determine claims filed against the State, the General Assembly, in Act 276 of 1955, created the Arkansas State Claims Commission as it is known today. Act 861 of 1985 increased the size of the Claims Commission from three to five members, but did not otherwise affect Act 276 of 1955. The ceiling for immediate payment of claims (not including statutorily specified public employee death benefits claims) is $15,000: claims approved by the Commission exceeding $15,000

are brought before the General Assembly at its next regular or special session. The Commission's final and binding decision on claims can be appealed only to the General Assembly to be reversed, amended or returned to the Commission for further review.

Mission Statement-Jurisdiction and Responsibilities:
A.C.A. §19-10-201 et seq. defines the role of the State Claims Commission. The Claims Commission is a quasi-judicial body established by the Arkansas General Assembly as its arm to hear claims against the State of Arkansas, since such tort-type claims as personal injury, property damage, breach of contract, and other designated claim types, due to the State's constitutional sovereign immunity, cannot be brought in the State courts.

Primary Activities:
While living in various locations across the State, the five Commissioners convene hearings on claims in Little Rock, Department of Correction units, or at other sites several days each month.

Agency Commentary

As the result of a recent decision of the Claims Review Subcommittee and the indication that there may be changes in the statutory language covering state provided public employee death benefits, the Arkansas State Claims Commission is, out of an abundance of caution, requesting

an additional $150,000.00 in Fund Center 228, Various Claims. The total available for the payment of claims each fiscal year will increase to a total of $1,900,000.00, from the current appropriation of $1,750,000.00.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
ARKANSAS STATE CLAIMS COMMISSION

FOR THE YEAR ENDED JUNE 30, 2012

Findings	Recommendations
None	None

State Contracts Over $50,000 Awarded To Minority Owned Businesses Fiscal Year 2014

None

Employment Summary

	Male	Female	Total	%
White Employees	6	2	8	80 %
Black Employees	1	1	2	20 %
Other Racial Minorities	0	0	0	0 %
Total Minorities			2	20 %
Total Employees			10	100 %

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				
Claims Commission Annual Report	A.C.A. §25-1-103	N	Y	50	Required by legislation and requested by auditors.	0	0.00
Rules and Regulations: State Claims Commission	A.C.A. §19-10-205	N	Y	500	Required by the General Assembly.	500	817.50

Department Appropriation Summary

	Historical Data						Agency Request and Executive Recommendation											
	2013-2014		2014-2015		2014-2015		2015-2016						2016-2017					
Appropriation	**Actual**	**Pos**	**Budget**	**Pos**	**Authorized**	**Pos**	**Base Level**	**Pos**	**Agency**	**Pos**	**Executive**	**Pos**	**Base Level**	**Pos**	**Agency**	**Pos**	**Executive**	**Pos**
227 Claims Operations	576,858	10	589,401	10	590,442	10	595,163	10	595,163	10	595,163	10	595,163	10	595,163	10	595,163	10
228 Various Claims	1,423,289	0	1,750,000	0	1,750,000	0	1,750,000	0	1,900,000	0	1,750,000	0	1,750,000	0	1,900,000	0	1,750,000	0
Total	2,000,147	10	2,339,401	10	2,340,442	10	2,345,163	10	2,495,163	10	2,345,163	10	2,345,163	10	2,495,163	10	2,345,163	10
Funding Sources		**%**		**%**				**%**		**%**		**%**		**%**		**%**		**%**
State Central Services 4000035	576,858	28.8	589,401	25.2			595,163	25.4	595,163	23.9	595,163	25.4	595,163	25.4	595,163	23.9	595,163	25.4
Miscellaneous Revolving 4000350	1,423,289	71.2	1,750,000	74.8			1,750,000	74.6	1,900,000	76.1	1,750,000	74.6	1,750,000	74.6	1,900,000	76.1	1,750,000	74.6
Total Funds	2,000,147	100.0	2,339,401	100.0			2,345,163	100.0	2,495,163	100.0	2,345,163	100.0	2,345,163	100.0	2,495,163	100.0	2,345,163	100.0
Excess Appropriation/(Funding)	0		0				0		0		0		0		0		0	
Grand Total	2,000,147		2,339,401				2,345,163		2,495,163		2,345,163		2,345,163		2,495,163		2,345,163	

Agency Position Usage Report

FY2012 - 2013						FY2013 - 2014						FY2014 - 2015					
Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused
	Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total	
10	10	0	10	0	0.00 %	10	10	0	10	0	0.00 %	10	10	0	10	0	0.00 %

Analysis of Budget Request

Appropriation: 227 - Claims Operations

Funding Sources: HSC - State Central Services

This appropriation provides personal services and operating expenses of the State Claims Commission. The Commission is a quasi-judicial body established to hear claims against the State of Arkansas and its agencies, boards, commissions, and institutions, unless otherwise exempted by statute. The Commission consists of a staff of 10 positions, including 5 commissioners appointed by the Governor. The appropriation is funded from the State Central Services fund.

Base Level Regular Salaries and Personal Services Matching include continuation of the previously authorized 2015 1% Cost of Living Adjustment and Career Service Payments for eligible employees. Personal Services Matching also includes a $10 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of $420 per month. Base Level salaries and matching do not include appropriation for Merit Pay Increases. The Base Level salary of unclassified positions reflects the FY15 line item maximum plus the previously authorized 2015 1% Cost of Living Adjustment.

The Agency Request is Base Level in the amount of $595,163 each year of the 2015-2017 Biennium for this appropriation, with ten (10) budgeted base level positions.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 227 - Claims Operations

Funding Sources: HSC - State Central Services

		Historical Data			Agency Request and Executive Recommendation					
		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	352,971	356,362	356,910	359,930	359,930	359,930	359,930	359,930	359,930
#Positions		**10**	**10**	**10**	**10**	**10**	**10**	**10**	**10**	**10**
Personal Services Matching	5010003	138,375	137,649	138,142	139,843	139,843	139,843	139,843	139,843	139,843
Operating Expenses	5020002	85,512	92,390	92,390	92,390	92,390	92,390	92,390	92,390	92,390
Conference & Travel Expenses	5050009	0	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
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		576,858	589,401	590,442	595,163	595,163	595,163	595,163	595,163	595,163
Funding Sources										
State Central Services	4000035	576,858	589,401		595,163	595,163	595,163	595,163	595,163	595,163
Total Funding		576,858	589,401		595,163	595,163	595,163	595,163	595,163	595,163
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		576,858	589,401		595,163	595,163	595,163	595,163	595,163	595,163

Analysis of Budget Request

Appropriation: 228 - Various Claims

Funding Sources: MTA - Miscellaneous Revolving Fund

This appropriation provides for the payment of Small Controversial Claims, Non-Controversial Claims, and Death Benefit Awards to the surviving spouses and/or dependent children of policemen, firemen, correctional officers, and specified state employees killed in the official line of duty. Payment of the claims is from the Miscellaneous Revolving Fund.

The Base Level Request is $1,750,000 each year of the 2015-2017 Biennium.

The Agency's Change Level Request is $150,000 each year due to proposed changes in the statutory language covering state provided public employee death benefits.

The Executive Recommendation provides for Base Level.

Appropriation Summary

Appropriation: 228 - Various Claims

Funding Sources: MTA - Miscellaneous Revolving Fund

	Historical Data			Agency Request and Executive Recommendation					
	2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item	**Actual**	**Budget**	**Authorized**	**Base Level**	**Agency**	**Executive**	**Base Level**	**Agency**	**Executive**
Claims 5110015	1,423,289	1,750,000	1,750,000	1,750,000	1,900,000	1,750,000	1,750,000	1,900,000	1,750,000
Total	1,423,289	1,750,000	1,750,000	1,750,000	1,900,000	1,750,000	1,750,000	1,900,000	1,750,000
Funding Sources									
Miscellaneous Revolving 4000350	1,423,289	1,750,000		1,750,000	1,900,000	1,750,000	1,750,000	1,900,000	1,750,000
Total Funding	1,423,289	1,750,000		1,750,000	1,900,000	1,750,000	1,750,000	1,900,000	1,750,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	1,423,289	1,750,000		1,750,000	1,900,000	1,750,000	1,750,000	1,900,000	1,750,000

Change Level by Appropriation

Appropriation: 228 - Various Claims
Funding Sources: MTA - Miscellaneous Revolving Fund

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**1,750,000**	**0**	**1,750,000**	**100.0**	**1,750,000**	**0**	**1,750,000**	**100.0**
C01	Existing Program	150,000	0	1,900,000	108.6	150,000	0	1,900,000	108.6

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**1,750,000**	**0**	**1,750,000**	**100.0**	**1,750,000**	**0**	**1,750,000**	**100.0**
C01	Existing Program	0	0	1,750,000	100.0	0	0	1,750,000	100.0

Justification	
C01	As the result of a recent decision of the Claims Review Subcommittee and the indication that there may be changes in the statutory language covering state provided public employee death benefits, the Arkansas State Claims Commission is, out of an abundance of caution, requesting an additional $150,000.00 in Fund Center 228, Various Claims. The total available for the payment of claims each fiscal year will increase to a total of $1,900,000.00, from the current appropriation of $1,750,000.00.

AR ECONOMIC DEVELOPMENT COMMISSION

Enabling Laws

Act 260 of 2014
A.C.A. § 15-4-205 through § 15-4-219

History and Organization

AGENCY MISSION STATEMENT

To lead statewide economic development, create targeted strategies which produce better paying jobs, promote communities and support the training and growth of a 21st century skilled workforce.

ORGANIZATIONAL STRUCTURE

The Agency consists of three primary divisions: Global Business, Administration and Finance, and the Arkansas Energy Office.

The **Global Business Division** has primary responsibility for interacting with customers, partners and interested parties external to the agency's operations. Within the Global Business Division the following divisions are located:

- Business Development
- Community Development
- Existing Business Resources (includes the Industry Training program)
- Marketing
- Film Commission
- Small and Minority Business
- Technology Development

The Business Development division generates economic opportunity through strategic partnerships and is the sales representative for all business and industry seeking to locate and expand in the State. This division also has responsibility for actively recruiting new business and industry development to Arkansas as well as helping existing business in their efforts to expand and retain operations in already located within the state. The Division communicates and negotiates State incentive programs, assists in site selection for new business locations and

expansion of existing business. International portion of the division focuses on generating Foreign Direct Investment. The Community Development division works with strategic partners to assist communities in developing and obtaining the necessary resources to identify and solve local development challenges. The Existing Business Resource division works with new and existing businesses to help the company identify opportunities for improvement. The division develops an ongoing business relationship with the company which allows it to understand the immediate, as well as long term issues faced by the company. The division then identifies and utilizes any available resources, including but not limited to; training funds, customized training programs, other State Agencies and associated resources such as the Two-Year College System, and any Federal programs to help alleviate these issues. The goal is to identify and reduce any barrier that may prevent the company from optimal operations in Arkansas. The Marketing division assists the Business Development program and is primarily responsible for presenting the advantages of doing business in Arkansas to site location consultants, C-suite decision makers, and others looking to start or grow their business in the state through various advertising mediums including TV, print, online, direct mail, social media, and events. The Film Commission facilitates on-location film making within the state by offering production companies a complete range of pre-production services, as well providing accurate and timely information regarding local film procedures, permits, and guidelines. The Commission is also responsible for drafting and administering the states Digital Product and Motion Picture Development Incentive Program. The Small and Minority Business division's mission is to facilitate the growth, development and expansion of small and minority businesses by helping them gain access to valuable information, new market opportunities and financial resources. The Technology Development division is responsible for helping new and innovative technology-based companies trying to develop within the State. The division is the interface between AEDC and the five (5) Research Universities in Arkansas. This interface includes the primary contact with the four (4) innovation/entrepreneurial incubators located at the Universities. Additionally, the division represents AEDC to Accelerate Arkansas, which includes the oversight of the Innovate Arkansas program which is the statewide commercialization center funded by the State. The division is the business development arm of AEDC for new start up innovation creation in the State.

The **Administration and Finance Division** has responsibility for the financial and budgetary support functions to assist the Global Business Division programs in achieving their goals and objectives as well as carrying out the general administrative functions of the Department as a whole. The following divisions reside within the Administration and Finance Division:

- Organizational Efficiency
- Budget & Human Resources
- Information Technology
- Strategic Planning & Research
- Business Finance
- Grants Administration (CDBG)
- Communications & Public Information

The Organizational Efficiency division's function is to evaluate AEDC business practices, processes and staffing to guarantee efficiency of operation, mission focus, and staff development. The Organizational Efficiency division leads cross-divisional strategic projects and provides

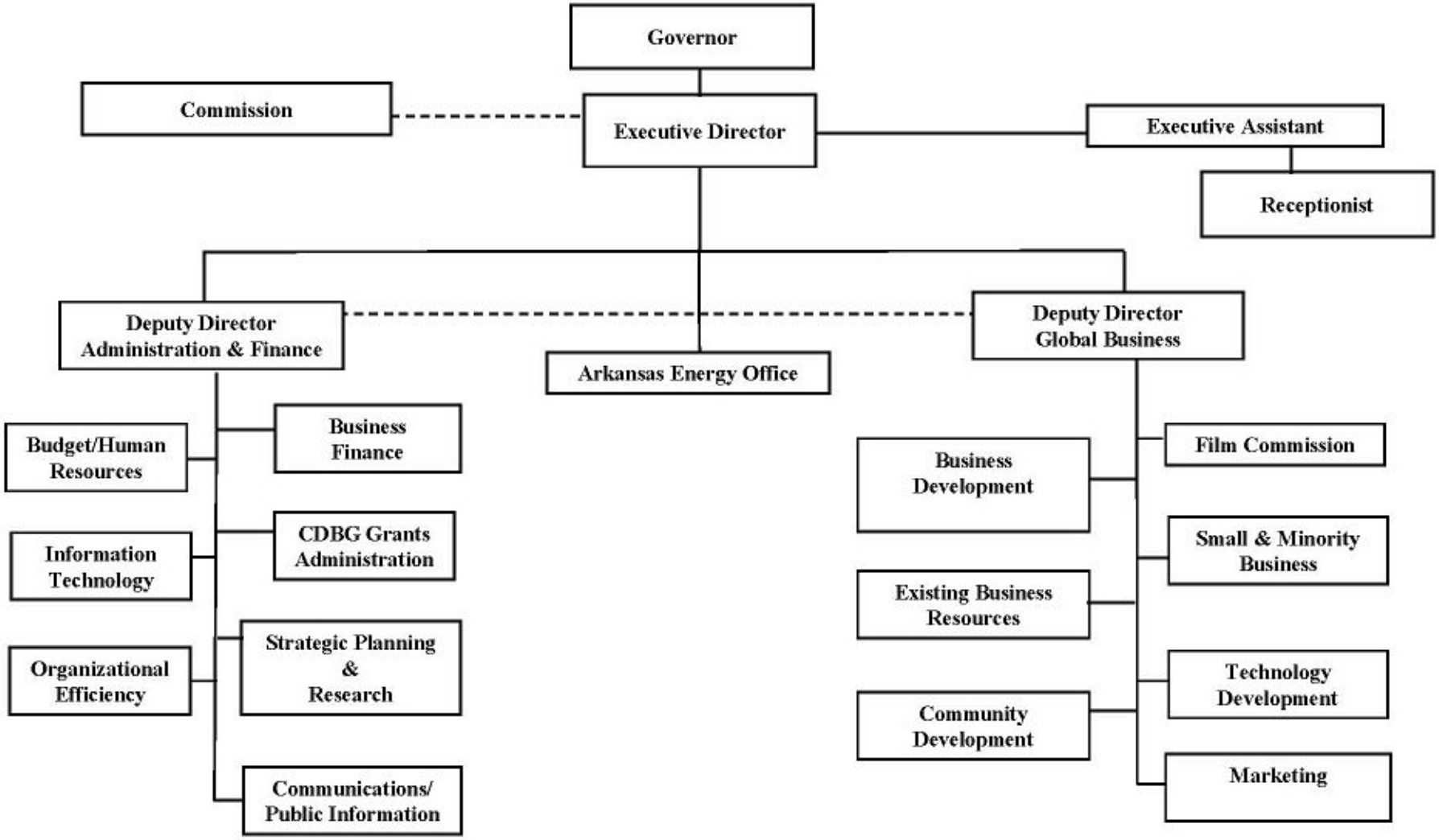
troubleshooting assistance to integrate new programs, products and services. The Budget and Human Resources division is responsible for maintaining the budgeting, procurement, accounting and personnel functions of the agency in accordance with state and federal rules and regulations and in agreement with generally accepted accounting practices. The division is responsible for preparing and submitting the Annual Operations Plan (AOP) and the Consolidated Annual Financial Report (CAFR) for the agency as well as submitting other similar accounting, personnel and budgeting reports to the Department of Finance and Administration (DFA). The Information Technology division serves as the communications backbone of the organization to facilitate the timely receiving, storing, processing and retrieving of data and to support the communications and transfer of information between agency users and other organizations. The Strategic Planning and Research division continually assesses Arkansas's position relative to competitor states on incentives and economic development policy to insure that Arkansas is prepared to compete for jobs and investment from both existing and new companies. Another key function of this division is to provide our business developers with information on targeted companies and existing businesses that may be in an expansion mode. The Business Finance division provides assistance to qualifying applicants that makes it easier to access low-cost funding through either direct debt financing support or indirect equity financing support. Debt support programs within the division are generally limited to fixed-asset financing while equity support programs generally provide support for working capital needs, both at a cost that is much less than is otherwise available, with each type of program making the applying entity more economically viable. Act 1474 of 2013 added a new program to AEDC, the New Markets Jobs Act program and the New Markets Performance Guarantee Program in which AEDC determines the allocation amount for each of the applicant Community Development Entities (CDEs) participating. The agency verifies equity investments raised by the CDEs, certifies qualified projects proposed by the CDEs, and reviews revenue impact analyses submitted with proposed projects. The Grants Administration division fosters economic growth and benefit to low-to-moderate income persons by administering Community Development Block Grants (CDBG) to cities and counties for infrastructure grants and loans to industry that result in job creation and job retention; and to improve the well-being of communities through water/wastewater projects, senior citizen centers, child care centers, public health building, fire stations and equipment, community centers, and other general and innovative projects. The CDBG program which is funded through the federal Housing and Urban Development Department (HUD), is administered by AEDC's Grants Administration division under the current Consolidated 5-year Plan which partners with other state agencies which administer funds from HUD, with AEDC as the lead agency. The Communications and Public Information division organizes all aspects (sets agenda, writes news release, sends invitations, notification of media, briefing material, etc.) of company announcements regarding new/expanded facilities and jobs, answers media inquiries on a daily basis and writes editorials for a variety of publications promoting Arkansas as a business destination.

The Arkansas Energy Office has responsibility for the development and implementation of programs and policies aimed at making energy efficiency improvements and the deployment of renewable energy technologies. The following programs are included within the Arkansas Energy Office:

- State Energy Plan
- Energy Efficiency Arkansas
- Arkansas Gaseous Fuels Program
- Clean Cities

- Weatherization Assistance Program

The State Energy Plan (SEP) includes all parts of the U. S. Department of Energy (USDOE) funded grant to carry out education and financing of energy efficiency and outreach programs both commercial and residential. The SEP is funded through formula and competitive grants from the USDOE. The mission of the Energy Efficiency Arkansas (EEA) program is to cost-effectively deliver relevant, consistent, and fuel-neutral information and training that results in decreases in energy consumption through the implementation of energy efficiency and conservation measures. The strategy is to use information and training to promote energy efficiency throughout the State of Arkansas and enable energy-saving technologies, services and best practices. This program is mandated by the Arkansas Public Service Commission and administered by the Arkansas Energy Office. Funding sources include Entergy, American Electric Power, CenterPoint Energy, Arkansas Oklahoma Gas Corporation, Empire, Oklahoma Gas and Electric, Arkansas Western Gas Company and Electric Cooperatives of Arkansas. The Arkansas Gaseous Fuels Program, created by Act 532 of 2013, gives the Arkansas Energy Office the authority to administer rebates for new refueling stations or the retrofitting of existing refueling stations in Arkansas that provide public access to clean burning motor fuels, including compressed natural gas (CNG), liquefied natural gas (LNG) and liquefied petroleum gas (LPG). Additionally, the program provides incentives for the purchase of clean alternate fuel vehicles or an incentive for the conversion of vehicles to the use of clean alternate fuel using certified or approved conversion systems. The Clean Cities program helps enhance energy security, promote energy independence, and advance environmental quality in the state through voluntary public and private partnerships. The Weatherization Assistance Program (WAP) provides grants to improve the energy efficiency of the homes of low-income families. The program contracts with nonprofit organizations to provide weatherization services in all 75 counties using the latest technologies for home energy upgrades.



Agency Commentary

The Commission is requesting a continuation of the Base Level budget for all major programs plus change levels as listed here:

State Operations: General revenues of $14,602,228 in each year of the biennium for State Operations including the enhanced Industry Training Program. Included in this general revenue amount is the normal Revenue Stabilization Amendment distribution of $12,102,228 each year plus $2,500,000 each year that will come via a Department of Workforce Services Trust Fund transfer. Also included in the listing of general revenues are the balances of transfers made on a one-time basis during fiscal year 2014-15 from various sources to fund the enhanced Industry Training Program. These amounts are included in the budget as "Excess Appropriation" and the amounts are estimated as there is not a set timetable for expenditure of these funds. Business Development Division - Requesting a continuation of $1 million unfunded appropriation for grants for economic development and infrastructure projects and Regional Partnership grants within the state that can benefit from immediate, short term funding that the Commission may be able to fund with savings in other program areas and/or salary savings. Information Technology - an unfunded appropriation of $100,000 each year for Capital Outlay to allow purchase of equipment for emergency backup systems and replacement of aging equipment on a pre-determined schedule as savings from other programs allow. The Commission has been attempting to arrange for emergency backup systems since 2001, but due to budget and funding constraints, has not been able to complete this effort. The Commission will continue to seek to fund this effort as opportunity allows. Administration & Finance Division - The Commission has been notified by the Arkansas Building Authority that our rent will be increased by 3% in the coming biennium. This will require an additional $16,050 in outlays for rent; however, the Commission does not request an increase in operations to cover this. The Commission will instead, reallocate the current general operations in order to cover the increase.

HUD/CDBG Federal Grants of $43,747,305 in FY 16 and $36,248,043 in FY 17 for the Community Development Block Grant (CDBG) and Disaster Recovery programs funded from the Department of Housing and Urban Development (HUD). These programs are being reduced each year due to the reduction of the Community Development Block Grant authorization to the State from HUD as well as the decreased balance of the Storm Recovery grants as the original awards are passed on to the recipients. The Commission has been advised of the possibility of new funding authorizations for Disasters occurring between 2010 and 2013, however, we have not been advised whether Arkansas will receive any of this new authorization, therefore, we are not asking for an increase or continuation of the current level. Such a request may be forthcoming in the fiscal session, or in future General Assembly sessions. The Federal CDBG programs noted include $27,500,000 (a reduction from the previous authorization of $30 million each year) each year for grants to carry out the mandates of the HUD CDBG program and $15,695,324 in FY 16 (a reduction of $6,940,946 from Base Level) and $8,195,324 (a reduction of $14,440,946 from Base Level) in FY 17 to carry out the mandates of the Flood and Storm Disaster Recovery Grants program of HUD.

USDOE Federal Grants include a request for continuation of $1,283,818 each year of the biennium for the programs funded by the U.S. Department of Energy (USDOE) which is primarily for the State Energy Plan grant which has changed from a formula grant to a competitive grant and is now awarded on a three (3) year cycle instead of a five (5) year cycle. This appropriation is also utilized for expenditure of the indirect cost pool funds utilized for matching the USDOE grants.

Energy Efficiency Arkansas - The Commission is asking for Cash-in-Treasury of $1,406,946 each year of the biennium to carry on the Energy Efficiency Arkansas program funded by utility assessments. This is a reduction from previous years due to the reduction of funding from the utility assessments.

Weatherization Assistance Program - The Commission is also asking for an appropriation of $8,304,767 each year of the biennium to carry out the Weatherization Assistance Program funded by the U. S. Department of Energy and the Low Income Home Energy Assistance Program funded by a grant from the Department of Human Services. This includes the Commission's request to restore $2,565,984 in appropriation. This program was transferred from the Department of Human Services to the Commission by Act 1111 of 2013 and this is will continue the appropriation established following that transfer.

We are asking that the appropriation for the **Economic Development Incentive Quick Action Closing Fund** (commonly known as the Governor's Quick Action Closing Fund (GQACF)) be added to and included in the request for appropriations of the Arkansas Economic Development Commission (AEDC). This request is made because of the importance of this incentive to the primary duty of the AEDC, that being to the recruitment, retention, and expansion of new and existing industry within the state and to expand the economy of the state and increase the economic wellbeing of all citizens of the state. The GQACF is the single most significant tool that the AEDC has to accomplish it goals.

Clean Cities Program - The Commission requests a Cash-in-Treasury funded appropriation of $189,005 each year of the biennium for the Clean Cities Program; and, $875,781 each year of the biennium to carry on the **New Markets Performance Program** created by Act 1474 of 2013.

The Commission is not requesting the following cash funded appropriations for the 2016-2017 Biennium due to discontinuation of the programs and depletion of funding: The Incentive Plans Cash fund; The Trade & International Investment Cash Fund; The Existing Business Resource Program Cash Fund; and the Petroleum Violation Escrow Cash Fund.

In addition, the Base Level includes a continuation of the appropriation for the **Super Projects Fund** of $200 million each year as has been authorized each biennium since the 2005-07 Biennium and $30 million each year for the **Technology Acceleration Program** as has also been authorized since the 2009-11 Biennium.

In addition to Base Level, the Commission is requesting the creation of an unfunded **career ladder series** to include the following classifications/grades:

- C120 - Training Project Manager
- C122 - AEDC Area/Program Representative
- C125 - AEDC Project/Regional Manager

The Commission requests no funding to implement this career ladder, only the authority to utilize the position levels to resolve a problem of employee retention.

AEDC has five major divisions that are involved in the recruitment, expansion and development of businesses and the economy of Arkansas, however, only two of those divisions currently have positions at the C125 grade level. Regularly under the current business practice numerous divisions work on the same project and with the same level of authority and responsibility, but at different grade levels. This creates an inequity in the system and causes problems with retention of employees within divisions lacking the grade C125 positions. When an employee in one of the divisions which lacks the grade C125 level position wants to improve their grade level, the only alternative they now have is for that employee to move to another division leaving their expertise and work experience vacant in their former division.

The purpose of this request is to help reduce the inequities in the five (5) major divisions within the AEDC that has been created by the following situations:

- Currently, the AEDC has moved to using teams as opposed to individuals to work on and manage the various economic development projects that the agency is responsible for in improving the economic health of the State.
- Often as the teams work together individuals from different divisions find themselves carrying out similar work responsibilities with similar levels of authority but at very differing levels of classification and pay.
- As a result, AEDC finds that many employees seeking to improve their pay and classification status seek to move to one of the divisions with higher levels of classification and grade in order to improve their situation.
- Movement from one division to another prevents the AEDC and employee from being able to develop necessary relationships and expertise to become subject matter experts in specific products and industry sectors. It also prevents the development of significant relationships in assigned regions around the state.
- In the end, the deficiencies in knowledge of products and industry sectors as well as the failure to be able to develop significant relationships in assigned regions around the state prevents the AEDC from developing the economic health of the state to the desired degree and negatively affects the economic status of all citizens of the state.
- For these reasons, the AEDC seeks to create a career ladder series for all positions working in the areas of community development, business finance, small and minority business, existing business resource, and business recruitment and development to help relieve inequities found with employees working together with the same responsibilities, but with varying levels of pay.
- In addition, allowing AEDC to have all positions used in the project management efforts to be authorized at the same class, but with a career ladder allowing upward movement in grades, AEDC can prevent migration from one division to another and develop those positive attributes noted above; which will solidify teams while allow individual growth, which creates enormous benefits for both the employee and the agency as a whole.

AEDC is requesting that a group of positions currently authorized at grades C120 and C122 be reclassified to grade C125 - AEDC Project Regional Manager in order to establish a career ladder for all similar situated employees to be able, through specific criteria, to move from an entry level grade to a mid-level and finally to a maximum level grade with time, experience and increased education, ability, and responsibility.

Reason for the requested change:

It is the intention at AEDC to begin a definitive plan to create a career ladder for all positions in the project management family. These positions normally enter employment with AEDC at a grade C120 and having completed specific criteria, move to grade C122 and finally, after completing certain specific educational and other project management criteria, move to grade C125.

The employees that will qualify for the grade C125 level will perform the following typical functions:

- Create and lead the activities of a professional project management staff by assigning projects to appropriate staff, offering input into interpretation of policies and procedures, providing support and recommendations to staff in the decision making process, and by assisting as necessary with staff and attorneys to bring to a successful conclusion the project under consideration. (Job Duty 1)
- Review staff reports for accuracy, organize information, and compile findings into year-end activity reports to reflect annual activity for agency use as well as for reporting to the legislature and also serving as the primary contact with the Division of Legislative Audit concerning incentive program activities. (Job Duty 7)
- Promotes industrial/economic expansion within the State by establishing and maintaining personal contact with management representatives of businesses throughout the state, nation and overseas and by sharing with other divisions within the agency, and with other appropriate agencies, useful information concerning the health and possible growth opportunities of existing businesses within the state. (Job Duty 10)
- Conducts and participates in appropriate statewide, national, and international trade shows, seminars, training sessions, workshops, business negotiations, educational/outreach events, and trade investment missions to obtain industrial prospect/trade leads and to build relations with commercial lenders and investors and maintains updated information on economic trends. (Job Duty 9)
- Researches community profile and company data and makes recommendations of specific Arkansas communities and companies through detailed, factual reports of economic, financial, employment, and other related business and social conditions of the community and company. (Job Duty 8)
- Identifies target sites for industries and makes recommendations by accompanying prospects to Arkansas communities whose sites meet specific prospect criteria. (Job Duty 4)
- Provide technical assistance to prospects, clients, and communities to help resolve problems or to complete project deficiencies in the areas of financing, state and local building codes or regulations, environmental requirements, education and employee training. (Job Duty 3)
- Perform the necessary research and develop the necessary business/community relationships in order to serve as a "subject matter" expert in assigned regions and with regard to certain specific business sectors and products in order to be able to deploy the appropriate resources to accomplish maximum benefits for economic development opportunities. (Job Duty 2)
- Create and execute incentive agreements that include training, financing, and other appropriate means to complete economic development projects. (Job Duty 5)

- Perform the necessary analysis and make appropriate recommendations concerning whether the State should undertake a project based on various benefits to the state including job creation, return on investment, wage level, etc. (Job Duty 6)

Under the proposal we are submitting, all of the positions that are involved in the recruitment, retention and expansion of business and industry in the state would be authorized at the maximum grade level of C125. This does not mean that all employees would automatically move to the maximum level upon creation of the proposed Career Ladder. We have positions that are currently grades C120 and C122 in the mix and there would be no change in these positions until they met certain specified criteria. When a grade C120 employee met a certain level of criteria, that employee could request movement to a grade C122 and when a grade C122 employee met the level of criteria for the C125, that employee could then move to the maximum.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT

AUDIT OF :

ARKANSAS ECONOMIC DEVELOPMENT COMMISSION

FOR THE YEAR ENDED JUNE 30, 2013

Findings	Recommendations
None	None

Findings Covering Programs Audited by Other External Auditors

U.S. Department of Housing and Urban Development

Finding Number:	**13-790-01**
State/Educational Agency(s):	**Arkansas Economic Development Commission**
CFDA Number(s) and Program Title(s):	**14.218 - Community Development Block Grants/Entitlement Grants (CDBG - Entitlement Grants Cluster)**
Federal Award Number(s):	**B-08-DI-05-0001; B-08-DF-05-0001**
Federal Award Year(s):	**2012 and 2013**
Compliance Requirement(s) Affected:	**Reporting**
Type of Finding:	**Significant Deficiency**

Criteria:
As noted in OMB Circular A-133 § 300(b), the auditee shall maintain internal control over federal programs that provides reasonable assurance that the auditee is managing federal

Recommendation:
We recommend the Agency establish and implement control procedures to ensure that Agency personnel responsible for reviewing reports adequately document their review.

Views of Responsible Officials and Planned Corrective Action:

Quarterly reports on the progress of the Disaster CDBG program are compiled by the responsible AEDC Grants Division staff member and are submitted electronically via the Disaster Recovery Grant Reporting System (DRGR) to the Little Rock Field Office of HUD for approval by our HUD Field Representative. As an additional internal control, the Quarterly reports will now be submitted first to the AEDC Grants Division Director for approval. The Director will review the report and respond by e-mail to the staff member. After the Division Director has approved the report, the report will be released to the HUD Field Representative.

Anticipated Completion Date: March 3, 2014

Findings

awards in compliance with laws, regulations, and provisions of contracts or grant agreements that could have a material effect on each of its federal programs. This includes establishing internal controls documenting agency reviews and approvals of reports prior to submission to the Department of Housing and Urban Development (HUD), the federal awarding agency.

Condition and Context:
The Agency is required to submit reports to HUD, the federal awarding agency. We reviewed the Agency's internal control procedures regarding the review and submission of the CDBG Disaster Quarterly Performance Reports. Discussions with Agency staff responsible for these reports indicated that a review was being performed prior to submission to HUD. However, documentation could not be provided to support that a review had been performed (e.g., signature of the reviewer).

It should be noted that compliance testing performed on these reports indicated the data submitted agreed with the Agency's financial records.

Questioned Costs:
None

Cause:
The Agency did not establish adequate internal controls to ensure documented evidence was maintained supporting the review of the CDBG Disaster Quarterly Performance Reports.

Effect:
A deficiency in the design of controls regarding inadequate documented reviews of reports could result in inaccurate reporting to the federal awarding agency.

U.S. Department of Housing and Urban Development (Continued)

Finding Number:	**13-790-02**
State/Educational Agency(s):	**Arkansas Economic Development Commission**
CFDA Number(s) and Program Title(s):	**14.228 - Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii**

Recommendations

Contact Person:
Basil Julian
Grants Division Director
Arkansas Economic Development Commission
900 West Capitol, Ste. 400
Little Rock, AR 72201
(501) 682-7392
bjulian@arkansasedc.com

Recommendation:
We recommend the Agency establish and implement adequate internal controls to ensure timely compliance with FFATA reporting requirements for first-tier subawards.

Views of Responsible Officials and Planned Corrective Action:

The agency will alter its internal procedures to insure that the grant commitments are entered into FSRS earlier in the process. In the past, entry was made into FSRS as the last

Findings

	14.255 - ARRA - Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii (CDBG - State-Administered CDBG Cluster)
Federal Award Number(s):	**B-12-DC-05-0001**
Federal Award Year(s):	**2012**
Compliance Requirement(s) Affected:	**Reporting**
Type of Finding:	**Noncompliance and Significant Deficiency**

Criteria:
In accordance with 2 CFR § 170 Appendix A, recipients of federal financial assistance subject to the Transparency Act are required to report first-tier subawards for actions that obligate $25,000 or more in federal funds, excluding American Recovery and Reinvestment Act (ARRA) funds. Reporting is required no later than the end of the month following the month in which the obligation was made. (For example, if the obligation is made on November 7, 2010, the obligation must be reported no later than December 31, 2010.) First-tier subawards are reported using the Federal Funding Accountability and Transparency Act (FFATA) Subaward Reporting System and are available for public viewing at USASpending.gov.

Condition and Context:
The Agency had 58 first-tier subawards that met the FFATA reporting requirements. We reviewed 10 of these subawards to determine if the Agency submitted the required information timely. Our review revealed that the required information was not submitted timely for all 10 first-tier subawards, ranging from 20 to 274 days late.

Questioned Costs:
None

Cause:
The Agency does not have adequate procedures in place to ensure timely submission of the FFATA first-tier subaward information. Agency personnel stated they were behind on entering the information but are making progress to become current.

Effect:
The required FFATA first-tier subaward information was not reported timely.

Recommendations

step in the grant approval process. The grant was signed by the AEDC Deputy Director, and then the grant was mailed to the grantee for signature by the Mayor or the County Judge. If the grant documents were held by the grantee before signing them or returning them, it may delay the entry into FSRS. In the future the grant will be entered into FSRS after the Deputy Director signs the grant and before it is mailed to the grantee. This better represents the date of commitment from AEDC. By making this change we will be able to insure that our commitments meet the deadline as established in the Transparency Act.

Anticipated Completion Date: March 3, 2014

Contact Person:
Basil Julian
Grants Division Director
Arkansas Economic Development Commission
900 West Capitol, Ste. 400
Little Rock, AR 72201
(501) 682-7392
bjulian@arkansasedc.com

Findings

U.S. Department of Housing and Urban Development (Continued)

Finding Number:	**13-790-03**
State/Educational Agency(s):	**Arkansas Economic Development Commission**
CFDA Number(s) and Program Title(s):	**14.228 - Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii** **14.255 - ARRA - Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii** **(CDBG - State-Administered CDBG Cluster)**
Federal Award Number(s):	**B-12-DC-05-0001**
Federal Award Year(s):	**2012**
Compliance Requirement(s) Affected:	**Reporting**
Type of Finding:	**Significant Deficiency**

Criteria:
As noted in OMB Circular A-133 § 300(b), the auditee shall maintain internal control over federal programs that provides reasonable assurance that the auditee is managing federal awards in compliance with laws, regulations, and provisions of contracts or grant agreements that could have a material effect on each of its federal programs. This includes establishing internal controls documenting agency reviews and approvals of reports prior to submission to the Department of Housing and Urban Development (HUD), the federal awarding agency.

Condition and Context:
The Agency is required to submit reports to HUD, the federal awarding agency. We reviewed the Agency's internal control procedures regarding the review and submission of two reports: the Performance and Evaluation Report and the Consolidated Annual Performance and Evaluation Report. Discussions with Agency staff responsible for these reports indicated that a review was being performed prior to submission to HUD. However, documentation could not be provided to support that a review had been performed (e.g.,

Recommendations

Recommendation:
We recommend the Agency establish and implement control procedures to ensure that Agency personnel responsible for reviewing reports adequately document their review.

Views of Responsible Officials and Planned Corrective Action:

The Performance Evaluation Report (PER) is prepared by the AEDC Senior Grants Manager for submission to the Little Rock HUD Field Office. Although the report is submitted to the Grants Division Director for review prior to its submission to HUD, the agency has not had a written approval process prior to its release to HUD. In the future, the Grants Division Director will respond to the Senior Grants Manager with a written or e-mailed approval prior to the submission of the PER to HUD.

The Consolidated Annual Performance Evaluation Report (CAPER) is prepared by the four different state agencies that compose the Consolidated Plan Advisory Board. Since AEDC is the lead agency for the Consolidated Plan, the AEDC Grants Division Director submits the plan on behalf of the Advisory Board. Although the Deputy Director for Finance and Administration has always been supplied a copy of the CAPER before its submission, the agency has not required a written approval from the Deputy Director before it is submitted to HUD. In the future, the Deputy Director for Finance and Administration will respond in writing or by e-mail to the Grants Division Director with approval to submit the CAPER to HUD.

Anticipated Completion Date: March 3, 2014

Contact Person:
Basil Julian
Grants Division Director
Arkansas Economic Development Commission
900 West Capitol, Ste. 400
Little Rock, AR 72201
(501) 682-7392
bjulian@arkansasedc.com

Findings	Recommendations

signature of the reviewer).

It should be noted that compliance testing performed on these reports indicated the data submitted agreed with the Agency's financial records.

Questioned Costs:
None

Cause:
The Agency did not establish adequate internal controls to ensure documentation was maintained supporting the review of the Performance and Evaluation Report and the Consolidated Annual Performance and Evaluation Report.

Effect:
A deficiency in the design of controls regarding inadequately documented reviews of reports could result in inaccurate reporting to the federal awarding agency.

State Contracts Over $50,000 Awarded To Minority Owned Businesses Fiscal Year 2014

None

Employment Summary

	Male	Female	Total	%
White Employees	33	36	69	80 %
Black Employees	4	11	15	17 %
Other Racial Minorities	0	2	2	3 %
Total Minorities			17	20 %
Total Employees			86	100 %

Cash Fund Balance Description as of June 30, 2014

Fund Account	Balance	Type	Location
1130300	$3,088	Checking	Regions Bank, Little Rock, AR

Statutory/Other Restrictions on use:

These funds are used for marketing purposes as defined in AR Code 19-4-801.

Statutory Provisions for Fees, Fines, Penalties:

The Arkansas Economic Development Commission has the authority to set fee amounts.

Revenue Receipts Cycle:

Fees are collected and interest is earned throughout the fiscal year.

Fund Balance Utilization:

Funds are used to pay for Commission marketing expenses.

Fund Account	Balance	Type	Location
1130400	$450	Checking	Regions Bank, Little Rock, AR

Statutory/Other Restrictions on use:

These funds are used to pay for administrative and legal costs associated with preparation of financial incentive plans as defined in AR Code 15-4-1901.

Statutory Provisions for Fees, Fines, Penalties:

The Arkansas Economic Development Commission is authorized to collect fees pertaining to financial incentive plans by AR Code 15-4-1901.

Revenue Receipts Cycle:

Fees are collected and interest is earned throughout the fiscal year.

Fund Balance Utilization:

Funds are used to defray the Commission's administrative and legal costs associated with the preparation of financial incentive plans.

Fund Account	Balance	Type	Location
1270800	$0	Checking	Regions Bank and Bank of the Ozarks, Little Rock, AR

Statutory/Other Restrictions on use:

These funds are used for operating expenses and grants as defined by AR Code 19-4-801.

Statutory Provisions for Fees, Fines, Penalties:

Fees are set by the U.S. Department of Energy. Interest is earned throughout the fiscal year.

Revenue Receipts Cycle:

This fund was established by multiple disbursements from the U.S. Department of Energy. Interest is earned throughout the fiscal year.

Fund Balance Utilization:

Funds are used for operating expenses and grants for qualified energy projects. CD's are purchased in various terms to allow redemption at the most effective time for payment of operating expenses and grants.

Fund Account	Balance	Type	Location
1271200	$6,375	Checking	Regions Bank, Little Rock, AR

Statutory/Other Restrictions on use:

These funds are used to pay for quality management related expenses and for other industrial training expenses as defined by AR Code 19-4-801.

Statutory Provisions for Fees, Fines, Penalties:

The Arkansas Economic Development Commission has the authority to set fee amounts.

Revenue Receipts Cycle:

Fees are collected and interest is earned throughout the fiscal year.

Fund Balance Utilization:

Funds are used for quality management and other industrial related expenses.

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				
None	None	N	N	0	None	0	0.00

Department Appropriation Summary

Historical Data | **Agency Request and Executive Recommendation**

Appropriation		2013-2014 Actual	Pos	2014-2015 Budget	Pos	2014-2015 Authorized	Pos	2015-2016 Base Level	Pos	2015-2016 Agency	Pos	2015-2016 Executive	Pos	2016-2017 Base Level	Pos	2016-2017 Agency	Pos	2016-2017 Executive	Pos
1MZ	Super Projects	0	0	200,000,000	0	200,000,000	0	200,000,000	0	200,000,000	0	200,000,000	0	200,000,000	0	200,000,000	0	200,000,000	0
2SK	State Operations	10,236,985	77	21,050,803	79	26,841,502	79	21,059,727	79	22,214,061	79	22,214,061	79	21,064,681	79	22,219,015	79	22,219,015	79
2SQ	Community Assistance-Federal	40,878,606	10	53,197,493	8	109,435,531	10	53,168,526	8	43,747,305	8	43,747,305	8	53,169,264	8	36,248,043	8	36,248,043	8
2ST	State Energy Plan-Federal	636,682	6	1,280,670	6	869,581	9	1,283,818	6	1,283,818	6	1,283,818	6	1,283,818	6	1,283,818	6	1,283,818	6
55L	Technology Development	0	0	30,000,000	0	30,000,000	0	30,000,000	0	30,000,000	0	30,000,000	0	30,000,000	0	30,000,000	0	30,000,000	0
56N	Energy Efficiency Arkansas-Cash	888,547	2	1,875,198	2	2,580,556	2	1,877,191	2	1,406,946	2	1,406,946	2	1,877,191	2	1,406,946	2	1,406,946	2
F11	Clean Cities	16,517	0	189,005	0	189,005	0	189,005	0	189,005	0	189,005	0	189,005	0	189,005	0	189,005	0
F99	Weatherization Program	4,338,941	5	5,739,148	5	8,289,707	5	5,738,783	5	8,304,767	5	8,304,767	5	5,738,783	5	8,304,767	5	8,304,767	5
H07	Quick Action Closing	16,435,647	0	50,000,000	0	50,000,000	0	50,000,000	0	50,000,000	0	50,000,000	0	50,000,000	0	50,000,000	0	50,000,000	0
M70	New Markets Performance Program	0	0	875,781	0	875,781	0	875,781	0	875,781	0	875,781	0	875,781	0	875,781	0	875,781	0
NOT REQUESTED FOR THE BIENNIUM																			
C32	Incentive Plans-Cash	0	0	450	0	1,261	0	0	0	0	0	0	0	0	0	0	0	0	0
C34	Trade & International Investment-Cash	0	0	3,088	0	8,785	0	0	0	0	0	0	0	0	0	0	0	0	0
C35	Existing Business Resource Program - Cash	0	0	6,375	0	26,505	0	0	0	0	0	0	0	0	0	0	0	0	0
C36	Petroleum Violation Escrow-Cash	56,267	0	0	0	404,489	0	0	0	0	0	0	0	0	0	0	0	0	0
Total		73,488,192	100	364,218,011	100	429,522,703	105	364,192,831	100	358,021,683	100	358,021,683	100	364,198,523	100	350,527,375	100	350,527,375	100

Funding Sources			%		%		%		%		%		%		%		%
Fund Balance	4000005	46,756,079	44.0	32,746,793	8.3	31,989,604	8.2	31,989,604	8.4	31,989,604	8.4	31,929,089	9.4	32,188,653	9.9	32,188,653	9.9
General Revenue	4000010	10,236,985	9.6	12,050,803	3.0	12,102,228	3.1	12,102,228	3.2	12,102,228	3.2	12,102,228	3.6	12,102,228	3.7	12,102,228	3.7
Federal Revenue	4000020	45,854,229	43.2	90,217,311	22.8	90,191,127	23.2	83,335,890	21.8	83,335,890	21.8	90,191,865	26.6	75,836,628	23.3	75,836,628	23.3
Cash Fund	4000045	416,254	0.4	1,316,927	0.3	1,795,000	0.5	1,795,000	0.5	1,795,000	0.5	1,561,000	0.5	1,561,000	0.5	1,561,000	0.5
Bond Proceeds	4000125	0	0.0	200,000,000	50.5	200,000,000	51.4	200,000,000	52.3	200,000,000	52.3	200,000,000	59.0	200,000,000	61.5	200,000,000	61.5
General Improvement Fund	4000265	0	0.0	50,000,000	12.6	50,000,000	12.8	50,000,000	13.1	50,000,000	13.1	0	0.0	0	0.0	0	0.0
Inter-agency Fund Transfer	4000316	0	0.0	2,500,000	0.6	2,500,000	0.6	2,500,000	0.7	2,500,000	0.7	2,500,000	0.7	2,500,000	0.8	2,500,000	0.8
Miscellaneous Revolving	4000350	0	0.0	875,781	0.2	875,781	0.2	875,781	0.2	875,781	0.2	875,781	0.3	875,781	0.3	875,781	0.3
Other	4000370	2,971,438	2.8	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Transfer From DWS	4000527	0	0.0	6,500,000	1.6	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Total Funds		106,234,985	100.0	396,207,615	100.0	389,453,740	100.0	382,598,503	100.0	382,598,503	100.0	339,159,963	100.0	325,064,290	100.0	325,064,290	100.0
Excess Appropriation/(Funding)		(32,746,793)		(31,989,604)		(25,260,909)		(24,576,820)		(24,576,820)		25,038,560		25,463,085		25,463,085	
Grand Total		73,488,192		389,218,011		364,192,831		358,021,683		358,021,683		364,198,523		350,527,375		350,527,375	

Budget exceeds Authorized Appropriation in State Energy Plan-Federal (2ST) due to a transfer from the Miscellaneous Federal Grant Holding Account.
Variances in fund balance due to unfunded appropriation in State Operations (2ST), and Energy Efficiency Arkansas-Cash (56N).

Agency Position Usage Report

FY2012 - 2013						FY2013 - 2014						FY2014 - 2015					
Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused
	Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total	
103	90	12	102	1	12.62 %	100	90	10	100	0	10.00 %	105	90	10	100	5	14.29 %

Analysis of Budget Request

Appropriation: 1MZ - Super Projects

Funding Sources: TSP - Department of Economic Development Super Projects Fund

The Super Projects Program was established by the A.C.A. §15-4-3001 et seq. to provide resources in support of industries that indicate the intention to invest in the State of Arkansas. To be classified as a Super Project requires the project's sponsor to invest at minimum four hundred million dollars ($400,000,000) into the State and provided 400 new full time jobs.

Funding for these projects may be attained in General Obligations Bonds approved by the public or the General Assembly. Amendment 82 to the current State Constitution authorizes up to 5% of general revenues to be applied toward amortization of bonded indebtedness for large economic development projects. During the General Election of 2010, Amendment 90 was adopted that allowed for the General Assembly to issues bonds under the 82nd Amendment without voter approval.

The Super Project Program fund is to be utilized for payments on part of or all of the debt service on bonds issued or on a pay-as-you-go basis should bonds neither be approved nor issued.

The Agency Request provides for Base Level of $200,000,000 each year of the biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 1MZ - Super Projects

Funding Sources: TSP - Department of Economic Development Super Projects Fund

	Historical Data			Agency Request and Executive Recommendation					
	2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Super Projects 5900046	0	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000
Total	0	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000
Funding Sources									
Bond Proceeds 4000125	0	200,000,000		200,000,000	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000
Total Funding	0	200,000,000		200,000,000	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	0	200,000,000		200,000,000	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000

Analysis of Budget Request

Appropriation: 2SK - State Operations

Funding Sources: HOA - Department of Economic Development Fund

This is the primary operating appropriation for the Arkansas Economic Development Commission and is funded by general revenues. In addition to the Director's Office, there are four functional groups within the Agency that utilize this State Operations appropriation. They are: (1) Administration and Finance, (2) Global Business, (3) Marketing and Communications, and (4) Energy Office.

Base Level Regular Salaries and Personal Services Matching include continuation of the previously authorized 2015 1% Cost of Living Adjustment and Career Service Payments for eligible employees. Personal Services Matching also includes a $10 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of $420 per month. Base Level salaries and matching do not include appropriation for Merit Pay Increases. The Base Level salary of unclassified positions reflects the FY2015 line item maximum plus the previously authorized 2015 1% Cost of Living Adjustment. The Base Level request for Regular Salaries includes board member stipend payments.

Base Level is $21,059,727 FY2016 and $21,064,681 FY2017.

The Agency Request provides for $1,154,334 each year of the biennium in unfunded appropriation for the following:

- Regular Salaries and Personal Services Matching of $54,334 each year for the reclassification of twenty two (22) positions including Eighteen (18) AEDC Area/Program Representatives C122 to AECD Project/ Regional Manager C125, three (3) Training Program Managers C120 to AEDC Project/Regional Manager C125, and one (1) Grants Analyst C117 to Accountant II C117.
- Operating Expenses reallocation of $16,500 from rent of office equipment to rent of facilities to cover Arkansas Building Authority three percent (3%) rent increase.
- Grants and Aid of $1,000,000 each year for grants to economic development projects and regional partnerships as saving from other areas allows.
- Capital Outlay of $100,000 each year of for replacement of aging equipment and purchase emergency backup systems as saving from other areas allows.

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

Appropriation Summary

Appropriation: 2SK - State Operations

Funding Sources: HOA - Department of Economic Development Fund

		Historical Data			Agency Request and Executive Recommendation					
		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item		**Actual**	**Budget**	**Authorized**	**Base Level**	**Agency**	**Executive**	**Base Level**	**Agency**	**Executive**
Regular Salaries	5010000	4,451,923	4,767,313	4,768,725	4,732,319	4,776,269	4,776,269	4,736,119	4,780,069	4,780,069
#Positions		**77**	**79**	**79**	**79**	**79**	**79**	**79**	**79**	**79**
Personal Services Matching	5010003	1,390,247	1,477,974	1,437,587	1,481,505	1,491,889	1,491,889	1,482,659	1,493,043	1,493,043
Operating Expenses	5020002	1,279,064	1,507,851	1,550,204	1,548,238	1,548,238	1,548,238	1,548,238	1,548,238	1,548,238
Conference & Travel Expenses	5050009	116,859	141,486	141,486	141,486	141,486	141,486	141,486	141,486	141,486
Professional Fees	5060010	1,441,439	1,465,000	1,465,000	1,465,000	1,465,000	1,465,000	1,465,000	1,465,000	1,465,000
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Grants and Aid	5100004	264,000	0	1,000,000	0	1,000,000	1,000,000	0	1,000,000	1,000,000
Capital Outlay	5120011	127,733	0	100,000	0	100,000	100,000	0	100,000	100,000
Far East Trade/Ind Recruitment	5900046	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
Industry Training Program	5900049	999,817	11,312,679	16,000,000	11,312,679	11,312,679	11,312,679	11,312,679	11,312,679	11,312,679
For State Matching of Federal Fu	5900050	15,903	228,500	228,500	228,500	228,500	228,500	228,500	228,500	228,500
Total		10,236,985	21,050,803	26,841,502	21,059,727	22,214,061	22,214,061	21,064,681	22,219,015	22,219,015
Funding Sources										
General Revenue	4000010	10,236,985	12,050,803		12,102,228	12,102,228	12,102,228	12,102,228	12,102,228	12,102,228
Inter-agency Fund Transfer	4000316	0	2,500,000		2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
Transfer From DWS	4000527	0	6,500,000		0	0	0	0	0	0
Total Funding		10,236,985	21,050,803		14,602,228	14,602,228	14,602,228	14,602,228	14,602,228	14,602,228
Excess Appropriation/(Funding)		0	0		6,457,499	7,611,833	7,611,833	6,462,453	7,616,787	7,616,787
Grand Total		10,236,985	21,050,803		21,059,727	22,214,061	22,214,061	21,064,681	22,219,015	22,219,015

FY15 Budget amount in Personal Services Matching exceeds the authorized amount due to matching rate adjustments during the 2013-2015 Biennium.
Expenditure of appropriation is contingent upon available funding.

Change Level by Appropriation

Appropriation: 2SK - State Operations
Funding Sources: HOA - Department of Economic Development Fund

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**21,059,727**	**79**	**21,059,727**	**100.0**	**21,064,681**	**79**	**21,064,681**	**100.0**
C04	Reallocation	0	0	21,059,727	100.0	0	0	21,064,681	100.0
C05	Unfunded Appropriation	1,100,000	0	22,159,727	105.2	1,100,000	0	22,164,681	105.2
C10	Reclass	54,334	0	22,214,061	105.5	54,334	0	22,219,015	105.5

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**21,059,727**	**79**	**21,059,727**	**100.0**	**21,064,681**	**79**	**21,064,681**	**100.0**
C04	Reallocation	0	0	21,059,727	100.0	0	0	21,064,681	100.0
C05	Unfunded Appropriation	1,100,000	0	22,159,727	105.2	1,100,000	0	22,164,681	105.2
C10	Reclass	54,334	0	22,214,061	105.5	54,334	0	22,219,015	105.5
C14	Title Change	0	0	22,214,061	105.5	0	0	22,219,015	105.5

Justification	
C04	Reallocation of $16,050 within Operating Expenses to cover upcoming 3% Arkansas Building Authority rent increase.
C05	Requesting the continuation of $1,000,000 unfunded appropriation in Grants and Aid for economic development projects and regional partnership within the state that could benefit from immediate, short term funding which the Commission may be able to fund with savings in other areas. Also $100,000 unfunded appropriation in Capital Outlay to allow purchase of equipment for emergency backup systems and replacement of aging equipment on a pre-determined schedule as savings from other programs allow.
C10	The Commission is requesting the creation of a career ladder series. This career ladder will help to eliminate grade level discrepancies among AEDC's five major divisions. No funding is being requested for the implementation of this career ladder.
C14	Executive Recommendation provides a Title Change of position G062C AEDC Project/Regional Manager to G062C AEDC Project Consultant.

Analysis of Budget Request

Appropriation: 2SQ - Community Assistance-Federal

Funding Sources: FAK - Economic Development - Federal

This is a federally funded appropriation used to operate the Community Development Block Grant Program at the Arkansas Economic Development Commission. Funding is provided by grants from the Department of Housing and Urban Development and through repayments of previous loans.

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

Base Level is $53,168,526 in FY2016 and $53,169,264 in FY2017.

The Agency's Change Level Request provides for a reduction to Base Level of ($9,421,221) in FY2016 and ($16,921,221) in FY2017, and reflects the following:

- Regular Salaries and Personal Services Matching of $19,725 each year of the biennium for the reclassification of three (3) AEDC Area/Program Representatives C122 to AEDC Project Regional Managers C125.
- Grants and Aid of ($2,500,000) each year of the biennium as a result of the decreasing availability of Community Development Block Grant funding to the state by the Department of Housing and Urban Development.
- Storm Recovery Grant Program of ($6,940,946 in FY2016 and ($14,440,946) in FY2017 as a result of decreasing funding as the majority of recipients are awarded.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 2SQ - Community Assistance-Federal

Funding Sources: FAK - Economic Development - Federal

		Historical Data			Agency Request and Executive Recommendation					
		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	224,734	303,737	316,008	279,677	295,622	295,622	280,277	296,222	296,222
#Positions		**10**	**8**	**8**	**8**	**8**	**8**	**8**	**8**	**8**
Personal Services Matching	5010003	84,655	102,040	103,999	96,979	100,759	100,759	97,117	100,897	100,897
Operating Expenses	5020002	47,710	60,600	60,600	60,600	60,600	60,600	60,600	60,600	60,600
Conference & Travel Expenses	5050009	8,327	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Professional Fees	5060010	87,608	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Grants and Aid	5100004	21,268,108	30,000,000	30,000,000	30,000,000	27,500,000	27,500,000	30,000,000	27,500,000	27,500,000
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Storm Recovery Grants	5900046	18,923,082	22,020,406	76,425,796	22,020,560	15,079,614	15,079,614	22,020,560	7,579,614	7,579,614
Flood Recovery Grants	5900047	234,382	615,710	1,305,000	615,710	615,710	615,710	615,710	615,710	615,710
ARRA of 2009	5900052	0	0	1,129,128	0	0	0	0	0	0
Total		40,878,606	53,197,493	109,435,531	53,168,526	43,747,305	43,747,305	53,169,264	36,248,043	36,248,043
Funding Sources										
Federal Revenue	4000020	40,878,606	53,197,493		53,168,526	43,747,305	43,747,305	53,169,264	36,248,043	36,248,043
Total Funding		40,878,606	53,197,493		53,168,526	43,747,305	43,747,305	53,169,264	36,248,043	36,248,043
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		40,878,606	53,197,493		53,168,526	43,747,305	43,747,305	53,169,264	36,248,043	36,248,043

Change Level by Appropriation

Appropriation: 2SQ - Community Assistance-Federal
Funding Sources: FAK - Economic Development - Federal

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**53,168,526**	**8**	**53,168,526**	**100.0**	**53,169,264**	**8**	**53,169,264**	**100.0**
C03	Discontinue Program	(9,442,750)	0	43,725,776	82.2	(16,942,750)	0	36,226,514	68.1
C10	Reclass	21,529	0	43,747,305	82.3	21,529	0	36,248,043	68.2

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**53,168,526**	**8**	**53,168,526**	**100.0**	**53,169,264**	**8**	**53,169,264**	**100.0**
C03	Discontinue Program	(9,442,750)	0	43,725,776	82.2	(16,942,750)	0	36,226,514	68.1
C10	Reclass	21,529	0	43,747,305	82.3	21,529	0	36,248,043	68.2
C14	Title Change	0	0	43,747,305	82.3	0	0	36,248,043	68.2

Justification	
C03	The Commission requests reductions in Grants and Aid and the Storm Recovery Grants. These reductions are necessary due to anticipated reductions in federal funding.
C10	The Commission is requesting the creation of a career ladder series. This career ladder will help to eliminate grade level discrepancies among AEDC's five major divisions.
C14	Executive Recommendation provides a Title Change of position G062C AEDC Project/Regional Manager to G062C AEDC Project Consultant.

Analysis of Budget Request

Appropriation: 2ST - State Energy Plan-Federal

Funding Sources: FKE - Department of Energy - Federal

This is one of the major federal programs administered by the Arkansas Economic Development Commission. Federal funding for the State Energy Plan is received from the U.S. Department of Energy and is directed at projects that address the State's needs in energy conservation. This appropriation is also used to expend indirect cost obligations for all federal programs administered by the Department.

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

The Agency Request provides for Base Level of $1,283,818 each year of the biennium and changes resulting in no additional cost that are summarized as follows:

- Reclassification of one (1) position, AEDC Area/Program Representative C122 to AEDC Project/Regional Manager C125.
- Reallocation of $350,000 from Professional Fees to Grants and Aid as approved by Miscellaneous Federal Grant Reallocation July 2014.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 2ST - State Energy Plan-Federal

Funding Sources: FKE - Department of Energy - Federal

Commitment Item		Historical Data 2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	Agency Request and Executive Recommendation 2015-2016 Base Level	2015-2016 Agency	2015-2016 Executive	2016-2017 Base Level	2016-2017 Agency	2016-2017 Executive
Regular Salaries	5010000	147,179	224,578	295,239	226,499	226,499	226,499	226,499	226,499	226,499
#Positions		**6**	**6**	**9**	**6**	**6**	**6**	**6**	**6**	**6**
Personal Services Matching	5010003	72,520	80,994	99,244	82,221	82,221	82,221	82,221	82,221	82,221
Operating Expenses	5020002	61,560	118,273	93,273	118,273	118,273	118,273	118,273	118,273	118,273
Conference & Travel Expenses	5050009	11,947	36,788	11,788	36,788	36,788	36,788	36,788	36,788	36,788
Professional Fees	5060010	88,694	618,085	218,085	618,085	268,085	268,085	618,085	268,085	268,085
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Grants and Aid	5100004	254,782	201,952	151,952	201,952	551,952	551,952	201,952	551,952	551,952
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Total		636,682	1,280,670	869,581	1,283,818	1,283,818	1,283,818	1,283,818	1,283,818	1,283,818
Funding Sources										
Federal Revenue	4000020	636,682	1,280,670		1,283,818	1,283,818	1,283,818	1,283,818	1,283,818	1,283,818
Total Funding		636,682	1,280,670		1,283,818	1,283,818	1,283,818	1,283,818	1,283,818	1,283,818
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		636,682	1,280,670		1,283,818	1,283,818	1,283,818	1,283,818	1,283,818	1,283,818

FY15 Budget exceeds Authorized Appropriation in Operating Expenses, Conference & Travel Expenses, Professional Fees, and Grants and Aid due to a transfer from the Miscellaneous Federal Grant Holding Account.

Change Level by Appropriation

Appropriation: 2ST - State Energy Plan-Federal
Funding Sources: FKE - Department of Energy - Federal

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**1,283,818**	**6**	**1,283,818**	**100.0**	**1,283,818**	**6**	**1,283,818**	**100.0**
C04	Reallocation	0	0	1,283,818	100.0	0	0	1,283,818	100.0
C10	Reclass	0	0	1,283,818	100.0	0	0	1,283,818	100.0

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**1,283,818**	**6**	**1,283,818**	**100.0**	**1,283,818**	**6**	**1,283,818**	**100.0**
C04	Reallocation	0	0	1,283,818	100.0	0	0	1,283,818	100.0
C10	Reclass	0	0	1,283,818	100.0	0	0	1,283,818	100.0
C14	Title Change	0	0	1,283,818	100.0	0	0	1,283,818	100.0

Justification	
C04	Reallocating $350,000 from Professional Fees to Grants and Aid.
C10	The Commission is requesting the creation of a career ladder series. This career ladder will help to eliminate grade level discrepancies among AEDC's five major divisions.
C14	Executive Recommendation provides a Title Change of position G062C AEDC Project/Regional Manager to G062C AEDC Project Consultant.

Analysis of Budget Request

Appropriation: 55L - Technology Development

Funding Sources: MTL - Technology Acceleration Fund

The Technology Development Program was established by Act 806 of 2009 to provide a means to deliver investment incentives to attract and retain development in the State by high technology centered businesses. Any use of this program requires a proposal made by this agency, the Arkansas Science and Technology Authority, and the Arkansas Development Finance Authority, that is approved by the Governor. Funding may be received from several sources, such as gifts, bequests, grants, emergency funds, bond proceeds, service charges, or interagency transfers, but centers on the probability of federal funding from the U.S. Department of Commerce.

The Agency Request provides for Base Level of $30,000,000 each year of the biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 55L - Technology Development
Funding Sources: MTL - Technology Acceleration Fund

	Historical Data			Agency Request and Executive Recommendation					
	2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item	**Actual**	**Budget**	**Authorized**	**Base Level**	**Agency**	**Executive**	**Base Level**	**Agency**	**Executive**
Technology Acceleration Prgm 5900046	0	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000
Total	0	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000
Funding Sources									
Federal Revenue 4000020	0	30,000,000		30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000
Total Funding	0	30,000,000		30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	0	30,000,000		30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000

Analysis of Budget Request

Appropriation: 56N - Energy Efficiency Arkansas-Cash

Funding Sources: NDE - Energy Efficiency - Cash in Treasury

The Energy Efficiency Arkansas - Cash in Treasury appropriation was originally authorized by request from the Cash Fund Holding Account in January, 2008. Funding for this program is received from various energy companies operating within the State for the Quick Start Statewide Energy Efficiency Program mandated by the Public Service Commission.

Base Level is $1,877,191 each year of the biennium.

The Agency's Change Level Request provides for a reduction of ($470,245) each year of the biennium and reflects the following:

- Reclassification of one (1) position from a Training Project Manager C120 to AEDC Project/Regional Manager C125 resulting in no additional cost.
- Professional Fees of ($470,245) each year due to decreasing cash revenues from utility company audits.

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

Appropriation Summary

Appropriation: 56N - Energy Efficiency Arkansas-Cash

Funding Sources: NDE - Energy Efficiency - Cash in Treasury

		Historical Data			Agency Request and Executive Recommendation					
		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	78,005	80,713	80,257	82,119	82,119	82,119	82,119	82,119	82,119
#Positions		**2**	**2**	**2**	**2**	**2**	**2**	**2**	**2**	**2**
Personal Services Matching	5010003	22,476	28,340	27,194	28,927	28,927	28,927	28,927	28,927	28,927
Operating Expenses	5020002	71,381	93,900	93,900	93,900	93,900	93,900	93,900	93,900	93,900
Conference & Travel Expenses	5050009	1,500	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Professional Fees	5060010	361,632	1,220,245	1,927,205	1,220,245	750,000	750,000	1,220,245	750,000	750,000
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Grants and Aid	5100004	353,553	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Total		888,547	1,875,198	2,580,556	1,877,191	1,406,946	1,406,946	1,877,191	1,406,946	1,406,946
Funding Sources										
Fund Balance	4000005	1,339,158	836,507		66,510	66,510	66,510	0	259,564	259,564
Cash Fund	4000045	385,896	1,105,201		1,600,000	1,600,000	1,600,000	1,400,000	1,400,000	1,400,000
Total Funding		1,725,054	1,941,708		1,666,510	1,666,510	1,666,510	1,400,000	1,659,564	1,659,564
Excess Appropriation/(Funding)		(836,507)	(66,510)		210,681	(259,564)	(259,564)	477,191	(252,618)	(252,618)
Grand Total		888,547	1,875,198		1,877,191	1,406,946	1,406,946	1,877,191	1,406,946	1,406,946

FY15 Budget amount in Regular Salaries and Personal Services Matching exceeds the authorized amount due to salary and matching rate adjustments during the 2013-2015 Biennium.
Expenditure of appropriation is contingent upon available funding.

Change Level by Appropriation

Appropriation: 56N - Energy Efficiency Arkansas-Cash
Funding Sources: NDE - Energy Efficiency - Cash in Treasury

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**1,877,191**	**2**	**1,877,191**	**100.0**	**1,877,191**	**2**	**1,877,191**	**100.0**
C03	Discontinue Program	(470,245)	0	1,406,946	74.9	(470,245)	0	1,406,946	74.9
C10	Reclass	0	0	1,406,946	74.9	0	0	1,406,946	74.9

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**1,877,191**	**2**	**1,877,191**	**100.0**	**1,877,191**	**2**	**1,877,191**	**100.0**
C03	Discontinue Program	(470,245)	0	1,406,946	74.9	(470,245)	0	1,406,946	74.9
C10	Reclass	0	0	1,406,946	74.9	0	0	1,406,946	74.9
C14	Title Change	0	0	1,406,946	74.9	0	0	1,406,946	74.9

Justification	
C03	A reduction to the Energy Efficiency Arkansas program is necessary as result of anticipated declines in cash funds. The Commission requests reducing Professional Fees by $470,245 each year of the biennium.
C10	The Commission is requesting the creation of a career ladder series. This career ladder will help to eliminate grade level discrepancies among AEDC's five major divisions.
C14	Executive Recommendation provides a Title Change of position G062C AEDC Project/Regional Manager to G062C AEDC Project Consultant.

Analysis of Budget Request

Appropriation: F11 - Clean Cities

Funding Sources: NDE - Clean Cities Coalition - Cash in Treasury

The Arkansas Clean Cities Coalition Program - Cash In Treasury was established by a Cash Fund Holding Account request that was approved in June, 2012. This program facilitates working groups to explore issues associated with the use of alternative fuels and alternative fuel vehicles, to initiate education and training programs, to encourage vehicle manufacturers to participate in the Arkansas market, and to promote research, development, and investment in alternative fuel vehicle projects.

Funding is derived from grants administered by various pass through agencies, contracted by the nationwide Clean Cities Program by the U.S. Department of Energy.

The Agency Request provides for Base Level of $189,005 each year of the biennium.

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

Appropriation Summary

Appropriation: F11 - Clean Cities

Funding Sources: NDE - Clean Cities Coalition - Cash in Treasury

		Historical Data			Agency Request and Executive Recommendation					
		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	5,022	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Conference & Travel Expenses	5050009	4,761	8,750	8,750	8,750	8,750	8,750	8,750	8,750	8,750
Professional Fees	5060010	3,000	105,255	105,255	105,255	105,255	105,255	105,255	105,255	105,255
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Grants and Aid	5100004	3,734	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Total		16,517	189,005	189,005	189,005	189,005	189,005	189,005	189,005	189,005
Funding Sources										
Fund Balance	4000005	32,224	46,058		68,779	68,779	68,779	74,774	74,774	74,774
Cash Fund	4000045	30,351	211,726		195,000	195,000	195,000	161,000	161,000	161,000
Total Funding		62,575	257,784		263,779	263,779	263,779	235,774	235,774	235,774
Excess Appropriation/(Funding)		(46,058)	(68,779)		(74,774)	(74,774)	(74,774)	(46,769)	(46,769)	(46,769)
Grand Total		16,517	189,005		189,005	189,005	189,005	189,005	189,005	189,005

Expenditure of appropriation is contingent upon available funding.

Analysis of Budget Request

Appropriation: F99 - Weatherization Program

Funding Sources: FKE - Weatherization Program - Federal

The Weatherization Assistance Program (WAP) is funded by the U.S. Department of Energy. Low Income Home Energy Assistance Program (LAHEAP) is funded by a grant from the Department of Human Services. WAP was transferred from the Department of Human Service to the Commission by Act 1111 of 2013. Both programs administer grants to assist low income Arkansans to improve the energy efficiency of their homes.

Base Level provides $5,738,783 each year of the biennium.

The Agency Request provides for $2,565,984 each year and includes the following:

- Reclassification of one (1) position DHS/DCO Program Manager C120 to Energy Program Coordinator C120.
- Weatherization Program restoration of $2,565,984 in appropriation each year of the biennium to ensure sufficient appropriation for additional federal funding.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: F99 - Weatherization Program

Funding Sources: FKE - Weatherization Program - Federal

		Historical Data			Agency Request and Executive Recommendation					
		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	186,645	194,258	181,266	193,426	193,426	193,426	193,426	193,426	193,426
#Positions		**5**	**5**	**5**	**5**	**5**	**5**	**5**	**5**	**5**
Personal Services Matching	5010003	66,643	69,124	66,691	69,591	69,591	69,591	69,591	69,591	69,591
Operating Expenses	5020002	170,664	19,500	19,500	19,500	19,500	19,500	19,500	19,500	19,500
Conference & Travel Expenses	5050009	8,553	6,750	6,750	6,750	6,750	6,750	6,750	6,750	6,750
Professional Fees	5060010	16,662	13,500	13,500	13,500	13,500	13,500	13,500	13,500	13,500
Data Processing Services	5900044	0	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Weatherization Assistance Progra	5900046	3,889,774	5,434,016	8,000,000	5,434,016	8,000,000	8,000,000	5,434,016	8,000,000	8,000,000
Total		4,338,941	5,739,148	8,289,707	5,738,783	8,304,767	8,304,767	5,738,783	8,304,767	8,304,767
Funding Sources										
Federal Revenue	4000020	4,338,941	5,739,148		5,738,783	8,304,767	8,304,767	5,738,783	8,304,767	8,304,767
Total Funding		4,338,941	5,739,148		5,738,783	8,304,767	8,304,767	5,738,783	8,304,767	8,304,767
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		4,338,941	5,739,148		5,738,783	8,304,767	8,304,767	5,738,783	8,304,767	8,304,767

FY15 Budget amount in Regular Salaries and Personal Services Matching exceeds the authorized amount due to salary and matching rate adjustments during the 2013-2015 Biennium.

Change Level by Appropriation

Appropriation: F99 - Weatherization Program
Funding Sources: FKE - Weatherization Program - Federal

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**5,738,783**	**5**	**5,738,783**	**100.0**	**5,738,783**	**5**	**5,738,783**	**100.0**
C01	Existing Program	2,565,984	0	8,304,767	144.7	2,565,984	0	8,304,767	144.7
C10	Reclass	0	0	8,304,767	144.7	0	0	8,304,767	144.7

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**5,738,783**	**5**	**5,738,783**	**100.0**	**5,738,783**	**5**	**5,738,783**	**100.0**
C01	Existing Program	2,565,984	0	8,304,767	144.7	2,565,984	0	8,304,767	144.7
C10	Reclass	0	0	8,304,767	144.7	0	0	8,304,767	144.7

Justification	
C01	The Commission is requesting restoration of $2,565,984 in appropriation to the Weatherization Assistance Program in order to ensure sufficient appropriation for any additional federal funding received.
C10	The Commission is requesting the creation of a career ladder series. This career ladder will help to eliminate grade level discrepancies among AEDC's five major divisions.

Analysis of Budget Request

Appropriation: H07 - Quick Action Closing

Funding Sources: MQA - Quick Action Closing Fund

Established by Arkansas Code 19-5-1231 The Quick Action Closing Fund is comprised mainly of funding transferred from the General Revenue Allotment Reserve Fund. The Fund is utilized by the Arkansas Economic Development Commission, in conjunction with other incentives, to attract new businesses and economic development to the state and to retain existing businesses. This appropriation was originally established as a capital project.

Base Level for the program is $50,000,000 both year of the biennium.

The Agency Request provides for Base Level.

The Executive recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: H07 - Quick Action Closing

Funding Sources: MQA - Quick Action Closing Fund

		Historical Data			Agency Request and Executive Recommendation					
		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item		**Actual**	**Budget**	**Authorized**	**Base Level**	**Agency**	**Executive**	**Base Level**	**Agency**	**Executive**
Grants and Aid	5100004	16,435,647	50,000,000	50,000,000	50,000,000	50,000,000	50,000,000	50,000,000	75,000,000	75,000,000
Total		16,435,647	50,000,000	50,000,000	50,000,000	50,000,000	50,000,000	50,000,000	75,000,000	75,000,000
Funding Sources										
Fund Balance	4000005	45,318,524	31,854,315		31,854,315	31,854,315	31,854,315	31,854,315	31,854,315	31,854,315
General Improvement Fund	4000265	0	50,000,000		50,000,000	50,000,000	50,000,000	0	0	0
Other	4000370	2,971,438	0		0	0	0	0	0	0
Total Funding		48,289,962	81,854,315		81,854,315	81,854,315	81,854,315	31,854,315	31,854,315	31,854,315
Excess Appropriation/(Funding)		(31,854,315)	(31,854,315)		(31,854,315)	(31,854,315)	(31,854,315)	18,145,685	18,145,685	18,145,685
Grand Total		16,435,647	50,000,000		50,000,000	50,000,000	50,000,000	50,000,000	50,000,000	50,000,000

*Previously authorized as a capital project. Expenditure of appropriation is contingent upon available funding.
The Other amount is comprised of a prior year refund to expenditure and grant refund.

Analysis of Budget Request

Appropriation: M70 - New Markets Performance Program

Funding Sources: MNM - New Markets Performance Program

Arkansas Economic Development Commission administers the New Market Tax Credit program created by Act 1474 of 2013. The program allows business entities to earn credits against their state premium tax liability based on equity investments in community development entities that are invested in low income community businesses. Revenues in the fund are derived from application fees and a refundable performance fee.

The Agency Request provides for Base Level of $875,781 each year of the biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: M70 - New Markets Performance Program

Funding Sources: MNM - New Markets Performance Program

	Historical Data			Agency Request and Executive Recommendation					
	2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Refunds/Reimbursements 5110014	0	875,781	875,781	875,781	875,781	875,781	875,781	875,781	875,781
Total	0	875,781	875,781	875,781	875,781	875,781	875,781	875,781	875,781
Funding Sources									
Miscellaneous Revolving 4000350	0	875,781		875,781	875,781	875,781	875,781	875,781	875,781
Total Funding	0	875,781		875,781	875,781	875,781	875,781	875,781	875,781
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	0	875,781		875,781	875,781	875,781	875,781	875,781	875,781

Appropriation Summary

Appropriation: C32 - Incentive Plans-Cash

Funding Sources: 113 - Arkansas Industrial Development - Cash in Bank

	Historical Data			Agency Request and Executive Recommendation					
	2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Incentive Plans 5900046	0	450	1,261	0	0	0	0	0	0
Total	0	450	1,261	0	0	0	0	0	0
Funding Sources									
Fund Balance 4000005	450	450		0	0	0	0	0	0
Total Funding	450	450		0	0	0	0	0	0
Excess Appropriation/(Funding)	(450)	0		0	0	0	0	0	0
Grand Total	0	450		0	0	0	0	0	0

APPROPRIATION NOT REQUESTED FOR THE 2015-2017 BIENNIUM

Appropriation Summary

Appropriation: C34 - Trade & International Investment-Cash

Funding Sources: 113 - Arkansas Industrial Development - Cash in Bank

	Historical Data			Agency Request and Executive Recommendation					
	2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item	**Actual**	**Budget**	**Authorized**	**Base Level**	**Agency**	**Executive**	**Base Level**	**Agency**	**Executive**
Trade & Inter Invest Exp 5900046	0	3,088	8,785	0	0	0	0	0	0
Total	0	3,088	8,785	0	0	0	0	0	0
Funding Sources									
Fund Balance 4000005	3,086	3,088		0	0	0	0	0	0
Cash Fund 4000045	2	0		0	0	0	0	0	0
Total Funding	3,088	3,088		0	0	0	0	0	0
Excess Appropriation/(Funding)	(3,088)	0		0	0	0	0	0	0
Grand Total	0	3,088		0	0	0	0	0	0

APPROPRIATION NOT REQUESTED FOR THE 2015-2017 BIENNIUM

Appropriation Summary

Appropriation: C35 - Existing Business Resource Program - Cash

Funding Sources: 127 - Department of Energy - Cash in Bank

	Historical Data			Agency Request and Executive Recommendation					
	2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item	**Actual**	**Budget**	**Authorized**	**Base Level**	**Agency**	**Executive**	**Base Level**	**Agency**	**Executive**
Existing Business 5900046	0	6,375	26,505	0	0	0	0	0	0
Total	0	6,375	26,505	0	0	0	0	0	0
Funding Sources									
Fund Balance 4000005	6,370	6,375		0	0	0	0	0	0
Cash Fund 4000045	5	0		0	0	0	0	0	0
Total Funding	6,375	6,375		0	0	0	0	0	0
Excess Appropriation/(Funding)	(6,375)	0		0	0	0	0	0	0
Grand Total	0	6,375		0	0	0	0	0	0

APPROPRIATION NOT REQUESTED FOR THE 2015-2017 BIENNIUM

Appropriation Summary

Appropriation: C36 - Petroleum Violation Escrow-Cash

Funding Sources: 127 - Department of Energy - Cash in Bank

	Historical Data			Agency Request and Executive Recommendation					
	2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid 5100004	56,267	0	404,489	0	0	0	0	0	0
Total	56,267	0	404,489	0	0	0	0	0	0
Funding Sources									
Fund Balance 4000005	56,267	0		0	0	0	0	0	0
Total Funding	56,267	0		0	0	0	0	0	0
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	56,267	0		0	0	0	0	0	0

APPROPRIATION NOT REQUESTED FOR THE 2015-2017 BIENNIUM

DEPARTMENT OF EMERGENCY MANAGEMENT

Enabling Laws

Act 222 of 2014
A.C.A. §12-75-101 et seq.

History and Organization

The Arkansas Department of Emergency Management ("ADEM") initially established as the State Civil Defense Agency by Act 321 of 1953, was first located at Camp Robinson and attached to the Arkansas National Guard for administrative support. In 1957, the Agency relocated from the high-risk war targets of Little Rock and Little Rock AFB to the Conway City Hospital.

Act 156 of 1959 changed the Agency's title to Executive Office of Civil Defense and Disaster Relief. This began an evolutionary process of changing the Agency's function from nuclear war preparedness to preparing local governments and state agencies for an all hazard approach to emergencies and disasters.

In 1965, the Agency moved into an underground facility in Conway. This center provided nearly 100% protection from nuclear fallout and would sustain up to 100 persons for a period of two weeks without any outside sources of power, water, food or other necessities. It is here the Governor and his key staff would come in the event of a nuclear or terrorist attack. The facility was manned 24 hours per day, 7 days a week.

Act 38 of 1971 reorganized all state government agencies into thirteen major departments. This Agency was placed in the Department of Planning. Legislative research revealed a vague relationship with the Department in addition to a poor definition of the Agency's mission and goals.

Act 511 of 1973 changed the Executive Office of Civil Defense and Disaster Relief to the Office of Emergency Services, placed the Agency in the Department of Public Safety and clarified the Agency's mission and responsibilities.

Act 45 of 1981 abolished the Department of Public Safety. Since then, the Office of Emergency Services has been a separate agency reporting directly to the Governor. Act 646 of 1999 changed the Agency's title to Arkansas Department of Emergency Management (ADEM).

Following the September 11, 2001, terrorist attack on the nation, the Governor designated the ADEM Director as the Homeland Security Adviser for Arkansas, and ADEM as the state administrative agency for Homeland Security.

In June 2007 the Agency moved from the Conway location to the newly built State Emergency Operations Center located on Camp Robinson. The 39,180 sq. ft. building is designed to withstand an F4 tornado, contains water supply; emergency power; un-interruptible power supply; chemical filtration for HVAC; bunk capacity; showers; full kitchen facility; and secure communications capability. Additional communications include; Arkansas Wireless Information Network System, land-line telephone, RADSAT MSAT satellite phones, Arkansas Crime Information Center, National Warning System, Arkansas Nuclear One Headline and Radio Amateur Civil Emergency Services.

Since 2008, the State's Emergency Operations Center stood up on multiple occasions to assist the citizens of Arkansas cope with 17 federally declared and numerous state declared disasters including flooding, ice storms, and tornados. The Governor has held several press conferences from the facility while representatives from the Emergency Support Functions worked together to provide the necessary resources to our local jurisdictions.

Act 442 of 2013 ensures continued broadband expansion for rural areas of the state. As a part of this, ADEM will work with the Arkansas 911 Rural Enhancement Program to fund Smart 911 and Smart Prepare throughout the state as well as work with the Arkansas Blue Ribbon Committee on Local 911 Systems to perform a detailed and comprehensive study of local 911 systems across the state.

STATUTORY RESPONSIBILITY: The Arkansas Department of Emergency Management is mandated by Act 511 of 1973 (A.C.A. §12-75-101 et al.) to establish and maintain a management system that, to the extent possible, effectively provides mitigation of and recovery from the effects of natural and man-made (including war) disasters.

PRIMARY ACTIVITIES: The above mandate is accomplished through programs (briefly described below) designed to incorporate an all hazards approach to risks within Arkansas; assist volunteers and other organizations to participate in an all hazards approach to risks within local areas; develop systems and procedures to rapidly deploy mitigation and recovery resources; continually exercise all plans and systems, evaluate results and make modifications; and coordinate the efforts of all organizations to insure an effective response to disasters. The Agency's employees, in addition to taking care of their daily activities as program managers, planners, accountants, administrative assistants, etc., must respond to disasters anywhere in the state with very little notice. They work under minimum supervision to provide direct support for response and recovery activities.

HOMELAND SECURITY **-** The Governor has designated the Agency Director as Arkansas' Homeland Security Adviser. Administration of the State's Homeland Security Program as well as management and administrative responsibilities for all grants received from the Department of Homeland Security/FEMA have been assigned to the Arkansas Department of Emergency Management.

EMERGENCY OPERATIONS - Maintains a 24/7 watch to receive emergency warnings, reports of occurrences, requests for assistance, and other information; coordinates activities of all forces responding to requests for assistance from local governments; dispatches disaster

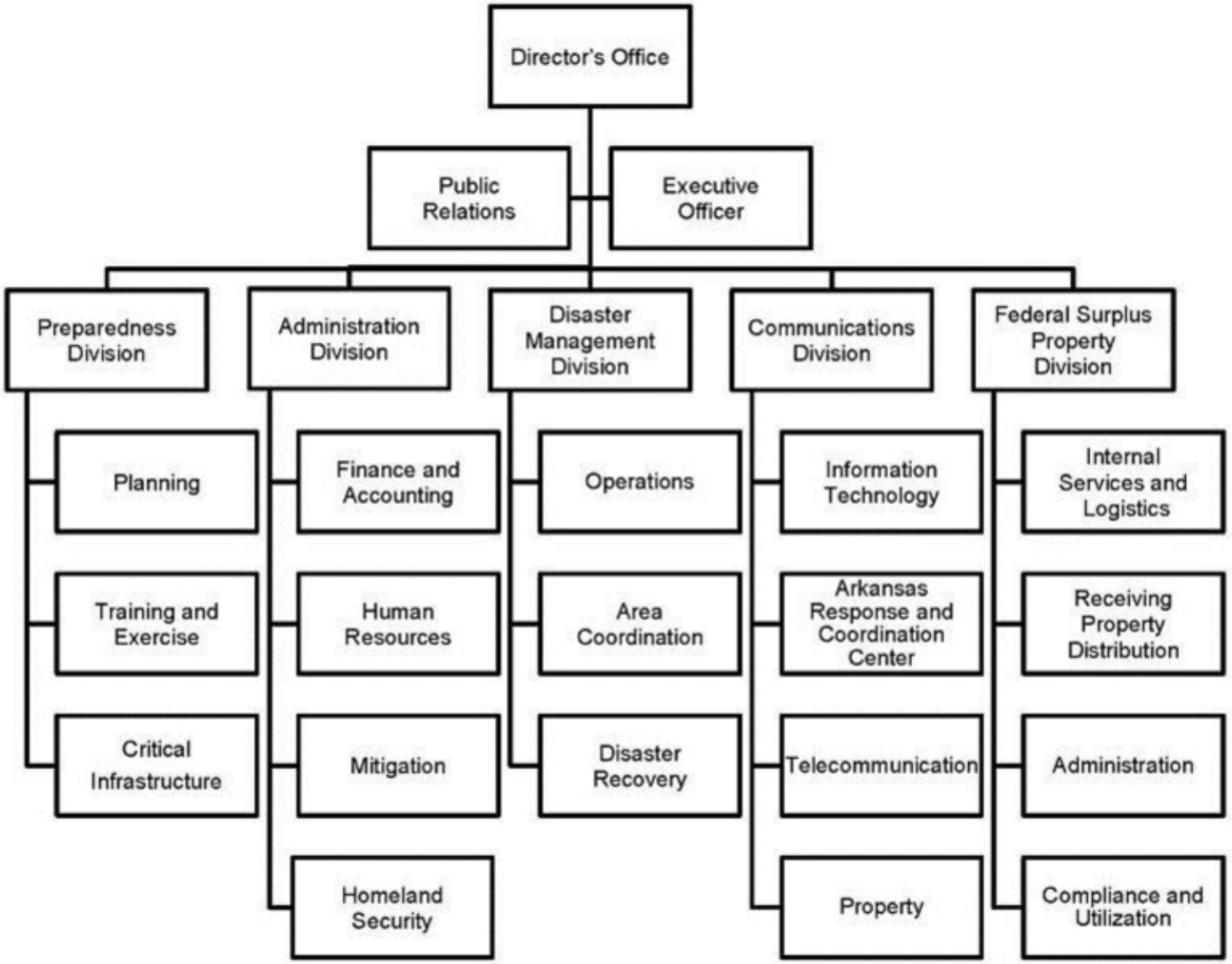
response teams to make damage surveys and assist local officials in coordination of relief activities; operates a 24-hour a day statewide warning and communications system for alerting state agencies and local governments to the threat or occurrence of natural or man-made disasters. The Agency is the state warning point for the National Warning System (NAWAS). This system is also used to coordinate disaster response activities.

DISASTER ASSISTANCE - Provides state and federal financial assistance to state agencies and local governments for the repair or replacement of public facilities damaged or destroyed by disasters. Provides advice to the Governor, and upon his request, collects the necessary data and prepares his letter to the President requesting federal assistance. Develops and processes local government and nonprofit organization applications to receive federal financial assistance for public damages, hazard mitigation projects as well as residents covered under the Individual and Family Assistance programs.

PREPAREDNESS - Maintains currency of State Emergency Operations Plan. Provides day to day guidance and assistance to local governments and other state agencies in developing and maintaining annexes to support the State in developing and updating emergency operations plans. Provides emergency management training to local and state emergency management personnel through seminars, workshops, conferences, etc. The program also provides emergency preparedness information to schools, industry and other non-governmental organizations. This program includes exercising all emergency plans and procedures.

INFORMATION TECHNOLOGY - Oversees all of our radio, cellular communications, and automatic data processing equipment. Provides guidance and technical assistance in purchasing, training, and operations of all Automatic Data Processing (ADP), cellular, and radio equipment for this agency and local government emergency management organizations; assists local governments and other state agencies in obtaining federal funds to purchase and maintain radios, ADP and other emergency equipment.

FEDERAL SURPLUS PROPERTY - Provides new and slightly used equipment and goods that have been released for disposal by Federal programs. These items are donated to state and local governments through the FSP program for a slight fee to cover the administrative cost of procuring and disbursing the goods. This program saves the state and local governments thousands of dollars each year.


Director's Office
Public Relations
Executive Officer
Preparedness Division
Administration Division
Disaster Management Division
Communications Division
Federal Surplus Property Division
Planning
Training and Exercise
Critical Infrastructure
Finance and Accounting
Human Resources
Mitigation
Homeland Security
Operations
Area Coordination
Disaster Recovery
Information Technology
Arkansas Response and Coordination Center
Telecommunication
Property
Internal Services and Logistics
Receiving Property Distribution
Administration
Compliance and Utilization

Agency Commentary

The Arkansas Department of Emergency Management (ADEM) maintains a 24-hour/7-day watch to receive emergency warnings, reports of occurrences, requests for assistance and other information. ADEM's responsibilities include the following: coordinate activities of all forces responding to requests for assistance from local governments, ensure resource coordination for all areas requiring assistance, dispatch preliminary damage assessment teams to affected areas, provide state and federal assistance to state agencies and local governments for the repair or replacement of public facilities damaged or destroyed by natural or man-caused disasters. The Agency also provides advice to the Governor and upon his request, collects the necessary data and prepares his letter for the President requesting federal assistance, provides day-to-day guidance and assistance to local governments of Arkansas in developing and maintaining annexes to support the EOP's (Emergency Operation Plans) and assists local governments in developing and updating local EOP's.

ADEM provides emergency management training to local and state emergency management personnel through seminars, workshops and conferences. ADEM provides emergency information to schools, industry and other non-governmental organizations, maintains numerous information and telecommunications systems necessary to coordinate disaster response and recovery efforts, provides funding, guidance and technical assistance and in some cases full support to outside organizations related to these systems. At this time ADEM is approximately 95% federally funded, so grant management and administration is vital to the programs provided by ADEM.

ADEM has responded to numerous federally and State declared disasters in the past several years. The State has seen destruction from ice storms, tornados and flooding that continue to disrupt the lives of our citizens. The receipt of a Federal declaration brings additional federal dollars into the State for assistance in the form of Individual Assistance, Public Assistance and Mitigation Grants whereas State declared disasters utilize the Governor's Disaster Fund to aid the survivors of the disaster.

ADEM employees in addition to being planners, accountants, administrative assistants, etc. taking care of the daily duties of their positions, must respond to disasters anywhere in the State with little notice. They work under minimum supervision to provide direct support for recovery activities.

Following the September 11, 2001, terrorist attack on the Nation, the Governor designated the ADEM Director as Arkansas' Homeland Security Adviser. Administrative responsibilities for Homeland Security and the grants provided from the Department of Homeland Security/FEMA have also been assigned to the Arkansas Department of Emergency Management.

In order for this Agency to move forward in catastrophic planning, increase the level of preparedness for all training statewide and meet the increased demands of Homeland Security we request the following:

Homeland Security (1EM)
Request at base level budget amount.

Federal Surplus Property (59K)
Request Capital Outlay of $250,000 for the purchase of equipment needed for the program to continue to acquire property from federal facilities in multiple states. Replacement of an over the road diesel truck with high mileage and maintenance costs is needed as well as an additional flat bed trailer and box trailer. Security of the facility with a large inventory of property is a continuing problem. An arm gate for the facility entrance is also requested from Capital Outlay funds.

Job audits were conducted on all eighteen (18) positions in the Federal Surplus Property Division. In order to reflect actual job requirements of these positions, the agency is requesting multiple classification changes totaling $33,993 for SFY16 and $34,131 for SFY17 in salaries and benefits for each year.

Classification title changes are also requested to add "ADEM" to the title of each position to accurately portray each position's emergency management roles.

State Operations (219)
Request to restore appropriation for four (4) positions that were not budgeted in SFY15. The agency's position CAP is set at hundred (100) although there are hundred and four (104) positions authorized in SFY15 for the agency. A request to increase the position CAP will be made as soon at least 95% of the vacancies are filled. Two (2) of the un-budgeted positions are currently filled and it is expected that the remaining two (2) will be filled by the new biennium.

Request Capital Outlay to replace three (3) aging computer servers and to purchase an ARCGIS server for the agency mapping software is requested to ensure agency mapping capabilities in the event of a major catastrophic event such as an earthquake in the New Madrid fault. This appropriation will share in the cost of the items with three (3) other appropriations (220, 221 and 613) so only $10,000 is requested for its' share.

Reallocation changes to move appropriation from Professional Fees & Services to Operating Expenses is requested to more accurately reflect agency spending needs and to use available federal dollars to the fullest extent.

Reclassification changes are requested on three (3) positions to more accurately reflect actual job requirements and to match other positions in the agency performing similar duties.

Classification title changes are requested to include "ADEM" in the title of all positions to portray each position's emergency management roles.

Federal Operations (220)
Request Capital Outlay for three (3) aging computer servers and to purchase an ARCGIS server for the agency mapping software to ensure agency mapping capabilities in the event of a major catastrophic event such as an earthquake in the New Madrid fault. Three (3) other appropriations (219, 221 and 613) will share in the cost of the servers with a share of this appropriation at $48,000.

Request a classification change for a position from ADEM Program Coordinator to ADEM Program Manager to reflect the job duties of the manager of the new Critical Infrastructure Branch.

Classification title changes are requested to include "ADEM" in the title of all positions to portray each position's emergency management roles.

Disaster Relief Grants (221)
Request Capital Outlay for three (3) aging computer servers and to purchase an ARCGIS server for the agency mapping software to ensure agency mapping capabilities in the event of a major catastrophic event such as an earthquake in the New Madrid fault. Three (3) other appropriations (219, 220 and 613) will share in the cost of the servers with a share of this appropriation at $10,000.

Request to retain a cross-grade.

Classification title changes are requested to include "ADEM" in the title of all positions to portray each position's emergency management roles.

Emergency Operations Center-Cash (38V)
Request at base level budget amount.

Hazardous Materials (613)
Request reallocation changes to move appropriation from Professional Fees & Services to Operating Expenses is requested to more accurately reflect agency spending needs and to use available federal dollars to the fullest extent.

Request Capital Outlay for three (3) aging computer servers and to purchase an ARCGIS server for the agency mapping software to ensure agency mapping capabilities in the event of a major catastrophic event such as an earthquake in the New Madrid fault. Three (3) other appropriations (219, 220 and 221) will share in the cost of the servers with a share of this appropriation at $48,000.

Request classification title changes to include "ADEM" in the title of all positions to portray each position's emergency management roles.

Disaster Relief Trust (740)
Request a $95,000 increase to Assistance Grants & Aid to more closely match the current fund balance for this appropriation.

Radiological Emergency Response Grants (950)
Request at base level budget amount.

911 Rural Enhancements (F65)
Request Capital Outlay of $8,000. The Blue Ribbon Committee overseeing these funds is expected to make assignments concerning these funds. With these assignments unknown at this time, Capital Outlay is requested for estimated equipment items that may need to be purchased.

Request increase of $29,576 to allow for increases in the travel costs associated with the Board members as well as the travel for our staff member to travel throughout the state to the over 120 911 dispatch sites.

The agency is also requesting a classification title change to include "ADEM" in the title of this position to portray its emergency management role.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
ARKANSAS DEPARTMENT OF EMERGENCY MANAGEMENT

FOR THE YEAR ENDED JUNE 30, 2013

Findings	Recommendations
None	None

State Contracts Over $50,000 Awarded To Minority Owned Businesses Fiscal Year 2014

None

Employment Summary

	Male	Female	Total	%
White Employees	39	41	80	87 %
Black Employees	7	3	10	11 %
Other Racial Minorities	2	0	2	2 %
Total Minorities			12	13 %
Total Employees			92	100 %

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				
N/A	N/A	N	N	0	N/A	0	0.00

Department Appropriation Summary

Appropriation		Historical Data 2013-2014 Actual	Pos	2014-2015 Budget	Pos	2014-2015 Authorized	Pos	Agency Request and Executive Recommendation 2015-2016 Base Level	Pos	Agency	Pos	Executive	Pos	2016-2017 Base Level	Pos	Agency	Pos	Executive	Pos
1EM	Homeland Security	29,818	0	30,000	0	30,000	0	30,000	0	30,000	0	30,000	0	30,000	0	30,000	0	30,000	0
219	State Operations	3,644,015	63	3,763,203	62	4,039,815	66	3,799,923	62	3,951,628	66	3,947,796	66	3,802,568	62	3,954,411	66	3,950,441	66
220	Federal Operations	8,503,959	11	34,480,296	10	34,584,549	10	34,485,600	10	34,534,769	10	34,533,600	10	34,485,600	10	34,534,769	10	34,533,600	10
221	Disaster Relief Grants	36,240,689	6	103,939,365	6	103,960,263	6	103,943,272	6	103,953,272	6	103,953,272	6	103,943,272	6	103,953,272	6	103,953,272	6
38V	Emergency Operations Center - Cash	70,000	0	241,972	0	296,851	0	241,972	0	241,972	0	241,972	0	241,972	0	241,972	0	241,972	0
59K	ADEM Federal Surplus Property Prgm	1,840,017	18	1,992,867	18	2,072,901	18	2,002,778	18	2,286,771	18	2,252,778	18	2,003,534	18	2,287,665	18	2,253,534	18
613	Hazardous Materials	320,516	2	569,816	3	586,249	3	571,329	3	619,329	3	619,329	3	571,329	3	619,329	3	619,329	3
740	Disaster Relief Trust	0	0	350,000	0	350,000	0	350,000	0	445,000	0	445,000	0	350,000	0	445,000	0	445,000	0
950	Radiological Emergency Response Grants	76,180	0	40,000	0	40,000	0	40,000	0	40,000	0	40,000	0	40,000	0	40,000	0	40,000	0
F65	911 Rural Enhancements	2,849,009	1	2,969,935	1	3,000,000	1	2,962,424	1	3,000,000	1	3,000,000	1	2,962,424	1	3,000,000	1	3,000,000	1
Total		53,574,203	102	148,377,454	100	148,960,628	104	148,427,298	100	149,102,741	104	149,063,747	104	148,430,699	100	149,106,418	104	149,067,148	104

Funding Sources			%		%		%		%		%		%		%		%
Fund Balance	4000005	1,491,075	2.7	1,755,909	1.2	983,378	0.7	983,378	0.7	983,378	0.7	651,697	0.4	320,936	0.2	320,936	0.2
General Revenue	4000010	2,033,624	3.7	2,027,408	1.4	1,907,462	1.3	1,983,315	1.3	1,907,462	1.3	1,908,784	1.3	1,984,706	1.3	1,908,784	1.3
Federal Revenue	4000020	46,536,807	84.1	140,335,456	94.0	140,501,333	94.5	140,636,354	94.5	140,559,333	94.5	140,502,656	94.7	140,637,746	94.9	140,560,656	95.0
Special Revenue	4000030	2,156,313	3.9	2,214,059	1.5	2,214,059	1.5	2,214,059	1.5	2,214,059	1.5	2,214,953	1.5	2,214,953	1.5	2,214,953	1.5
Cash Fund	4000045	3,026,436	5.5	3,013,000	2.0	3,013,000	2.0	3,013,000	2.0	3,013,000	2.0	3,013,000	2.0	3,013,000	2.0	3,013,000	2.0
Intra-agency Fund Transfer	4000317	51,305	0.1	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
M & R Sales	4000340	19,552	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Transfer from Health Dept	4000511	15,000	0.0	15,000	0.0	15,000	0.0	15,000	0.0	15,000	0.0	15,000	0.0	15,000	0.0	15,000	0.0
Total Funds		55,330,112	100.0	149,360,832	100.0	148,634,232	100.0	148,845,106	100.0	148,692,232	100.0	148,306,090	100.0	148,186,341	100.0	148,033,329	100.0
Excess Appropriation/(Funding)		(1,755,909)		(983,378)		(206,934)		257,635		371,515		124,609		920,077		1,033,819	
Grand Total		53,574,203		148,377,454		148,427,298		149,102,741		149,063,747		148,430,699		149,106,418		149,067,148	

Variance in fund balance due to unfunded appropriation in (38V) Emergency Operations Center - Cash, (740) Disaster Relief Trust, and (59K) ADEM Federal Surplus Property Prgm.

Agency Position Usage Report

FY2012 - 2013						FY2013 - 2014						FY2014 - 2015					
Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused
	Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total	
100	88	12	100	0	12.00 %	104	92	8	100	4	11.54 %	104	96	4	100	4	7.69 %

Analysis of Budget Request

Appropriation: 1EM - Homeland Security

Funding Sources: HUA - Miscellaneous Agencies Fund

The Department of Emergency Management has been designated by the federal government to be the administrative agency for the State's share of funding under the Homeland Security Act. The Department of Emergency Management is responsible for informing the general public and individuals involved in emergency response activities and implementing the provisions of the Act for Arkansas. This appropriation provides for the program of emergency preparedness services to state agencies and local governments. The program is funded with 75% federal funds and 25% state funds.

The Agency is requesting Base Level for each year of the biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 1EM - Homeland Security

Funding Sources: HUA - Miscellaneous Agencies Fund

		Historical Data			Agency Request and Executive Recommendation					
		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	29,818	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
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		29,818	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
Funding Sources										
General Revenue	4000010	7,500	7,500		7,500	7,500	7,500	7,500	7,500	7,500
Federal Revenue	4000020	22,318	22,500		22,500	22,500	22,500	22,500	22,500	22,500
Total Funding		29,818	30,000		30,000	30,000	30,000	30,000	30,000	30,000
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		29,818	30,000		30,000	30,000	30,000	30,000	30,000	30,000

Analysis of Budget Request

Appropriation: 219 - State Operations

Funding Sources: HUA - Miscellaneous Agencies Fund

This appropriation represents the State Operations portion of the Department of Emergency Management. The federal government provides matching funds for day-to-day (non-disaster) operation of the Agency.

For almost twenty (20) years the federal Chemical Stockpile Emergency Preparedness Program ("CSEPP") has paid for data processing purchases/upgrades, installation/monthly costs of connectivity lines, as well as much of the daily operational costs. The CSEPP program is being closed and this source of federal funding will no longer be available.

Additionally, operations costs have increased substantially due to the Agency's move to a new state of the art facility in 2007; a facility three (3) times the size of its previous location in Conway.

Going forward, federal Emergency Management Performance Grant ("EMPG") funding will be the Agency's only source of federal funding to cover daily operational costs. The Agency is allocated EMPG funding sufficient to cover the cost of operations, but the EMPG funding carries a fifty percent (50%) State match requirement.

Base Level Regular Salaries and Personal Services Matching include the continuation of the previously authorized 2015 1% Cost of Living Adjustment and Career Service Payments for eligible employees. Personal Services Matching also includes a $10 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of $420 per month. Base Level salaries and matching do not include appropriation for Merit Pay Increases. The Base Level salary of unclassified positions reflects the FY15 line item maximum plus the previously authorized 2015 1% Cost of Living Adjustment.

The Agency's Change Level requests total $151,705 in FY16, funded with $75,853 in additional general revenue and $151,843 in FY17, funded with $75,922 in additional general revenue, and reflect the following:

- Regular Salaries and Personal Services Matching increases of $141,705 in FY16 and $141,843 in FY17 for the restoration of four (4) positions: one (1) Maintenance Assistant (C108), one (1) Administrative Specialist II (C109), one (1) Telecommunications Specialist (C114), and one (1) Administrative Specialist III (C112). These positions will be used to meet staffing needs of the agency. Also, requesting the reclassification of thirty five (35) various positions and grades to portray each positions' emergency management roles.
- Reallocation of $45,000 from Professional Fees to Operating Expenses each year of the biennium to more accurately reflect anticipated expenses.

- Capital Outlay increase of $10,000 each year of the biennium for the replacement of three (3) servers and one (1) new server for the ARCGIS mapping software to ensure mapping capabilities will remain operational after a catastrophic event. The total cost of $116,000 will be shared between multiple appropriation sections: 219 - State Operations, 220 - Federal Operations, 221 - Disaster Relief Grants, and 613 - Hazardous Materials. Costs associated with these requests are documented in the Agency's IT Plan.

The Executive Recommendation provides for Agency Request in appropriation only and positions, with the exception of the reclassification of thirty five (35) various positions which are not recommended.

Appropriation Summary

Appropriation: 219 - State Operations

Funding Sources: HUA - Miscellaneous Agencies Fund

		Historical Data			Agency Request and Executive Recommendation					
		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	2,286,151	2,339,164	2,517,708	2,362,340	2,461,198	2,458,081	2,364,486	2,463,344	2,460,227
#Positions		**63**	**62**	**66**	**62**	**66**	**66**	**62**	**66**	**66**
Personal Services Matching	5010003	832,977	842,008	940,076	855,552	898,399	897,684	856,051	899,036	898,183
Operating Expenses	5020002	513,886	515,269	515,269	515,269	555,769	555,769	515,269	555,769	555,769
Conference & Travel Expenses	5050009	10,366	11,262	11,262	11,262	11,262	11,262	11,262	11,262	11,262
Professional Fees	5060010	635	55,500	55,500	55,500	15,000	15,000	55,500	15,000	15,000
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	10,000	10,000	0	10,000	10,000
Total		3,644,015	3,763,203	4,039,815	3,799,923	3,951,628	3,947,796	3,802,568	3,954,411	3,950,441
Funding Sources										
General Revenue	4000010	2,026,124	2,019,908		1,899,962	1,975,815	1,899,962	1,901,284	1,977,206	1,901,284
Federal Revenue	4000020	1,616,780	1,743,295		1,899,961	1,975,813	1,899,961	1,901,284	1,977,205	1,901,284
M & R Sales	4000340	1,111	0		0	0	0	0	0	0
Total Funding		3,644,015	3,763,203		3,799,923	3,951,628	3,799,923	3,802,568	3,954,411	3,802,568
Excess Appropriation/(Funding)		0	0		0	0	147,873	0	0	147,873
Grand Total		3,644,015	3,763,203		3,799,923	3,951,628	3,947,796	3,802,568	3,954,411	3,950,441

Change Level by Appropriation

Appropriation: 219 - State Operations
Funding Sources: HUA - Miscellaneous Agencies Fund

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**3,799,923**	**62**	**3,799,923**	**100.0**	**3,802,568**	**62**	**3,802,568**	**100.0**
C01	Existing Program	137,873	4	3,937,796	103.6	137,873	4	3,940,441	103.6
C04	Reallocation	0	0	3,937,796	103.6	0	0	3,940,441	103.6
C08	Technology	10,000	0	3,947,796	103.9	10,000	0	3,950,441	103.9
C10	Reclass	3,832	0	3,951,628	104.0	3,970	0	3,954,411	104.0

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**3,799,923**	**62**	**3,799,923**	**100.0**	**3,802,568**	**62**	**3,802,568**	**100.0**
C01	Existing Program	137,873	4	3,937,796	103.6	137,873	4	3,940,441	103.6
C04	Reallocation	0	0	3,937,796	103.6	0	0	3,940,441	103.6
C08	Technology	10,000	0	3,947,796	103.9	10,000	0	3,950,441	103.9
C10	Reclass	0	0	3,947,796	103.9	0	0	3,950,441	103.9

Justification	
C01	Agency is requesting $137,873 in salaries and match to restore 4 positions they were unable to budget in SFY15 (Maintenance Assistant, Administrative Specialist II, Telecommunications Specialist, Administrative Specialist III). The position CAP for the agency is set at 100 which is 4 below the 104 authorized for the agency. They are currently working to fill all authorized positions and expect to request a CAP increase when 95% of the positions are filled.
C04	Agency is requesting a reallocation to better suit the agency's spending needs, more accurately reflect anticipated expenses each year and ensure that federal dollars are used to the fullest extent.
C08	Agency is requesting Capital Outlay for the replacement of 3 aging servers and the purchase of a new server for the ARCGIS mapping software to ensure agency mapping capabilities will remain operational after a catastrophic event. The cost of the servers will be shared by multiple grants across 4 different appropriations. IT Plan-IT Support-Hardware section.
C10	Agency is requesting salary and benefits for job reclassifications on 3 positions: Two Maintenance Specialist positions to be reclassified to ADEM Maintenance Technicians to more accurately reflect the job duties of maintaining a technically advanced facility and systems, an Administrative Analyst to be reclassifed to an ADEM Grants Analyst to accurately reflect the duties of the position which mirror other Grants Analysts in the agency. The agency is also requesting classification title changes to more accurately reflect the requirements of these positions.

Analysis of Budget Request

Appropriation: 220 - Federal Operations

Funding Sources: FKA - ADEM Federal

This appropriation represents the Federal Operations portion of the Emergency Services Program. This appropriation is fully funded with federal funds made available by the Federal Emergency Management Agency (FEMA).

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

The Agency's Change Level Request is for $49,169 each year of the biennium and reflects the following:

- Regular Salaries and Personal Services Matching increases of $1,169 each year of the biennium for the reclassification of an ADEM Program Coordinator (C118) position to an ADEM Program Manager (C120). Also, reclassifying seven (7) various positions and grades to portray each positions' emergency management roles.
- Capital Outlay increase of $48,000 each year of the biennium for the replacement of three (3) servers and one (1) new server for the ARCGIS mapping software to ensure mapping capabilities will remain operational after a catastrophic event. The total cost of $116,000 will be shared between multiple appropriation sections: 219 - State Operations, 220 - Federal Operations, 221 - Disaster Relief Grants, and 613 - Hazardous Materials. Costs associated with these requests are documented in the Agency's IT Plan.

The Executive Recommendation provides for Base Level, with the addition of $48,000 in Capital Outlay.

Appropriation Summary

Appropriation: 220 - Federal Operations
Funding Sources: FKA - ADEM Federal

		Historical Data			Agency Request and Executive Recommendation					
		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	336,707	357,896	421,018	361,117	362,068	361,117	361,117	362,068	361,117
#Positions		**11**	**10**	**10**	**10**	**10**	**10**	**10**	**10**	**10**
Extra Help	5010001	0	156,438	156,438	156,438	156,438	156,438	156,438	156,438	156,438
#Extra Help		**0**	**7**	**7**	**7**	**7**	**7**	**7**	**7**	**7**
Personal Services Matching	5010003	122,330	145,471	186,602	147,554	147,772	147,554	147,554	147,772	147,554
Overtime	5010006	0	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Operating Expenses	5020002	292,549	755,207	755,207	755,207	755,207	755,207	755,207	755,207	755,207
Conference & Travel Expenses	5050009	125,040	209,780	209,780	209,780	209,780	209,780	209,780	209,780	209,780
Professional Fees	5060010	84,623	1,080,000	1,080,000	1,080,000	1,080,000	1,080,000	1,080,000	1,080,000	1,080,000
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Grants and Aid	5100004	7,537,628	31,760,504	31,760,504	31,760,504	31,760,504	31,760,504	31,760,504	31,760,504	31,760,504
Capital Outlay	5120011	5,082	0	0	0	48,000	48,000	0	48,000	48,000
Total		8,503,959	34,480,296	34,584,549	34,485,600	34,534,769	34,533,600	34,485,600	34,534,769	34,533,600
Funding Sources										
Federal Revenue	4000020	8,503,959	34,480,296		34,485,600	34,534,769	34,533,600	34,485,600	34,534,769	34,533,600
Total Funding		8,503,959	34,480,296		34,485,600	34,534,769	34,533,600	34,485,600	34,534,769	34,533,600
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		8,503,959	34,480,296		34,485,600	34,534,769	34,533,600	34,485,600	34,534,769	34,533,600

Change Level by Appropriation

Appropriation: 220 - Federal Operations
Funding Sources: FKA - ADEM Federal

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**34,485,600**	**10**	**34,485,600**	**100.0**	**34,485,600**	**10**	**34,485,600**	**100.0**
C08	Technology	48,000	0	34,533,600	100.1	48,000	0	34,533,600	100.1
C10	Reclass	1,169	0	34,534,769	100.1	1,169	0	34,534,769	100.1

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**34,485,600**	**10**	**34,485,600**	**100.0**	**34,485,600**	**10**	**34,485,600**	**100.0**
C08	Technology	48,000	0	34,533,600	100.1	48,000	0	34,533,600	100.1
C10	Reclass	0	0	34,533,600	100.1	0	0	34,533,600	100.1

Justification	
C08	Agency is requesting Capital Outlay for the replacement of 3 aging servers and the purchase of a new server for the ARCGIS mapping software to ensure agency mapping capabilities will remain operational after a catastrophic event. The cost of the servers will be shared by multiple grants across 4 different appropriations. IT Plan-IT Support-Hardware Section.
C10	Agency is requesting reclassification of an ADEM Program Coordinator position to an ADEM Program Manager position to more accurately reflect the job duties of this position. This position is the manager for the newly created Critical Infrastructure Branch. The Agency is requesting classification title changes to more accurately reflect the job requirements of these positions.

Analysis of Budget Request

Appropriation: 221 - Disaster Relief Grants

Funding Sources: FMD - ADEM - Disaster Relief Fund

The Federal Disaster Relief Grants program is funded with 100% federal funds. Funding is made available to the State when the President declares a disaster due to natural or man-made causes. This appropriation is for assistance granted to state and local governments and nonprofit organizations in their efforts to restore public facilities after a disaster has occurred.

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

The Agency's Change Level Request is for $10,000 each year of the biennium and reflects the following:

- Reclassification of three (3) various positions and grades to portray each positions' emergency management roles.
- Capital Outlay increase of $10,000 each year of the biennium for the replacement of three (3) servers and one (1) new server for the ARCGIS mapping software to ensure mapping capabilities will remain operational after a catastrophic event. The total cost of $116,000 will be shared between multiple appropriation sections: 219 - State Operations, 220 - Federal Operations, 221 - Disaster Relief Grants, and 613 - Hazardous Materials. Costs associated with these requests are documented in the Agency's IT Plan.

The Executive Recommendation provides for Base Level, with the addition of $10,000 in Capital Outlay.

Appropriation Summary

Appropriation: 221 - Disaster Relief Grants

Funding Sources: FMD - ADEM - Disaster Relief Fund

		Historical Data			Agency Request and Executive Recommendation					
		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	213,062	230,527	250,740	232,828	232,828	232,828	232,828	232,828	232,828
#Positions		**6**	**6**	**6**	**6**	**6**	**6**	**6**	**6**	**6**
Extra Help	5010001	45,229	625,751	625,751	625,751	625,751	625,751	625,751	625,751	625,751
#Extra Help		**4**	**14**	**14**	**14**	**14**	**14**	**14**	**14**	**14**
Personal Services Matching	5010003	83,316	175,492	176,177	177,098	177,098	177,098	177,098	177,098	177,098
Overtime	5010006	666	175,000	175,000	175,000	175,000	175,000	175,000	175,000	175,000
Operating Expenses	5020002	72,083	120,850	120,850	120,850	120,850	120,850	120,850	120,850	120,850
Conference & Travel Expenses	5050009	4,275	64,500	64,500	64,500	64,500	64,500	64,500	64,500	64,500
Professional Fees	5060010	63,860	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Grants and Aid	5100004	35,758,198	102,347,245	102,347,245	102,347,245	102,347,245	102,347,245	102,347,245	102,347,245	102,347,245
Capital Outlay	5120011	0	0	0	0	10,000	10,000	0	10,000	10,000
Total		36,240,689	103,939,365	103,960,263	103,943,272	103,953,272	103,953,272	103,943,272	103,953,272	103,953,272
Funding Sources										
Federal Revenue	4000020	36,240,689	103,939,365		103,943,272	103,953,272	103,953,272	103,943,272	103,953,272	103,953,272
Total Funding		36,240,689	103,939,365		103,943,272	103,953,272	103,953,272	103,943,272	103,953,272	103,953,272
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		36,240,689	103,939,365		103,943,272	103,953,272	103,953,272	103,943,272	103,953,272	103,953,272

Change Level by Appropriation

Appropriation: 221 - Disaster Relief Grants
Funding Sources: FMD - ADEM - Disaster Relief Fund

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**103,943,272**	**6**	**103,943,272**	**100.0**	**103,943,272**	**6**	**103,943,272**	**100.0**
C08	Technology	10,000	0	103,953,272	100.0	10,000	0	103,953,272	100.0
C10	Reclass	0	0	103,953,272	100.0	0	0	103,953,272	100.0

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**103,943,272**	**6**	**103,943,272**	**100.0**	**103,943,272**	**6**	**103,943,272**	**100.0**
C08	Technology	10,000	0	103,953,272	100.0	10,000	0	103,953,272	100.0
C10	Reclass	0	0	103,953,272	100.0	0	0	103,953,272	100.0

Justification	
C08	Agency is requesting Capital Outlay for the replacement of 3 aging servers and the purchase of a new server for the ARCGIS mapping software to ensure agency mapping capabilities will remain operational after a catastrophic event. The cost of the servers will be shared by multiple grants across 4 different appropriations. IT Plan-IT Support-Hardware Section.
C10	The Agency is requesting to retain a crossgrade for this appropriation and is requesting classification title changes to more accurately reflect the job requirements of these positions.

Analysis of Budget Request

Appropriation: 38V - Emergency Operations Center - Cash

Funding Sources: NEM - Sale of Conway EOC - Cash in Treasury

This Cash in Treasury funded appropriation is used to supplement operations and equipment expenses for the new Emergency Operations Center located at Camp Robinson. Funding came from installment payments from the sale of the old Emergency Operations Center in Conway.

The Agency is requesting Base Level each year of the biennium.

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

Appropriation Summary

Appropriation: 38V - Emergency Operations Center - Cash

Funding Sources: NEM - Sale of Conway EOC - Cash in Treasury

		Historical Data			Agency Request and Executive Recommendation					
		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
EOC Expenses	5900046	70,000	241,972	296,851	241,972	241,972	241,972	241,972	241,972	241,972
Total		70,000	241,972	296,851	241,972	241,972	241,972	241,972	241,972	241,972
Funding Sources										
Fund Balance	4000005	283,085	229,972		0	0	0	0	0	0
Cash Fund	4000045	16,887	12,000		12,000	12,000	12,000	12,000	12,000	12,000
Total Funding		299,972	241,972		12,000	12,000	12,000	12,000	12,000	12,000
Excess Appropriation/(Funding)		(229,972)	0		229,972	229,972	229,972	229,972	229,972	229,972
Grand Total		70,000	241,972		241,972	241,972	241,972	241,972	241,972	241,972

Expenditure of appropriation is contingent upon available funding.

Analysis of Budget Request

Appropriation: 59K - ADEM Federal Surplus Property Prgm

Funding Sources: MHW - Federal Surplus Property

The Federal Surplus Property program acts as a broker in securing excess property from the federal government. This property is then made available to state and local governmental units as well as certain eligible schools and hospitals. Operating funds are derived from fees charged for services, which consist of the actual transportation fees and handling charges.

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

The Agency's Change Level requests total a $283,993 increase in FY16 and a $284,131 increase in FY17 and reflect the following:

- Regular Salaries and Personal Services Matching increase of $33,993 in FY16 and $34,131 in FY17 for the reclassification of fourteen (14) positions to more accurately reflect job duties per job audit. Also, requesting the reclassification four (4) various positions and grades to portray each positions' emergency management roles.
- Reallocation of Operating Expenses totaling $42,500 between General Ledger codes each year of the biennium to more accurately reflect anticipated expenses.
- Capital Outlay increase of $250,000 each year of the biennium for the purchase and/or replacement of an over the road diesel truck, box trailer, flatbed trailer, and an arm gate for the facility.

The Executive Recommendation provides for Agency Request, with the exception of the reclassification of eighteen (18) various positions which are not recommended.

Appropriation Summary

Appropriation: 59K - ADEM Federal Surplus Property Prgm
Funding Sources: MHW - Federal Surplus Property

		Historical Data			Agency Request and Executive Recommendation					
		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item		**Actual**	**Budget**	**Authorized**	**Base Level**	**Agency**	**Executive**	**Base Level**	**Agency**	**Executive**
Regular Salaries	5010000	583,358	584,316	653,345	590,398	617,934	590,398	591,009	618,545	591,009
#Positions		**18**	**18**	**18**	**18**	**18**	**18**	**18**	**18**	**18**
Extra Help	5010001	0	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000
#Extra Help		**0**	**6**	**6**	**6**	**6**	**6**	**6**	**6**	**6**
Personal Services Matching	5010003	227,141	234,257	245,262	238,086	244,543	238,086	238,231	244,826	238,231
Overtime	5010006	28,487	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
Operating Expenses	5020002	987,611	1,092,031	1,092,031	1,092,031	1,092,031	1,092,031	1,092,031	1,092,031	1,092,031
Conference & Travel Expenses	5050009	10,345	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Professional Fees	5060010	3,075	15,263	15,263	15,263	15,263	15,263	15,263	15,263	15,263
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	250,000	250,000	0	250,000	250,000
Total		1,840,017	1,992,867	2,072,901	2,002,778	2,286,771	2,252,778	2,003,534	2,287,665	2,253,534
Funding Sources										
Fund Balance	4000005	201,603	332,712		293,904	293,904	293,904	245,185	0	0
Special Revenue	4000030	1,901,380	1,954,059		1,954,059	1,954,059	1,954,059	1,954,953	1,954,953	1,954,953
Intra-agency Fund Transfer	4000317	51,305	0		0	0	0	0	0	0
M & R Sales	4000340	18,441	0		0	0	0	0	0	0
Total Funding		2,172,729	2,286,771		2,247,963	2,247,963	2,247,963	2,200,138	1,954,953	1,954,953
Excess Appropriation/(Funding)		(332,712)	(293,904)		(245,185)	38,808	4,815	(196,604)	332,712	298,581
Grand Total		1,840,017	1,992,867		2,002,778	2,286,771	2,252,778	2,003,534	2,287,665	2,253,534

Change Level by Appropriation

Appropriation: 59K - ADEM Federal Surplus Property Prgm
Funding Sources: MHW - Federal Surplus Property

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**2,002,778**	**18**	**2,002,778**	**100.0**	**2,003,534**	**18**	**2,003,534**	**100.0**
C01	Existing Program	250,000	0	2,252,778	112.5	250,000	0	2,253,534	112.5
C04	Reallocation	0	0	2,252,778	112.5	0	0	2,253,534	112.5
C10	Reclass	33,993	0	2,286,771	114.2	34,131	0	2,287,665	114.2

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**2,002,778**	**18**	**2,002,778**	**100.0**	**2,003,534**	**18**	**2,003,534**	**100.0**
C01	Existing Program	250,000	0	2,252,778	112.5	250,000	0	2,253,534	112.5
C04	Reallocation	0	0	2,252,778	112.5	0	0	2,253,534	112.5
C10	Reclass	0	0	2,252,778	112.5	0	0	2,253,534	112.5

Justification	
C01	The agency is requesting Capital Outlay to purchase or replace equipment items needed for the pickup and transportation of Federal Surplus Property from locations across several states. Items requested include an over the road diesel truck replacement, a flatbed trailer and a box trailer. In addition to these items, the agency requests to purchase an arm gate for security purposes. The items will be purchased in one of the two years of the biennium and will be contingent on donation fee deposits in those years.
C04	Reallocation changes were made to better suit the agency's spending needs in each year and to more accurately reflect agency anticipated expenses.
C10	The agency is requesting multiple reclassification changes for the Federal Surplus Property Division. Job Audits were conducted on all positions within the division to more accurately reflect the job duties required of the positions.

Analysis of Budget Request

Appropriation: 613 - Hazardous Materials

Funding Sources: SMH - Hazardous Materials Emerg Mgmt

The State Office of Hazardous Materials Emergency Management, established by Act 634 of 1995 (A.C.A. § 12-84-101 et seq), implements and enacts emergency planning and supports local emergency planning committees in response and recovery actions related to hazardous/toxic accidents occurring within the State. This appropriation is 50% funded from special revenues collected through annual fees levied on owners of hazardous storage facilities throughout the state and 50% federal matching funds. The Agency is using information obtained from inventory reports to compile a database of hazardous material storage which is made available to local authorities.

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

The Agency's Change Level Request is for $48,000 each year of the biennium and reflects the following:

- Reclassification of two (2) various positions and grades to portray each positions' emergency management roles.
- Reallocation of $54,808 from Professional Fees to Operating Expenses each year of the biennium to more accurately reflect anticipated expenses.
- Capital Outlay increase of $48,000 each year of the biennium for the replacement of three (3) servers and one (1) new server for the ARCGIS mapping software to ensure mapping capabilities will remain operational after a catastrophic event. The total cost of $116,000 will be shared between multiple appropriation sections: 219 - State Operations, 220 - Federal Operations, 221 - Disaster Relief Grants, and 613 - Hazardous Materials. Costs associated with these requests are documented in the Agency's IT Plan.

The Executive Recommendation provides for Agency Request, with the exception of the reclassification of two (2) various positions which are not recommended.

Appropriation Summary

Appropriation: 613 - Hazardous Materials
Funding Sources: SMH - Hazardous Materials Emerg Mgmt

		Historical Data			Agency Request and Executive Recommendation					
		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	80,107	86,274	100,346	87,228	87,228	87,228	87,228	87,228	87,228
#Positions		**2**	**3**	**3**	**3**	**3**	**3**	**3**	**3**	**3**
Extra Help	5010001	0	32,176	32,176	32,176	32,176	32,176	32,176	32,176	32,176
#Extra Help		**0**	**1**	**1**	**1**	**1**	**1**	**1**	**1**	**1**
Personal Services Matching	5010003	30,503	38,136	40,497	38,695	38,695	38,695	38,695	38,695	38,695
Overtime	5010006	0	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Operating Expenses	5020002	161,277	225,630	225,630	225,630	280,438	280,438	225,630	280,438	280,438
Conference & Travel Expenses	5050009	44,879	82,792	82,792	82,792	82,792	82,792	82,792	82,792	82,792
Professional Fees	5060010	3,750	79,808	79,808	79,808	25,000	25,000	79,808	25,000	25,000
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Grants and Aid	5100004	0	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Capital Outlay	5120011	0	0	0	0	48,000	48,000	0	48,000	48,000
Total		320,516	569,816	586,249	571,329	619,329	619,329	571,329	619,329	619,329
Funding Sources										
Fund Balance	4000005	406,295	473,104		293,288	293,288	293,288	111,959	63,959	63,959
Federal Revenue	4000020	153,061	150,000		150,000	150,000	150,000	150,000	150,000	150,000
Special Revenue	4000030	234,264	240,000		240,000	240,000	240,000	240,000	240,000	240,000
Total Funding		793,620	863,104		683,288	683,288	683,288	501,959	453,959	453,959
Excess Appropriation/(Funding)		(473,104)	(293,288)		(111,959)	(63,959)	(63,959)	69,370	165,370	165,370
Grand Total		320,516	569,816		571,329	619,329	619,329	571,329	619,329	619,329

Change Level by Appropriation

Appropriation: 613 - Hazardous Materials
Funding Sources: SMH - Hazardous Materials Emerg Mgmt

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**571,329**	**3**	**571,329**	**100.0**	**571,329**	**3**	**571,329**	**100.0**
C04	Reallocation	0	0	571,329	100.0	0	0	571,329	100.0
C08	Technology	48,000	0	619,329	108.4	48,000	0	619,329	108.4
C10	Reclass	0	0	619,329	108.4	0	0	619,329	108.4

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**571,329**	**3**	**571,329**	**100.0**	**571,329**	**3**	**571,329**	**100.0**
C04	Reallocation	0	0	571,329	100.0	0	0	571,329	100.0
C08	Technology	48,000	0	619,329	108.4	48,000	0	619,329	108.4
C10	Reclass	0	0	619,329	108.4	0	0	619,329	108.4

Justification	
C04	Agency is requesting a reallocation to better suit the agency's spending needs, more accurately reflect anticipated expenses each year and ensure that federal dollars are used to the fullest extent.
C08	Agency is requesting Capital Outlay for the replacement of 3 aging servers and the purchase of a new server for the ARCGIS mapping software to ensure agency mapping capabilities will remain operational after a catastrophic event. The cost of the servers will be shared by multiple grants across 4 different appropriations. IT Plan-IT Support-Hardware Section.
C10	The agency is requesting classification title changes to more accurately reflect the job requirements of these positions.

Analysis of Budget Request

Appropriation: 740 - Disaster Relief Trust

Funding Sources: TDR - Disaster Relief Program Trust

The Arkansas Disaster Relief Program provides assistance to victims of state and/or federally declared disasters. These are funds collected through donations and the Arkansas Income Tax Check Off Program established by Act 1181 of 1997 (A.C.A. § 26-51-2502).

The Agency's Change Level request is for an increase of $95,000 each year of the biennium to allow additional Grants and Aid in the event of a disaster.

The Executive Recommendation provides for Agency Request.

Appropriation Summary

Appropriation: 740 - Disaster Relief Trust

Funding Sources: TDR - Disaster Relief Program Trust

		Historical Data			Agency Request and Executive Recommendation					
		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid	5100004	0	350,000	350,000	350,000	445,000	445,000	350,000	445,000	445,000
Total		0	350,000	350,000	350,000	445,000	445,000	350,000	445,000	445,000
Funding Sources										
Fund Balance	4000005	424,540	445,209		115,209	115,209	115,209	0	0	0
Special Revenue	4000030	20,669	20,000		20,000	20,000	20,000	20,000	20,000	20,000
Total Funding		445,209	465,209		135,209	135,209	135,209	20,000	20,000	20,000
Excess Appropriation/(Funding)		(445,209)	(115,209)		214,791	309,791	309,791	330,000	425,000	425,000
Grand Total		0	350,000		350,000	445,000	445,000	350,000	445,000	445,000

Change Level by Appropriation

Appropriation: 740 - Disaster Relief Trust
Funding Sources: TDR - Disaster Relief Program Trust

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**350,000**	**0**	**350,000**	**100.0**	**350,000**	**0**	**350,000**	**100.0**
C01	Existing Program	95,000	0	445,000	127.1	95,000	0	445,000	127.1

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**350,000**	**0**	**350,000**	**100.0**	**350,000**	**0**	**350,000**	**100.0**
C01	Existing Program	95,000	0	445,000	127.1	95,000	0	445,000	127.1

Justification	
C01	Agency is requesting to increase the balance for Assistance Grants & Aid to more closely match the current fund balance available for this appropriation.

Analysis of Budget Request

Appropriation: 950 - Radiological Emergency Response Grants

Funding Sources: NEM - ADEM Radiological Emergency - Cash in Treasury

This appropriation represents the cash fund of the Department of Emergency Management. Funds deposited into this account are received from the Entergy Corporation to provide for program costs to protect Arkansas citizens from accidental releases of radioactive elements from the nuclear power plant near Russellville.

The Agency is requesting Base Level for each year of the biennium.

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

Appropriation Summary

Appropriation: 950 - Radiological Emergency Response Grants

Funding Sources: NEM - ADEM Radiological Emergency - Cash in Treasury

		Historical Data			Agency Request and Executive Recommendation					
		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item		**Actual**	**Budget**	**Authorized**	**Base Level**	**Agency**	**Executive**	**Base Level**	**Agency**	**Executive**
Operating Expenses	5020002	1,568	20,500	20,500	20,500	20,500	20,500	20,500	20,500	20,500
Conference & Travel Expenses	5050009	0	19,500	19,500	19,500	19,500	19,500	19,500	19,500	19,500
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	74,612	0	0	0	0	0	0	0	0
Total		76,180	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
Funding Sources										
Fund Balance	4000005	175,552	115,717		91,717	91,717	91,717	67,717	67,717	67,717
Cash Fund	4000045	1,345	1,000		1,000	1,000	1,000	1,000	1,000	1,000
Transfer from Health Dept	4000511	15,000	15,000		15,000	15,000	15,000	15,000	15,000	15,000
Total Funding		191,897	131,717		107,717	107,717	107,717	83,717	83,717	83,717
Excess Appropriation/(Funding)		(115,717)	(91,717)		(67,717)	(67,717)	(67,717)	(43,717)	(43,717)	(43,717)
Grand Total		76,180	40,000		40,000	40,000	40,000	40,000	40,000	40,000

Analysis of Budget Request

Appropriation: F65 - 911 Rural Enhancements

Funding Sources: NEM - Arkansas 911 Rual Enhancement Program - Cash in Treasury

This Cash in Treasury funded appropriation is used for personal services and operating expenses of the Arkansas Department of Emergency Management - Arkansas 911 Rural Enhancement Program. Funds for this appropriation comes from $3,000,000 fund transfer from Arkansas High Cost Fund (AHCF), established by Act 442 of 2013 (A.C.A § 23-17-404(e)(6)(A)).

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

The Agency's Change Level Request is for $37,576 each year of the biennium and reflects the following:

- Reclassification of a Planning Specialist to a ADEM Planning Specialist to portray each position's emergency management roles.
- Operating Expense of $29,576 each year of the biennium for the additional costs for Board member and ADEM position travel to meet the requirements of the Blue Ribbon Committee on 911 Rural Enhancement.
- Capital Outlay increase of $8,000 each year of the biennium for various equipment that the Blue Ribbon Committee recommends to be purchased.

The Executive Recommendation provides for Agency Request, with the exception of the reclassification of a Planning Specialist to a ADEM Planning Specialist. Expenditure of appropriation is contingent upon available funding.

Appropriation Summary

Appropriation: F65 - 911 Rural Enhancements

Funding Sources: NEM - Arkansas 911 Rual Enhancement Program - Cash in Treasury

		Historical Data			Agency Request and Executive Recommendation					
		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	10,688	29,251	55,422	29,543	29,543	29,543	29,543	29,543	29,543
#Positions		**1**	**1**	**1**	**1**	**1**	**1**	**1**	**1**	**1**
Personal Services Matching	5010003	4,879	11,624	15,518	11,821	11,821	11,821	11,821	11,821	11,821
Operating Expenses	5020002	832,774	916,060	916,060	916,060	945,636	945,636	916,060	945,636	945,636
Conference & Travel Expenses	5050009	668	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Professional Fees	5060010	0	0	0	0	0	0	0	0	0
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Grants and Aid	5100004	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Capital Outlay	5120011	0	8,000	8,000	0	8,000	8,000	0	8,000	8,000
Total		2,849,009	2,969,935	3,000,000	2,962,424	3,000,000	3,000,000	2,962,424	3,000,000	3,000,000
Funding Sources										
Fund Balance	4000005	0	159,195		189,260	189,260	189,260	226,836	189,260	189,260
Cash Fund	4000045	3,008,204	3,000,000		3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
Total Funding		3,008,204	3,159,195		3,189,260	3,189,260	3,189,260	3,226,836	3,189,260	3,189,260
Excess Appropriation/(Funding)		(159,195)	(189,260)		(226,836)	(189,260)	(189,260)	(264,412)	(189,260)	(189,260)
Grand Total		2,849,009	2,969,935		2,962,424	3,000,000	3,000,000	2,962,424	3,000,000	3,000,000

Change Level by Appropriation

Appropriation: F65 - 911 Rural Enhancements
Funding Sources: NEM - Arkansas 911 Rual Enhancement Program - Cash in Treasury

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**2,962,424**	**1**	**2,962,424**	**100.0**	**2,962,424**	**1**	**2,962,424**	**100.0**
C01	Existing Program	37,576	0	3,000,000	101.3	37,576	0	3,000,000	101.3
C10	Reclass	0	0	3,000,000	101.3	0	0	3,000,000	101.3

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**2,962,424**	**1**	**2,962,424**	**100.0**	**2,962,424**	**1**	**2,962,424**	**100.0**
C01	Existing Program	37,576	0	3,000,000	101.3	37,576	0	3,000,000	101.3
C10	Reclass	0	0	3,000,000	101.3	0	0	3,000,000	101.3

Justification	
C01	The agency is requesting Capital Outlay for this program in anticipation of requests from the Blue Ribbon Committee on 911 Rural Enhancement. Assignments from the committee will not be known until the new biennium. The Agency is requesting Operating Expenses increase for the additional costs for Board travel as well as ADEM position travel to meet the requirements of the Blue Ribbon Committee on 911 Rural Enhancement.
C10	The agency is requesting a classification title change to more accurately reflect the job requirements of this position.

ARKANSAS ETHICS COMMISSION

Enabling Laws

Act 73 of 2014
Initiated Act 1 of 1990, as amended.
A.C.A. §7-6-217

History and Organization

The Arkansas Ethics Commission was created as a result of the passage of Initiated Act 1 of 1990. Its purpose is to serve as the compliance and enforcement agency with respect to various ethics and public disclosure laws applicable to candidates for public office, state and local public officials, public servants, lobbyists, political parties, political committees, and persons involved with initiatives, referenda, and other matters referred to voters within the State of Arkansas.

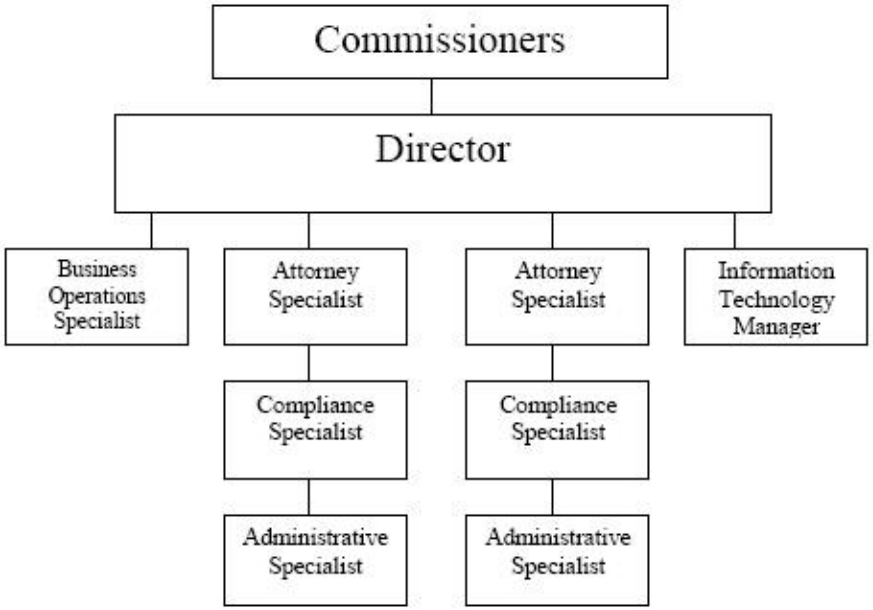
Initiated Act 1 of 1990, popularly known as "The Standards of Conduct and Disclosure Act for Candidates and Political Campaigns," charged the Commission with the responsibility of governing the campaign finance activities of candidates for public office, candidate committees, and political action committees. It also set new limits on the amount individual citizens could contribute to parties, candidates, and political action committees. In addition to its authority to administer the laws governing campaign finance, the Commission was given authority to administer Initiated Act No. 1 of 1988 and Act No. 34 of 1999. The first Act, popularly known as "The Disclosure Act for Lobbyists and State and Local Officials," governs the relationship between elected and appointed state, county, and municipal public officials and possible non-government or otherwise conflicting financial interests. In addition, this Act governs the registration and activities of lobbyists. The second Act, which concerns "Constitutional Officers and Their Spouses," places certain restrictions on the entering into of employment, lease agreements, contracts or grants with any state agency. Each of these Acts requires significant disclosure by the persons within its scope.

The Commission itself is composed of five (5) members appointed to five-year staggered terms by the Governor, the Lieutenant Governor, the Attorney General, the President Pro Tempore of the Senate, and the Speaker of the House of Representatives, respectively. Members of the Commission serve without compensation, but may receive reimbursement for expenses incurred in the performance of their official duties. The Commission has a nine (9) member staff comprised of a Director, two (2) Attorney Specialists, two (2) Compliance Specialists, an Information Technology Manager, a Business Operations Specialist, and two (2) Administrative Specialists.

The Commission, with the assistance of its staff, performs the following specific duties and responsibilities in accordance with the requirements of the law: (1) investigates alleged violations of ethics and public disclosure laws and determines whether a violation has

occurred; (2) issues sanctions for violations of ethics and public disclosure laws and/or makes referrals for criminal prosecution; (3) conducts review exercises to determine whether required disclosure documents are being filed; (4) prepares and distributes educational materials and conducts training sessions for candidates, elected and appointed officials, lobbyists, political committees, and ballot and legislative question committees; (5) issues advisory opinions concerning ethics and public disclosure laws; (6) promulgates rules to implement and administer ethics and public disclosure laws; (7) holds a monthly public meeting and conducts public hearings; (8) answers questions regarding ethics and public disclosure laws and rules on a daily, informal basis; (9) prepares and updates disclosure forms, instructions, and calendars used by public officials, lobbyists, political parties, political committees, candidates for public office, and ballot and legislative question committees; (10) administers a reminder notice program for candidates for public office, public officials, lobbyists, political parties, and political committees; (11) maintains report files on all ballot and legislative question committees registered in accordance with the Disclosure Act for Public Initiatives, Referenda, and Measures Referred to Voters; (12) makes information publicly accessible in an electronic form via the internet; (13) responds to requests for public records under the Freedom of Information Act; and (14) brings civil actions in circuit court to enforce orders entered in proceedings before the Commission.

The Commission promotes openness and accountability in government through a balanced approach of (i) interpreting, investigating compliance with, and issuing sanctions for proven violations of the laws under its jurisdiction, and (ii) providing assistance in the form of education, training, and reminder notices to persons required to comply with those laws.



Agency Commentary

The Arkansas Ethics Commission (AEC) is the compliance and enforcement agency with respect to a wide variety of ethics and public disclosure laws applicable to: candidates for public office, state and local public officials, public servants, lobbyists, political parties, political committees, and persons involved with ballot measures presented to voters. The AEC currently has a five (5) member board and a nine (9) member staff to serve the citizens of the State of Arkansas.

When the AEC was formed in 1990, it was comprised of just three (3) employees. Prior to 2000 (in 1995 and 1999), additional staff positions were added to bring the number of agency employees to its current level of nine (9) employees consisting of 1 Director, 2 Attorney Specialists, 2 Compliance Specialists, 2 Administrative Specialists III, 1 Business Operations Specialist, and 1 Information Technology Manager.

Over time, the issues which citizens utilize the AEC's complaint process to address have become increasingly more involved. As a result, the expertise and man hours required to investigate the often multi-level issues presented in citizen complaints has increased significantly. With the advent of immediate online availability of disclosure filings by political candidates, committees, and public servants, the nature of the allegations contained in citizen complaints being filed with the AEC has become more complex.

Request for Additional Positions:
With regard to the upcoming biennium, the AEC has reached a cross-roads at which it is necessary to expand its staff in order to continue to effectively accomplish the agency's mission of compliance and enforcement functions with respect to the laws under its jurisdiction. Based upon the foregoing, the AEC is seeking to add the following additional positions: 1 Managing Attorney at a salary of $57,914 per year, 1 Staff Attorney at a salary of $50,029 per year, and 1 Compliance Specialist at a salary of $35,554 per year.

Request for Additional Operating Expenses:
With regard to operating expenses, the AEC is requesting increases in connection with (i) the relocation of the AEC's office which has been requested by the AEC's Board, and (ii) cost elements due to the addition of 3 staff positions.

Turning first to the relocation of the AEC's office, the space the AEC currently occupies is cramped and requires staff to juggle seating and presentation needs to accommodate board members, staff, complainants, respondents, and witnesses involved in case presentations, as well as members of the public and media in attendance during AEC board meetings. It is noted that the term of the AEC's current office lease will expire at the close of FY 2015. In accordance with the request of the AEC's board to relocate to more suitable office space, the AEC is requesting an increase in its operating expenses for the cost elements for (i) Rent of Facilities in the amount of $19,680 for both years of the biennium, and (ii) Hauling & Moving Expenses in the amount of $3,500 for 2015-2016.

Turning to the remaining cost elements in the AEC's request for an increase in its operating expenses, such elements are related to the AEC's personnel request and are as follows for both years of the biennium: (i) Network Services, due to technology requirements in accordance with the AEC's Information and Technology Plan (email/telephone/connectivity, etc.) for 3 additional staff positions in the amount of $1,500; (ii) Employee Mileage, due to mileage reimbursement for 3 additional staff positions, all of whom conduct both investigations state-wide and training sessions state-wide in the amount of $600; and (iii) License & Permit, due to the Arkansas Supreme Court License Fee for licensed attorneys for 3 additional staff positions in the amount of $400.

Summary:
In summary, the AEC seeks three (3) additional staff positions as set forth above and increases in operations funding in the amounts of $25,680 for 2015-2016 and $22,180 for 2016-2017. These positions and amounts are both reasonable and necessary to ensure the AEC's objective to promote openness and accountability in government, including the enforcement of the laws under its jurisdiction. The AEC submits this request in order to continue to effectively provide agency services and enforce the laws under its jurisdiction.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
ARKANSAS ETHICS COMMISSION

FOR THE YEAR ENDED JUNE 30, 2013

Findings	Recommendations
None	None

State Contracts Over $50,000 Awarded To Minority Owned Businesses Fiscal Year 2014

None

Employment Summary

	Male	Female	Total	%
White Employees	3	3	6	75 %
Black Employees	0	1	1	12 %
Other Racial Minorities	0	1	1	13 %
Total Minorities			2	25 %
Total Employees			8	100 %

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				
N/A	N/A	N	N	0	N/A	0	0.00

Agency Position Usage Report

FY2012 - 2013						FY2013 - 2014						FY2014 - 2015					
Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused
	Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total	
9	8	1	9	0	11.11 %	9	8	1	9	0	11.11 %	9	8	1	9	0	11.11 %

Analysis of Budget Request

Appropriation: 192 - Ethics Operations

Funding Sources: HUA - Miscellaneous Agencies Fund

The Arkansas Ethics Commission enforces Arkansas' standards of conduct and disclosure laws concerning candidates for public office, state and local public officials, lobbyists and committees, individuals involved with initiatives, referendums and other matters referred to the voters. The Commission is composed of a five (5) member board and a nine (9) member staff.

Base Level Regular Salaries and Personal Services Matching include continuation of the previously authorized 2015 1% Cost of Living Adjustment and Career Service Payments for eligible employees. Personal Services Matching also includes a $10 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of $420 per month. Base Level salaries and matching do not include appropriation for Merit Pay Increases. The Base Level salary of unclassified positions reflects the FY15 line item maximum plus the previously authorized 2015 1% Cost of Living Adjustment.

Base Level includes appropriation and general revenue funding of $713,506 in each year of the biennium with nine (9) Regular positions and two (2) Extra Help positions as well as supporting operating costs.

The Change Level Requests submitted are $216,584 in FY16 and $213,084 in FY17 and are summarized as follows:

- Three (3) new positions: (1) managing attorney, (1) staff attorney and (1) compliance specialist with Regular Salaries and Personal Services Matching totaling $190,904 each year.
- Operating Expenses increase of $25,680 if FY16 and $22,180 in FY17 to support the overhead associated with the three (3) positions totaling $2,500 each year; $3,500 in FY16 to support a move to a larger facility; rent increase of $19,680 both years of the biennium, and a reallocation of cost elements based on audit recommendation.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 192 - Ethics Operations

Funding Sources: HUA - Miscellaneous Agencies Fund

		Historical Data			Agency Request and Executive Recommendation					
		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	451,111	464,383	485,273	469,088	612,585	612,585	469,688	613,185	613,185
#Positions		**9**	**9**	**9**	**9**	**12**	**12**	**9**	**12**	**12**
Extra Help	5010001	0	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
#Extra Help		**0**	**2**	**2**	**2**	**2**	**2**	**2**	**2**	**2**
Personal Services Matching	5010003	146,221	148,743	150,913	151,020	198,427	198,427	151,156	198,563	198,563
Operating Expenses	5020002	88,840	88,898	88,898	88,898	114,578	114,578	88,898	111,078	111,078
Conference & Travel Expenses	5050009	2,175	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
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		688,347	706,524	729,584	713,506	930,090	930,090	714,242	927,326	927,326
Funding Sources										
General Revenue	4000010	688,347	706,524		713,506	930,090	930,090	714,242	927,326	927,326
Total Funding		688,347	706,524		713,506	930,090	930,090	714,242	927,326	927,326
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		688,347	706,524		713,506	930,090	930,090	714,242	927,326	927,326

Change Level by Appropriation

Appropriation: 192 - Ethics Operations
Funding Sources: HUA - Miscellaneous Agencies Fund

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**713,506**	**9**	**713,506**	**100.0**	**714,242**	**9**	**714,242**	**100.0**
C01	Existing Program	213,084	3	926,590	129.9	213,084	3	927,326	129.8
C02	New Program	3,500	0	930,090	130.4	0	0	927,326	129.8
C04	Reallocation	0	0	930,090	130.4	0	0	927,326	129.8

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**713,506**	**9**	**713,506**	**100.0**	**714,242**	**9**	**714,242**	**100.0**
C01	Existing Program	213,084	3	926,590	129.9	213,084	3	927,326	129.8
C02	New Program	3,500	0	930,090	130.4	0	0	927,326	129.8
C04	Reallocation	0	0	930,090	130.4	0	0	927,326	129.8

Justification	
C01	The increase in Operating Expenses is in connection with the relocation of the Ethics Commission's office which has been requested by the Commission's Board and cost elements due to the addition of three (3) new staff positions. With regard to Rent of Facilities, the increase is associated with the agency need to relocate to larger office space. The space the Ethics Commission currently occupies is cramped and requires staff to juggle seating and presentation needs to accommodate board members, staff, complainants, respondents, and witnesses involved in case presentations, as well as members of the public and media in attendance during Ethics Commission board meetings. The increase in Network Services is due to technology requirements (email/telephone/connectivity, etc.) for 3 additional staff positions. The increase in Employee Mileage is due to mileage reimbursement for 3 additional staff positions, all of whom conduct both investigations state-wide and training sessions state-wide. The increase in License & Permit is due to the Arkansas Supreme Court License Fee for licensed attorneys for 3 additional staff positions.
C02	The requested amount is for moving expenses associated with the agency need to relocate to larger office space as set forth above.
C04	The Change Level Request for a negative amount for Other Rent and Leases and the addition of a new cost element (Cable Services) is to replace one cost element for another based upon audit recommendation to change the GL Code for this operations expense. Accordingly, no increase is sought, rather a replacement of the cost element is requested.

ARKANSAS DEPARTMENT OF HEALTH

Enabling Laws

Act 283 of 2014
Act 146 of 2014
Act 4 of 2009
Act 393 of 2009
Act 384 of 2007
EO 07-05, PROCLAMATION of Governor Mike Beebe, May 2, 2007
Act 2306 of 2005
Act 2310 of 2005
Act 1954 of 2005

A.C.A 20-7-101 et seq. (Act 96 of 1913), 20-13-201 et seq., 20-15-101 et seq., 20-16-101 et seq., 20-30-101 et seq., 20-56-200 et seq., 20-57-101 et seq., 20-59-101 et seq., 20-60-101 et seq., 20-64-101 et seq., 20-76-101 et seq., 25-9-101 et seq., 27-101-102 et seq., 5-64-101 et seq., 5-65-101 et seq., 5-75-101 et seq., 5-76-101 et seq., 11-5-201 et seq., 14-236-101 et seq., 14-262-101 et seq., 17-33-101 et seq., 17-38-101 et seq., 17-92-101 et seq., 17-104-101 et seq., 17-106-101 et seq., 19-12-101 et seq., 20-8-101 et seq., 20-9-101 et seq., 20-10-801 et seq., 20-27-201 et seq., 20-27-1501 et seq., 20-28-101 et seq., 20-30-101 et seq., 23-85-137 et seq., 23-86-118 et seq., 23-99-701 et seq., and 27-23-112 et seq.

History and Organization

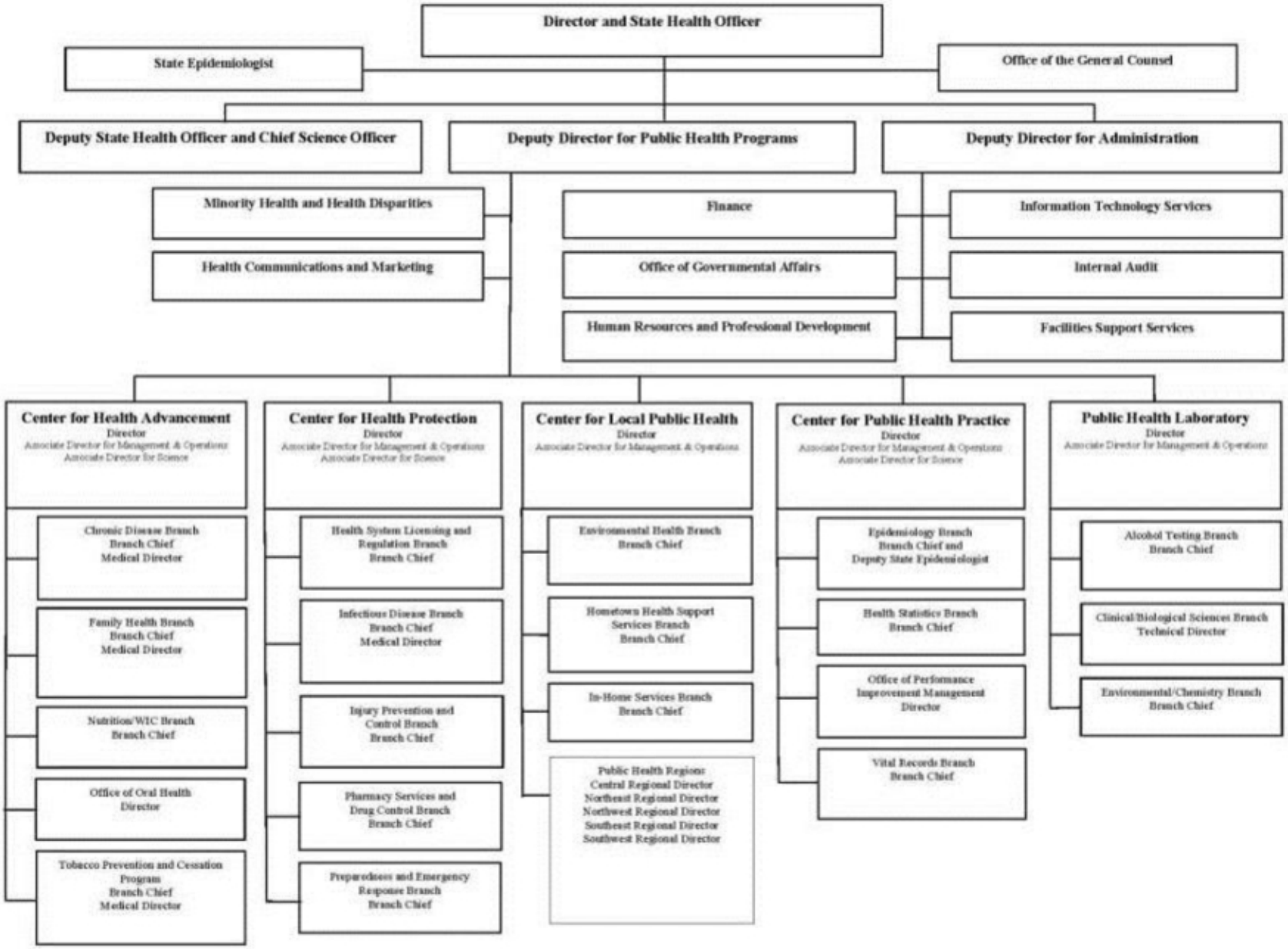
Act 38 of 1971 created the Arkansas Department of Health as a cabinet level agency. Act 1954 of 2005 merged the Arkansas Department of Health into the Department of Human Services and renamed the Agency the Department of Health and Human Services. Act 384 of 2007 gave the Governor the authority to separate the Division of Health out of the Arkansas Department of Health and Human Services and reestablish an Arkansas Department of Health [Department]. The Governor executed the final separation in Executive Order 07-05 on May 2, 2007. The Arkansas Board of Health[Board] was created in 1913, the State Board of Health serves as the rule making authority for the Department and policy advisory body, and has specific statutory authority in issues related to public health. The Director of the Department of Health serves at the pleasure of the Governor and acts as the Secretary of the Board and State Health Officer. With the approval of the Board, the Governor may appoint a Surgeon General who shall serve as a cabinet level advisor to the Governor.

The Department delivers a broad range of public health preventive and regulatory services statewide. Approximately 3,000 public health workers across Arkansas are employed by the Department to provide these services.

In addition to two central office locations, the agency has 94 Local Health Units. Local Health Units are established and maintained through joint efforts of state, county and local governments. The Department is organized into five organization units called *Centers*: Center for Health Advancement, Center for Health Protection, Center for Local Public Health, Center for Public Health Practice and the Public Health laboratory.

Act 393 of 2009 the legislature created a comprehensive trauma care system under the auspices of the Department and Board of Health. This system provides guidelines for the care of trauma victims and is fully integrated with all available resources, including, but not limited to, existing emergency medical services providers, hospitals, or other health care providers that would like to participate in the program.

The mission of the Arkansas Department of Health is to protect and improve the health and well-being of all Arkansans.


Director and State Health Officer
State Epidemiologist
Office of the General Counsel
Deputy State Health Officer and Chief Science Officer
Deputy Director for Public Health Programs
Deputy Director for Administration
Minority Health and Health Disparities
Health Communications and Marketing
Finance
Office of Governmental Affairs
Human Resources and Professional Development
Information Technology Services
Internal Audit
Facilities Support Services
Center for Health Advancement
Director
Associate Director for Management & Operations
Associate Director for Science
Chronic Disease Branch
Branch Chief
Medical Director
Family Health Branch
Branch Chief
Medical Director
Nutrition/WIC Branch
Branch Chief
Office of Oral Health
Director
Tobacco Prevention and Cessation Program
Branch Chief
Medical Director
Center for Health Protection
Director
Associate Director for Management & Operations
Associate Director for Science
Health System Licensing and Regulation Branch
Branch Chief
Infectious Disease Branch
Branch Chief
Medical Director
Injury Prevention and Control Branch
Branch Chief
Pharmacy Services and Drug Control Branch
Branch Chief
Preparedness and Emergency Response Branch
Branch Chief
Center for Local Public Health
Director
Associate Director for Management & Operations
Environmental Health Branch
Branch Chief
Hometown Health Support Services Branch
Branch Chief
In-Home Services Branch
Branch Chief
Public Health Regions:
Central Regional Director
Northeast Regional Director
Northwest Regional Director
Southeast Regional Director
Southwest Regional Director
Center for Public Health Practice
Director
Associate Director for Management & Operations
Associate Director for Science
Epidemiology Branch
Branch Chief and
Deputy State Epidemiologist
Health Statistics Branch
Branch Chief
Office of Performance Improvement Management
Director
Vital Records Branch
Branch Chief
Public Health Laboratory
Director
Associate Director for Management & Operations
Alcohol Testing Branch
Branch Chief
Clinical/Biological Sciences Branch
Technical Director
Environmental/Chemistry Branch
Branch Chief

Agency Commentary

Approval is requested in the Regular Salaries and Personal Services Matching line items and the continued restoration of 302 authorized positions within Health Operations and 12 authorized positions within Tobacco Prevention and Cessation. These positions have traditionally been restored and allow the Agency flexibility to utilize positions according to the need to provide critical services to the citizens of Arkansas.

The request also includes the reclassification of 9 positions to better align with the job duties and a change in position title for 7 positions.

An Agency transfer is requested to move the 3 positions and associated fringe, as well as the maintenance and operations appropriation from fund center F66 Medicaid Provider Appeals to fund center 34P Health Operations Paying. This movement will allow ADH to cost allocate expenses more efficiently for the Medicaid Provider Appeal service.

Funded appropriation is requested in several fund centers to restore appropriation to funding levels. Unfunded appropriation is requested up to the authorized amount allowing the flexibility to utilize additional federal and other funding sources.

The restoration of Capital Outlay is requested for the normal replacement of necessary equipment for the local health units, Public Health Lab equipment and other program operations.

A request to increase the current fee schedule is submitted for food service permits and licensure fees. These increases will stabilize the program areas ensuring sufficient funding to continue services at the current level.

The Arkansas Department of Health (ADH) has 94 local health units located in 75 counties. Each of the health units has telehealth capabilities allowing them to have real-time video interfacing to promote access to care particularly in rural areas. In addition, the ADH provides 4 types of services through these statewide units:

Clinical Services are provided to prevent disease, illness and injury; protect against health threats and share knowledge with the community. These services are an essential and cost-effective public investment.

- Infectious Disease Prevention and Control services identify and treat tuberculosis and sexually transmitted infections; provide testing, counseling and prevention education for HIV; maintain surveillance for infectious diseases and intervene to prevent or manage outbreaks.
- Immunizations services include childhood and adult immunizations for diseases such as influenza, tetanus, diphtheria, pertussis, measles and polio. ADH provided more than 400,000 immunizations during FY13.
- Breast and Cervical Cancer Prevention and Control provides breast and cervical cancer screenings, diagnosis and treatment to women over age 40 that are uninsured or underinsured. Over 25,000 screenings were completed in FY13.

- Women, Infants and Children (WIC) program provides vouchers to purchase nutritious foods to supplement diets, nutrition counseling and breastfeeding education and support to low-income eligible pregnant women, new mothers and children up to age 5. There are 102 WIC clinic sites in 75 counties that served an average of 93,461 participants each month in FY13.
- Women's Health Services provides, for women of childbearing age, access to family planning, pregnancy testing, prenatal care and other services designed to avoid unwanted pregnancy, improve birth outcomes and maintain health.

In-Home Services encompasses an array of healthcare programs and services provided under physicians' orders to patients in their homes and other settings. The goal is to offer all eligible Arkansans an opportunity to receive safe, effective and cost-efficient health care services at home. All of these services can be accessed through local health units.

- Home Health allows patients recovering from a serious illness or living with a chronic disease to receive skilled nursing; physical, occupational and speech therapy; nurse aide and social work services.
- Personal Care/ElderChoices provide assistance with activities of daily living such as hygiene, diet (including meal preparation), household chores, respite for caregivers and other services that promote independent living at home and delay or prevent the need to go to a nursing home.
- Hospice is a special caring service for terminally ill patients who wish to remain with family at home.
- Maternal Infant is a short-term program designed to get expectant mothers and infants off to a good start.
- Community-based Case Management for the Elderly assists older Arkansans who have difficulty with daily living activities and need multiple services that require coordination at the community level.

Environmental Health Services works to prevent premature death and avoidable illness and disability that may result from interactions between people and the environment.

- Food and milk programs ensure the safety of consumer products at the manufacturing, wholesale and retail levels. In FY13, the ADH inspected over 29,000 restaurants.
- On-site wastewater programs help ensure the safety of water resources by regulating basic sewage systems, responding to environmental complaints and approving individual sewage systems.
- Swimming pool and swim beach safety programs review plans for recreational facilities and test water quality to prevent waterborne diseases.
- Marine sanitation program ensures safety of water resources by regulating wastewater disposal at marinas and on marine craft.
- Clean Indoor Air program enforces ACT 8 of 2006, which protects patrons of public businesses from secondhand smoke.
- Tattoo and body art programs inspect tattoo facilities and license artists.
- Engineering programs enforce the federal laws for public water systems, inspect facilities and train and certify public water system workers to ensure the safety of drinking water.

- Heating, ventilation, air conditioning and refrigeration (HVAC/R) programs train and license HVAC/R professionals.
- Plumbing programs train and license plumbing professionals.

Community Services assists in improving the health of citizens by promoting healthy behaviors and providing assistance with the development of health services and systems of care.

- Hometown Health Improvement (HHI) initiatives support community-related health development efforts in all 75 counties in the state and provide support for 73 coalitions. These initiatives do essential work to improve the health of those in their communities. HHI mobilizes community partnerships to identify and solve health problems by promoting and encouraging healthy behaviors and lifestyles. This support includes coalition development, community assessments and program planning. Hometown Health was implemented in 1998.
- Rural Health and Primary Care works with numerous organizations to coordinate rural health resources and activities statewide. This office administers several grant programs for small hospitals and committees seeking to improve or enhance health services in rural areas of our state. Rural Health and Primary Care provides technical assistance to organizations and communities wishing to expand access to primary care for underserved populations. It works to recruit and retain health care professionals in rural areas and underserved areas of Arkansas and provides technical assistance to the 29 Critical Access Hospitals in the state.

In addition to our local health units, the ADH maintains two central offices where a variety of other programs and activities occur through our various centers: Health Advancement, Health Protection, Local Public Health, Public Health Practice and Public Health Laboratory. Programs in these areas include tobacco cessation and prevention, newborn screening, physical activity and chronic disease management, infant mortality, injury prevention, statewide trauma system and oral health.

Since the enactment of the Arkansas Trauma System Act of 2009, 69 hospitals have been designated as trauma centers at the following levels:

Level I (provides comprehensive clinical care and is a community resource; i.e., has education, research, and outreach components): 5

Level II (provides comprehensive clinical care; from a clinical standpoint, a Level II provides the same care as a Level I): 5

Level III (provides treatment for mild and moderate single system injuries; most traumatic injuries can be treated at a Level III facility): 19

Level IV (provides stabilization for severely injured patients; transfer to a higher level trauma center is usually required): 40

In a state that prior to 2009 had no trauma system, Arkansas has seen hospital transfer acceptance for severe trauma patients reduce to an average of seven minutes and twenty seconds.

The Health Statistics Center collects, manages and analyzes health-related data and statistics; conducts research and provides consultation and training; and produces publications and reports. The Vital Records Section issues over 340,000 certified copies of records each year.

The Department's Public Health Laboratory provides laboratory analysis and reporting of clinical and environmental samples, alcohol testing, microbiological testing of water for private individuals, neonatal screening of newborns, identification of organisms referred from clinical laboratories for microbiological testing, FDA compliance certification of milk industry dairy laboratories and unknown biological and chemical substance testing. The lab performs over a million tests a year.

The mission of the Department of Health is to protect and improve the health and well-being of all Arkansans. At the Arkansas Department of Health we work to accomplish that mission by helping Arkansans to improve their own health, protect the public from epidemics, and provide preventive health services in your communities. While improved public health conditions and advances made in modern medicine have eliminated many of the threats we faced in the past, those problems have been replaced by new challenges that pose major obstacles to healthy living in today's world. Numbered among the current significant challenges before us are the obesity epidemic, tobacco use, teen pregnancy, poor dental health, high infant mortality, and poor health literacy. This means as public health professionals we have a huge responsibility to address these problems as well as new and emerging public health threats such as Hepatitis C, electronic cigarettes, and vector borne diseases such as Chikungunya and Dengue just to name a few. Dedicated public health professionals working in a variety of scientifically-based disciplines are already working to address these problems. Our public health workforce is working every day at the local level through a statewide service network to provide prevention services and to address threats to the public's health.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT

AUDIT OF :

ARKANSAS DEPARTMENT OF HEALTH

FOR THE YEAR ENDED JUNE 30, 2013

Findings	Recommendations
The Cross County Local Health Unit (LHU) opened a bank account on January 15, 2013, with monies from the Cross County Quorum Court. This account was reportedly to be used for outreach family planning purposes within the community, with specific emphasis on teen pregnancy. A review of transactions from January 15, 2013, through April 30, 2014, revealed $10,993 in deposits and $7,059 in disbursements. The bank account and its transactions are not recorded in the Agency's accounting system or financial statements. Several deficiencies in internal controls and instances of non-	Review the activity in the above mentioned bank account and determine whether the disbursements were appropriately used for outreach family planning purposes. If it is determined that the disbursements were not for outreach family planning purposes, the Agency should consider reimbursing the appropriate amount to the Cross County Quorum Court. Additionally, we recommend the Agency strengthen its controls and procedures to ensure proper accountability and reporting of all bank accounts used and controlled by the Agency to carry out its missions and purposes.

Findings	Recommendations
compliance were noted in conjunction with this account. · This account was opened without knowledge or approval of the Agency's Chief Financial Officer. · In addition to the $10,000 provided by the County during this period for outreach family planning purposes, the County reimbursed the LHU an additional $983 for items such as cleaning supplies, office supplies, and food/plastic utensils. Also, a $10 check, reportedly for record maintenance fees, was deposited into this account instead of the bank account where Agency fees are normally deposited. · None of the disbursements were made in accordance with prescribed procurement procedures. Employees were often paid as vendors for performing services, which may be in conflict with ethics laws; support documentation was frequently inadequate or insufficient; and the LHU did not demonstrate independent supervisory review of purchases made via check and debit card transactions. · Disbursements totaling $5,888 were for goods and services that do not appear to be related to or associated with outreach family planning purposes. Descriptions of such purchases include, but are not limited to, cleaning services and supplies, clerical services, office supplies, food/plastic utensils, floor tile replacement, landscaping, a cell phone with prepaid minutes, and fuel/truck rental. The appropriateness of the remaining $1,171 in disbursements is still considered questionable. · The LHU failed to issue IRS Form 1099-MISC to those vendors who received compensation greater than or equal to $600 in calendar year 2013. Failure to adhere to Arkansas law, the State Financial Management Guide, and internal Agency policies and procedures could lead to the misuse and misappropriation of assets as well as inaccurate financial reporting.	Agency Response: The Agency agrees with the recommendation and has issued a directive to the Local Health Units regarding opening and maintaining bank accounts. Also, the directive will be part of training for Local Health Unit Administrators. All local bank accounts will require authorization from the Agency's Chief Financial Officer, and those accounts will be subjected to internal audit for adequate internal controls, proper expenditures, and routine reconciliations. Also, the Agency will follow the state procedure to report vendor compensation in order for a 1099 Miscellaneous Reporting form to be issued. Furthermore, the Department agrees to review the expenditures of the account to determine whether the disbursements were used for family planning outreach purposes and refund to the County those funds not supporting the purpose of the funding.
During the testing of equipment, a lack of managerial oversight and controls related to	Strengthen management oversight and internal controls to ensure proper accountability

Findings

fixed assets was detected, which contributed to the deficiencies noted below. Assets that are not properly safeguarded could potentially be misused or lost.

- Three laptop computers and one scanner, with a combined cost of $3,735, could not be located. A total of 75 items, which cost $125,130, were selected for observation.
- The Women, Infants, and Children (WIC) program office failed to perform an annual inventory observation as required by the Agency's policies and procedures. The last inventory observation for this office was completed during calendar year 2009.
- Of the 75 items selected for observation, two items (laptop computers) were not properly documented when transferred between program areas, as required by the Agency's policies and procedures.

Recommendations

of equipment assets.

Agency Response:
The Agency agrees with the findings and recommendations that the Agency strengthen management oversight and internal controls to ensure proper accountability of equipment assets. The three laptops and scanner could not be located when requested by audit staff. Two of the laptops and the scanner were subsequently located, and it was determined that they were transferred to two different local health units without proper documentation. The Agency has not been able to locate the remaining laptop. A missing asset investigation report was completed and a request was made to DF&A to drop the item from our records. The WIC program failing to perform an annual inventory observation was a contributing factor in failing to locate the missing asset. The Agency will ensure that directives go out to all programs that annual audits be performed.

Employment Summary

	Male	Female	Total	%
White Employees	374	1543	1917	75 %
Black Employees	64	507	571	22 %
Other Racial Minorities	11	60	71	3 %
Total Minorities			642	25 %
Total Employees			2,559	100 %

Cash Fund Balance Description as of June 30, 2014

Fund Account	Balance	Type	Location
1632100	$2,056,455	Checking	Bank of America, Security State Bank - Howard Lake

Statutory/Other Restrictions on use:

None

Statutory Provisions for Fees, Fines, Penalties:

None

Revenue Receipts Cycle:

Same day line of credit draws are made to expense Women, Infant and Children (WIC) food instruments presented for payment.

Fund Balance Utilization:

Payment of negotiable WIC food instruments.

Fund Account	Balance	Type	Location
1632200	$0	Checking	Bank of America; Security State Bank - Howard Lake

Statutory/Other Restrictions on use:

None

Statutory Provisions for Fees, Fines, Penalties:

None

Revenue Receipts Cycle:

Same day line of credit draws are made ot expense Women, Infant and Children (WIC) food instruments presented for payment through the Farmer's Market Program.

Fund Balance Utilization:

Payment of negotiable WIC Farmer's Market food instruments.

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				
Alcohol Test Log	A.C.A. 5-65-204(b)	N	N	300	Provides logbook for law enforcement to document breath tests as is required in Operator and Senior Operator Training Manuals by the Office of Alcohol Testing.	300	900.00
Annual Report State Board of Health	A.C.A. 20-7-121	N	Y	1,000	A.C.A. 20-7-121 requires publication and is distributed to the State Library, State Board of Health members, internally, DHHS Region 6 states (LA,OK,NM, and TX), Arkansas' Congressional delegation, other State agencies, and partner organizations (AE Med. Soc., AR Children's Hosp., AR Hosp. Assn.).	1000	4373.00
Arkansas Regulations for alcohol Testing	A.C.A. 5-65-201	N	N	0	Provide regulatory information to law enforcement, the judicial system and the public. Information is provided on the agency website.	0	0.00
Arkansas Regulations for Breath Alcohol Ignition Interlock Devices	A.C.A. 5-65-118(j)(1)	N	N	0	Provide regulatory information to law enforcement, the judicial system and the public. Information is provided on the agency website.	0	0.00
Blood Alcohol Report Forms	A.C.A. 5-65-204	N	N	5,000	Provides the required form for submission of a blood or other bodily fluid sample for alcohol analysis. These require two pressure sensitive copies of the form attached to the official document.	5000	445.00
Induced Abortions Data	A.C.A. 20-16-904	N	Y	0	A.C.A. 20-16-904 requires data be provided on agency website and paper copies upon request.	0	0.00

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				
Intoximeter EC/IR II Senior Operator Training Manual	A.C.A. 5-65-204(b)	N	N	0	Provides course book for Senior Operator classes for law enforcement in breath testing and provides regulatory information to law enforcement, the judicial system and the public. Information is provided on the agency website.	0	0.00
Intoximeter EC/IRII Operator Training Manual	A.C.A. 5-65-204(b)	N	N	0	Provides course book for Operator classes for law enforcement in breath testing and provides regulatory information to law enforcement, the judicial system and the public. Information is provided on the agency website.	0	0.00
Mechanical Codes	A.C.A. 17-38-101	N	N	0	To adopt, publish and revise rules and regulations and to provide the heating and air conditioning industry with code books which outline the minimum standards for HVAC installations. Information is provided on the national website.	0	0.00
Plumbing & Fuel Gas Codes	A.C.A. 17-31-101	N	N	0	To adopt, publish and revise rules and regulations and to provide the plumbing industry with code books which outline the minimum standards for plumbing/gas installations. Information is provided on the national website.	0	0.00
Rules and Regulations for Control of Sources of ionizing Radiation	A.C.A. 20-21-207 Item 3	N	N	50	Formulate, adopt, promulgate, and repeal codes, rules, and regulations which may provide for licensing or registration.	0	0.00
Rules and Regulations Pertaining to Radiologic Technology Licensure	A.C.A. 17-106-105 Item (a)(1)(D)	N	N	50	Adopt, publish, and revise such rules and regulations.	0	0.00

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				
Shaken Baby Syndrome Pamphlet	Act 1128 of 2011	N	N	38,000	Act 1128 of 2011 requires that ADH develop and disseminate to hospitals and free-standing birthing clinics Shaken Baby Syndrome educational materials.	38000	5616.00
State Controlled Substances List	A.C.A. 5-64-216	N	Y	45	List is required by A.C.A. 5-64-216, printed copies are provided upon request and is available on the agency web site.	0	0.00
Urine Adulterant List	A.C.A. 20-7-309	N	Y	12	List is required by A.C.A. 20-7-309 and is available on the agency web site.	0	0.00
Women's Right to Receive Adequate Information before Terminating a Pregnancy; Unborn Pain Awareness Act	A.C.A. 20-16-904, A.C.A. 20-16-1105	N	N	100	Materials designed to inform the women of public and private agencies, including adoption agencies, and services available to assist a woman through pregnancy, upon childbirth, and while the child is dependent. Materials are to be provided on a "secure website" and updated on an annual basis.	100	555.00

Change in Fee Schedule

CURRENT FEE STRUCTURE				PROPOSED CHANGE			
					Estimated Receipts		
Description	Fee Amount	Estimated Receipts 2014-2015	Authorizing Act or AR Code	Fee Amount	2015-2016	2016-2017	Reason for Change
Food Permit Increase	$35.00	$474,000	ACA 19-6-301	$75.00	$1,370,500	$1,370,500	To stabilize the program and provide flexibility to develop more cost efficients ways of performing daily activities which is ensuring the citizens of Arkansas have safe food to consume.
Licensure Fees	$802.00	$395,000	ACA 20-9-214	$1,282.00	$645,400	$645,400	Over the last several years, this program has used the fund balance to meet ongoing operational costs. Without sufficient funding the Section may have to reduce services.

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: 0645 ARKANSAS DEPARTMENT OF HEALTH

		Minority Type per A.C.A. 15-4-303 (2)					
Minority Business	**Total Contract Awarded**	**African American**	**Hispanic American**	**American Indian**	**Asian American**	**Pacific Islander American**	**Disabled Veteran**
Advantage Communications	$400,000	X					

TOTAL NUMBER OF MINORITY CONTRACTS AWARDED 1

TOTAL EXPENDITURES FOR CONTRACTS AWARDED $9,794,372

% OF MINORITY CONTRACTS AWARDED 2.99 %

Department Appropriation Summary

Historical Data | **Agency Request and Executive Recommendation**

Appropriation		2013-2014 Actual	Pos	2014-2015 Budget	Pos	2014-2015 Authorized	Pos	2015-2016 Base Level	Pos	2015-2016 Agency	Pos	2015-2016 Executive	Pos	2016-2017 Base Level	Pos	2016-2017 Agency	Pos	2016-2017 Executive	Pos
34C	Rural Health Facilities	119,288	0	40,500	0	130,000	0	40,500	0	65,500	0	65,500	0	40,500	0	65,500	0	65,500	0
34D	Emergency Medical Services	5,975	0	44,945	0	44,945	0	44,945	0	69,728	0	69,728	0	44,945	0	69,728	0	69,728	0
34P	Health Operations Paying	270,809,621	2,817	294,588,406	2,792	323,538,442	3,094	294,209,885	2,792	320,102,712	3,097	320,102,712	3,097	294,328,568	2,792	320,221,641	3,097	320,221,641	3,097
38D	Nuclear Planning Grants	325,000	0	325,000	0	375,000	0	325,000	0	375,000	0	375,000	0	325,000	0	375,000	0	375,000	0
59T	Trauma System	21,825,264	17	23,064,104	18	28,625,235	18	23,148,327	18	28,592,492	18	28,592,492	18	23,149,349	18	28,593,514	18	28,593,514	18
604	Tobacco Prevention & Cessation Programs	11,971,696	34	16,791,767	35	17,485,112	47	16,778,670	35	17,380,822	47	17,380,822	47	16,781,539	35	17,383,691	47	17,383,691	47
803	Health Building & Local Health Grant Trust	904,584	0	1,676,017	0	1,842,090	0	1,676,017	0	1,950,000	0	1,950,000	0	1,676,017	0	1,950,000	0	1,950,000	0
B72	WIC Food Instruments - Cash	64,183,735	0	74,724,683	0	74,724,683	0	74,724,683	0	75,813,059	0	75,813,059	0	74,724,683	0	75,813,059	0	75,813,059	0
F66	Medicaid Provider Appeals	196,492	3	264,908	3	253,033	3	267,455	3	0	0	0	0	267,578	3	0	0	0	0
NOT REQUESTED FOR THE BIENNIUM																			
167	Information Technology Initiatives	359,848	0	0	0	636,175	0	0	0	0	0	0	0	0	0	0	0	0	0
34E	Rural Physician Incentives	0	0	0	0	40,000	0	0	0	0	0	0	0	0	0	0	0	0	0
Total		370,701,503	2,871	411,520,330	2,848	447,694,715	3,162	411,215,482	2,848	444,349,313	3,162	444,349,313	3,162	411,338,179	2,848	444,472,133	3,162	444,472,133	3,162

Funding Sources			%		%		%		%		%		%		%		%		%
Fund Balance	4000005	15,100,893	3.9	12,654,429	3.0		5,175,777	1.3	5,175,777	1.3	5,175,777	1.3	6,303,152	1.5	3,172,193	0.8	3,172,193	0.8	
General Revenue	4000010	89,978,568	23.5	85,301,946	20.5		84,802,664	20.6	84,802,664	20.6	84,802,664	20.6	84,828,774	20.6	84,828,774	20.7	84,828,774	20.7	
Federal Revenue	4000020	116,519,840	30.4	157,225,654	37.7		157,225,654	38.3	157,225,654	38.3	157,225,654	38.3	157,225,654	38.1	157,225,654	38.4	157,225,654	38.4	
Special Revenue	4000030	3,931,146	1.0	3,912,543	0.9		4,235,087	1.0	4,285,087	1.0	4,285,087	1.0	4,235,087	1.0	4,285,087	1.0	4,285,087	1.0	
Special Revenue Restricted	4000031	16,116,701	4.2	15,684,599	3.8		17,377,955	4.2	17,377,955	4.2	17,377,955	4.2	17,377,955	4.2	17,377,955	4.2	17,377,955	4.2	
Federal Funds-ARRA	4000244	35,442	0.0	0	0.0		0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	
Manufacturer Rebate	4000341	24,286,839	6.3	24,875,112	6.0		24,875,112	6.1	24,875,112	6.1	24,875,112	6.1	24,875,112	6.0	24,875,112	6.1	24,875,112	6.1	
Other	4000370	195,726	0.1	0	0.0		0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	
Third Party Reimbursement	4000490	82,789,457	21.6	83,257,813	20.0		83,257,813	20.3	83,257,813	20.3	83,257,813	20.3	83,257,813	20.2	83,257,813	20.4	83,257,813	20.4	
Tobacco Settlement	4000495	14,293,183	3.7	14,257,275	3.4		14,257,275	3.5	14,257,275	3.5	14,257,275	3.5	14,257,275	3.5	14,257,275	3.5	14,257,275	3.5	
Transfer from DHS	4000510	196,492	0.1	264,908	0.1		267,455	0.1	267,455	0.1	267,455	0.1	267,578	0.1	267,578	0.1	267,578	0.1	
Transfer to Medicaid Match	4000660	(900,572)	(0.2)	(356,135)	(0.1)		(356,135)	(0.1)	(356,135)	(0.1)	(356,135)	(0.1)	(356,135)	(0.1)	(356,135)	(0.1)	(356,135)	(0.1)	
Transfers / Adjustments	4000683	(2,965,209)	(0.8)	(1,533,698)	(0.4)		(1,533,698)	(0.4)	(1,533,698)	(0.4)	(1,533,698)	(0.4)	(1,533,698)	(0.4)	(1,533,698)	(0.4)	(1,533,698)	(0.4)	
Various Program Support	4000730	23,777,426	6.2	21,151,661	5.1		21,367,099	5.2	21,367,099	5.2	21,367,099	5.2	21,459,672	5.2	21,459,672	5.2	21,459,672	5.2	
Total Funds		383,355,932	100.0	416,696,107	100.0		410,952,058	100.0	411,002,058	100.0	411,002,058	100.0	412,198,239	100.0	409,117,280	100.0	409,117,280	100.0	
Excess Appropriation/(Funding)		(12,654,429)		(5,175,777)			263,424		33,347,255		33,347,255		(860,060)		35,354,853		35,354,853		
Grand Total		370,701,503		411,520,330			411,215,482		444,349,313		444,349,313		411,338,179		444,472,133		444,472,133		

Variance in fund balances is due to unfunded appropriation.

WITH FEE INCREASE

Department Appropriation Summary

Appropriation		2013-2014 Actual	Pos	2014-2015 Budget	Pos	2014-2015 Authorized	Pos	2015-2016 Base Level	Pos	2015-2016 Agency	Pos	2015-2016 Executive	Pos	2016-2017 Base Level	Pos	2016-2017 Agency	Pos	2016-2017 Executive	Pos
		Historical Data						**Agency Request and Executive Recommendation**											
34C	Rural Health Facilities	119,288	0	40,500	0	130,000	0	40,500	0	65,500	0	65,500	0	40,500	0	65,500	0	65,500	0
34D	Emergency Medical Services	5,975	0	44,945	0	44,945	0	44,945	0	69,728	0	69,728	0	44,945	0	69,728	0	69,728	0
34P	Health Operations Paying	270,809,621	2,817	294,588,406	2,792	323,538,442	3,094	294,209,885	2,792	320,102,712	3,097	320,102,712	3,097	294,328,568	2,792	320,221,641	3,097	320,221,641	3,097
38D	Nuclear Planning Grants	325,000	0	325,000	0	375,000	0	325,000	0	375,000	0	375,000	0	325,000	0	375,000	0	375,000	0
59T	Trauma System	21,825,264	17	23,064,104	18	28,625,235	18	23,148,327	18	28,592,492	18	28,592,492	18	23,149,349	18	28,593,514	18	28,593,514	18
604	Tobacco Prevention & Cessation Programs	11,971,696	34	16,791,767	35	17,485,112	47	16,778,670	35	17,380,822	47	17,380,822	47	16,781,539	35	17,383,691	47	17,383,691	47
803	Health Building & Local Health Grant Trust	904,584	0	1,676,017	0	1,842,090	0	1,676,017	0	1,950,000	0	1,950,000	0	1,676,017	0	1,950,000	0	1,950,000	0
B72	WIC Food Instruments - Cash	64,183,735	0	74,724,683	0	74,724,683	0	74,724,683	0	75,813,059	0	75,813,059	0	74,724,683	0	75,813,059	0	75,813,059	0
F66	Medicaid Provider Appeals	196,492	3	264,908	3	253,033	3	267,455	3	0	0	0	0	267,578	3	0	0	0	0
	NOT REQUESTED FOR THE BIENNIUM																		
167	Information Technology Initiatives	359,848	0	0	0	636,175	0	0	0	0	0	0	0	0	0	0	0	0	0
34E	Rural Physician Incentives	0	0	0	0	40,000	0	0	0	0	0	0	0	0	0	0	0	0	0
Total		370,701,503	2,871	411,520,330	2,848	447,694,715	3,162	411,215,482	2,848	444,349,313	3,162	444,349,313	3,162	411,338,179	2,848	444,472,133	3,162	444,472,133	3,162

Funding Sources			%		%		%		%		%		%		%		%		%
Fund Balance	4000005	15,100,893	3.9	12,654,429	3.0		5,175,777	1.3	5,175,777	1.3	5,175,777	1.3	4,287,252	1.1	3,172,193	0.8	3,172,193	0.8	
General Revenue	4000010	89,978,568	23.5	85,301,946	20.5		84,802,664	20.7	84,802,664	20.7	84,802,664	20.7	84,828,774	20.8	84,828,774	20.8	84,828,774	20.8	
Federal Revenue	4000020	116,519,840	30.4	157,225,654	37.7		157,225,654	38.4	157,225,654	38.4	157,225,654	38.4	157,225,654	38.5	157,225,654	38.6	157,225,654	38.6	
Special Revenue	4000030	3,931,146	1.0	3,912,543	0.9		3,912,543	1.0	3,962,543	1.0	3,962,543	1.0	3,912,543	1.0	3,962,543	1.0	3,962,543	1.0	
Special Revenue Restricted	4000031	16,116,701	4.2	15,684,599	3.8		15,684,599	3.8	15,684,599	3.8	15,684,599	3.8	15,684,599	3.8	15,684,599	3.9	15,684,599	3.9	
Federal Funds-ARRA	4000244	35,442	0.0	0	0.0		0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	
Manufacturer Rebate	4000341	24,286,839	6.3	24,875,112	6.0		24,875,112	6.1	24,875,112	6.1	24,875,112	6.1	24,875,112	6.1	24,875,112	6.1	24,875,112	6.1	
Other	4000370	195,726	0.1	0	0.0		0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	
Third Party Reimbursement	4000490	82,789,457	21.6	83,257,813	20.0		83,257,813	20.4	83,257,813	20.4	83,257,813	20.4	83,257,813	20.4	83,257,813	20.5	83,257,813	20.5	
Tobacco Settlement	4000495	14,293,183	3.7	14,257,275	3.4		14,257,275	3.5	14,257,275	3.5	14,257,275	3.5	14,257,275	3.5	14,257,275	3.5	14,257,275	3.5	
Transfer from DHS	4000510	196,492	0.1	264,908	0.1		267,455	0.1	267,455	0.1	267,455	0.1	267,578	0.1	267,578	0.1	267,578	0.1	
Transfer to Medicaid Match	4000660	(900,572)	(0.2)	(356,135)	(0.1)		(356,135)	(0.1)	(356,135)	(0.1)	(356,135)	(0.1)	(356,135)	(0.1)	(356,135)	(0.1)	(356,135)	(0.1)	
Transfers / Adjustments	4000683	(2,965,209)	(0.8)	(1,533,698)	(0.4)		(1,533,698)	(0.4)	(1,533,698)	(0.4)	(1,533,698)	(0.4)	(1,533,698)	(0.4)	(1,533,698)	(0.4)	(1,533,698)	(0.4)	
Various Program Support	4000730	23,777,426	6.2	21,151,661	5.1		21,367,099	5.2	21,367,099	5.2	21,367,099	5.2	21,459,672	5.3	21,459,672	5.3	21,459,672	5.3	
Total Funds		383,355,932	100.0	416,696,107	100.0		408,936,158	100.0	408,986,158	100.0	408,986,158	100.0	408,166,439	100.0	407,101,380	100.0	407,101,380	100.0	
Excess Appropriation/(Funding)		(12,654,429)		(5,175,777)			2,279,324		35,363,155		35,363,155		3,171,740		37,370,753		37,370,753		
Grand Total		370,701,503		411,520,330			411,215,482		444,349,313		444,349,313		411,338,179		444,472,133		444,472,133		

Variance in fund balances is due to unfunded appropriation.

WITHOUT FEE INCREASE

Agency Position Usage Report

FY2012 - 2013						FY2013 - 2014						FY2014 - 2015					
Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused
	Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total	
3,154	2653	236	2889	265	15.88 %	3,162	2587	279	2866	296	18.18 %	3,162	2564	284	2848	314	18.91 %

Analysis of Budget Request

Appropriation: 34C - Rural Health Facilities

Funding Sources: MRH - Rural Health Services Revolving Fund

The Department of Health's Rural Health Facilities appropriation, in accordance with A.C.A. 20-12-401 et seq., provides matching funds for applicants on a fifty/fifty basis for assisting the stabilization of necessary medical services provided by county, local, commercial or nonprofit organizations. If the applicant completes a community health needs assessment, the applicant shall be eligible to match funds on a 25/75 basis. The state portion shall at no time exceed two hundred thousand dollars ($200,000) per county, local, commercial, or nonprofit operation.

Funding for this appropriation consists of General Improvement Fund transfers or other funds made available by the General Assembly and held in a revolving fund (A.C.A. 19-5-1039 MRH - Rural Health Services Revolving Fund).

The Agency's Base Level Request is $40,500 each year of the 2015-2017 Biennium.

The Agency's Change Level Request is $25,000 each year to restore the appropriation up to the funding level.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 34C - Rural Health Facilities

Funding Sources: MRH - Rural Health Services Revolving Fund

	Historical Data			Agency Request and Executive Recommendation					
	2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid 5100004	119,288	40,500	130,000	40,500	65,500	65,500	40,500	65,500	65,500
Total	119,288	40,500	130,000	40,500	65,500	65,500	40,500	65,500	65,500
Funding Sources									
Fund Balance 4000005	202,188	82,900		42,400	42,400	42,400	1,900	0	0
Total Funding	202,188	82,900		42,400	42,400	42,400	1,900	0	0
Excess Appropriation/(Funding)	(82,900)	(42,400)		(1,900)	23,100	23,100	38,600	65,500	65,500
Grand Total	119,288	40,500		40,500	65,500	65,500	40,500	65,500	65,500

Expenditure of appropriation is contingent upon available funding.

Change Level by Appropriation

Appropriation: 34C - Rural Health Facilities
Funding Sources: MRH - Rural Health Services Revolving Fund

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**40,500**	**0**	**40,500**	**100.0**	**40,500**	**0**	**40,500**	**100.0**
C01	Existing Program	25,000	0	65,500	161.7	25,000	0	65,500	161.7

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**40,500**	**0**	**40,500**	**100.0**	**40,500**	**0**	**40,500**	**100.0**
C01	Existing Program	25,000	0	65,500	161.7	25,000	0	65,500	161.7

Justification	
C01	This request is to restore appropriation to funding levels

Analysis of Budget Request

Appropriation: 34D - Emergency Medical Services

Funding Sources: MEM - Emergency Medical Services Revolving Fund

The Department of Health's Emergency Medical Services appropriation will provide for certification processing and expenses of on-site examinations for Emergency Medical Technicians (EMTs), maintenance of certification software, educational programs, maintenance of EMT-Instructor certification for agency personnel, and other purposes consistent with A.C.A. 20-13-101 et seq.

Funding for this appropriation consists of certification and renewal fees held in the MEM - Emergency Medical Services Revolving Fund.

The Agency's Base Level request is $44,945 each year of the 2015-2017 Biennium.

The Agency's Change Level Request is $24,783 each year to restore appropriation up to the funding level.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 34D - Emergency Medical Services

Funding Sources: MEM - Emergency Medical Services Revolving Fund

		Historical Data			Agency Request and Executive Recommendation					
		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	5,975	35,217	35,217	35,217	60,000	60,000	35,217	60,000	60,000
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
Emerg Medical Srvs/Trauma Sys	5900046	0	9,728	9,728	9,728	9,728	9,728	9,728	9,728	9,728
Total		5,975	44,945	44,945	44,945	69,728	69,728	44,945	69,728	69,728
Funding Sources										
Fund Balance	4000005	17,494	52,579		52,362	52,362	52,362	52,145	27,362	27,362
Various Program Support	4000730	41,060	44,728		44,728	44,728	44,728	44,728	44,728	44,728
Total Funding		58,554	97,307		97,090	97,090	97,090	96,873	72,090	72,090
Excess Appropriation/(Funding)		(52,579)	(52,362)		(52,145)	(27,362)	(27,362)	(51,928)	(2,362)	(2,362)
Grand Total		5,975	44,945		44,945	69,728	69,728	44,945	69,728	69,728

Change Level by Appropriation

Appropriation: 34D - Emergency Medical Services
Funding Sources: MEM - Emergency Medical Services Revolving Fund

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**44,945**	**0**	**44,945**	**100.0**	**44,945**	**0**	**44,945**	**100.0**
C01	Existing Program	24,783	0	69,728	155.1	24,783	0	69,728	155.1

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**44,945**	**0**	**44,945**	**100.0**	**44,945**	**0**	**44,945**	**100.0**
C01	Existing Program	24,783	0	69,728	155.1	24,783	0	69,728	155.1

Justification	
C01	This request is to restore appropriation to funding levels

Analysis of Budget Request

Appropriation: 34P - Health Operations Paying

Funding Sources: PHD - Administration Paying

The Department of Health is comprised of the Center for Health Protection, the Center for Health Advancement, the Center for Local Public Health, the Center for Public Health Practice, the Office of Minority Health and Health Disparities, the Arkansas Public Health Laboratory and Health Administration, which includes the Offices of the Director, Chief Financial Officer and the Office of System Technology. The Department has 2 central office locations and 94 Local Health Units located throughout the State. This organizational structure enables the Department to provide public health policy and assessment, as well as preventive and regulatory services for the State's citizens.

This appropriation provides for the operations of the Department of Health. Duties include the operation of the Breast and Cervical Cancer Control programs; the collection, analysis, and communication of data regarding health events, disease incidence, the healthcare system, and health status indicators; the protection of the public's health by ensuring safe food and drinking water and maintaining the quality of health facilities and services through monitoring, laboratory testing, and evaluation; educating the public concerning healthy behavior and providing accessible personal health services; and providing in-home services to individuals so they may remain at home instead of receiving extended hospitalization or nursing home placement.

Funding for this appropriation consists of general revenue (BAA - Public Health Fund), federal funding, special revenues, Third Party Reimbursement, Tobacco Settlement Funding and other funding. Federal revenues include Immunization and Vaccines for Children, Ryan White Care Act Title II, Public Health Preparedness and Response/BIO, Bioterrorism Hospital Preparedness Program, Epidemiology and Laboratory Capacity for Infectious Diseases, Title X Family Planning Services Program, National Cancer Prevention and Control Program, Chronic Disease Prevention and Health Promotion Programs, Maternal and Child Health, and Women Infants and Children (WIC). Special revenues include the Cigarette Tax; licensing fees for Cosmetology, Radiology, Plumbing, Pharmacy, HVAC, Health Facilities, Waterworks and the Athletic Commission; Milk Inspection and Marine Sanitation Fees; and Nuclear Planning and Response Funds. Third Party Reimbursement funding includes Medicaid and Insurance funding. Other Funding, as indicated as Various Program Support, includes fees related to Vital Records, Immunization, Rabies, Swimming Pools, etc.

Base Level Regular Salaries and Personal Services Matching include continuation of the previously authorized 2015 1% Cost of Living Adjustment and Career Service Payments for eligible employees. Personal Services Matching also includes a $10 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of $420 per month. Base Level salaries and matching do not include appropriation for Merit Pay Increases. The Base Level salary of unclassified positions reflects the FY15 line item maximum plus the previously authorized 2015 1% Cost of Living Adjustment.

The Agency's Base Level request is $294,209,885 in FY16 and $294,328,568 in FY17 with two thousand seven hundred ninety-two (2,792) positions.

The Agency's Change Level request for appropriation is $25,892,827 in FY16 and $25,893,073 in FY17, and consists of the following:

- Regular Salaries and Personal Services Matching totaling $12,963,418 in FY16 and $12,963,664 in FY17 that consist of: restoration of three hundred two (302) various positions that were not budgeted in FY15, eight (8) classification changes, seven (7) title changes to address agency needs, and three (3) positions being transferred from Appropriation F66-Medicaid Provider Appeals.
- Unfunded Appropriation totaling $11,175,101 each year to restore appropriation to the FY15 authorized level and allow flexibility to utilize federal and other funding. The request consists of the following:

    1. Extra Help and associated Personal Services Matching totaling $255,251,
    2. Overtime and associated Personal Services Matching totaling $34,740,
    3. Operating Expenses totaling $3,460,212,
    4. Conference & Travel totaling $61,285,
    5. Professional Fees totaling $2,555,555,
    6. Grants and Aid totaling $4,707,573,
    7. Breast Care Program totaling $100,485.

- Operating Expenses totaling $30,500 each year being transferred from Appropriation F66-Medicaid Provider Appeals.
- Capital Outlay totaling $1,750,000 each year of the biennium for the normal replacement of necessary equipment for the local health units, and other necessary needs of operation for the Public Health Lab and other branch operations of the Agency.

The Agency is also proposing increases in two (2) fees. No additional positions or appropriation is being requested as a result of the fee increases. The fees are as follows:

- Food Permit Increase - proposing an increase from $35 to $75 due to increasing costs, and
- Licensure Fees - proposing an increase from $802 to $1,282 due to funding shortages.

The Executive Recommendation provides for the Agency Request with various position classification changes, and no title changes.

Appropriation Summary

Appropriation: 34P - Health Operations Paying

Funding Sources: PHD - Administration Paying

		Historical Data			Agency Request and Executive Recommendation					
		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item		**Actual**	**Budget**	**Authorized**	**Base Level**	**Agency**	**Executive**	**Base Level**	**Agency**	**Executive**
Regular Salaries	5010000	111,158,008	116,281,267	128,163,843	116,141,470	125,401,503	125,401,503	116,233,570	125,493,803	125,493,803
#Positions		**2,817**	**2,792**	**3,094**	**2,792**	**3,097**	**3,097**	**2,792**	**3,097**	**3,097**
Extra Help	5010001	3,162,844	1,351,157	1,586,737	1,351,157	1,586,737	1,586,737	1,351,157	1,586,737	1,586,737
#Extra Help		**121**	**231**	**231**	**231**	**231**	**231**	**231**	**231**	**231**
Personal Services Matching	5010003	41,379,128	40,471,664	44,868,422	40,775,705	44,479,090	44,479,090	40,800,443	44,503,874	44,503,874
Overtime	5010006	24,619	92,340	120,559	92,340	120,559	120,559	92,340	120,559	120,559
Operating Expenses	5020002	55,320,267	68,480,724	71,940,936	68,480,724	71,971,436	71,971,436	68,480,724	71,971,436	71,971,436
Conference & Travel Expenses	5050009	427,904	1,182,280	1,243,565	1,182,280	1,243,565	1,243,565	1,182,280	1,243,565	1,243,565
Professional Fees	5060010	32,362,234	36,900,472	39,456,027	36,900,472	39,456,027	39,456,027	36,900,472	39,456,027	39,456,027
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Grants and Aid	5100004	19,787,503	18,375,625	23,083,198	18,375,625	23,083,198	23,083,198	18,375,625	23,083,198	23,083,198
Refunds/Reimbursements	5110014	3,441	11,613	11,613	11,613	11,613	11,613	11,613	11,613	11,613
Capital Outlay	5120011	1,252,181	468,500	1,750,000	0	1,750,000	1,750,000	0	1,750,000	1,750,000
Breast Care Program	5900048	5,896,527	10,972,764	10,998,984	10,898,499	10,998,984	10,998,984	10,900,344	11,000,829	11,000,829
ARRA of 2009	5900052	34,965	0	314,558	0	0	0	0	0	0
Total		270,809,621	294,588,406	323,538,442	294,209,885	320,102,712	320,102,712	294,328,568	320,221,641	320,221,641
Funding Sources										
Fund Balance	4000005	0	0		0	0	0	2,015,900	0	0
General Revenue	4000010	70,296,568	65,619,946		65,025,987	65,025,987	65,025,987	65,052,097	65,052,097	65,052,097
Federal Revenue	4000020	75,665,811	106,287,707		106,287,707	106,287,707	106,287,707	106,287,707	106,287,707	106,287,707
Special Revenue	4000030	3,069,848	2,987,543		3,310,087	3,310,087	3,310,087	3,310,087	3,310,087	3,310,087
Special Revenue Restricted	4000031	16,116,701	15,684,599		17,377,955	17,377,955	17,377,955	17,377,955	17,377,955	17,377,955
Federal Funds-ARRA	4000244	35,442	0		0	0	0	0	0	0
Third Party Reimbursement	4000490	82,789,457	83,257,813		83,257,813	83,257,813	83,257,813	83,257,813	83,257,813	83,257,813
Transfer from DHS	4000510	0	0		0	267,455	267,455	0	267,578	267,578
Transfer to Medicaid Match	4000660	(900,572)	(356,135)		(356,135)	(356,135)	(356,135)	(356,135)	(356,135)	(356,135)
Various Program Support	4000730	23,736,366	21,106,933		21,322,371	21,322,371	21,322,371	21,414,944	21,414,944	21,414,944
Total Funding		270,809,621	294,588,406		296,225,785	296,493,240	296,493,240	298,360,368	296,612,046	296,612,046
Excess Appropriation/(Funding)		0	0		(2,015,900)	23,609,472	23,609,472	(4,031,800)	23,609,595	23,609,595
Grand Total		270,809,621	294,588,406		294,209,885	320,102,712	320,102,712	294,328,568	320,221,641	320,221,641

Agency is requesting to transfer Appropriation F66- Medicaid Provider Appeals into this Appropriation 34P- Health Operations Paying.

WITH FEE INCREASE

Appropriation Summary

Appropriation: 34P - Health Operations Paying

Funding Sources: PHD - Administration Paying

		Historical Data			Agency Request and Executive Recommendation					
		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item		**Actual**	**Budget**	**Authorized**	**Base Level**	**Agency**	**Executive**	**Base Level**	**Agency**	**Executive**
Regular Salaries	5010000	111,158,008	116,281,267	128,163,843	116,141,470	125,401,503	125,401,503	116,233,570	125,493,803	125,493,803
#Positions		**2,817**	**2,792**	**3,094**	**2,792**	**3,097**	**3,097**	**2,792**	**3,097**	**3,097**
Extra Help	5010001	3,162,844	1,351,157	1,586,737	1,351,157	1,586,737	1,586,737	1,351,157	1,586,737	1,586,737
#Extra Help		**121**	**231**	**231**	**231**	**231**	**231**	**231**	**231**	**231**
Personal Services Matching	5010003	41,379,128	40,471,664	44,868,422	40,775,705	44,479,090	44,479,090	40,800,443	44,503,874	44,503,874
Overtime	5010006	24,619	92,340	120,559	92,340	120,559	120,559	92,340	120,559	120,559
Operating Expenses	5020002	55,320,267	68,480,724	71,940,936	68,480,724	71,971,436	71,971,436	68,480,724	71,971,436	71,971,436
Conference & Travel Expenses	5050009	427,904	1,182,280	1,243,565	1,182,280	1,243,565	1,243,565	1,182,280	1,243,565	1,243,565
Professional Fees	5060010	32,362,234	36,900,472	39,456,027	36,900,472	39,456,027	39,456,027	36,900,472	39,456,027	39,456,027
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Grants and Aid	5100004	19,787,503	18,375,625	23,083,198	18,375,625	23,083,198	23,083,198	18,375,625	23,083,198	23,083,198
Refunds/Reimbursements	5110014	3,441	11,613	11,613	11,613	11,613	11,613	11,613	11,613	11,613
Capital Outlay	5120011	1,252,181	468,500	1,750,000	0	1,750,000	1,750,000	0	1,750,000	1,750,000
Breast Care Program	5900048	5,896,527	10,972,764	10,998,984	10,898,499	10,998,984	10,998,984	10,900,344	11,000,829	11,000,829
ARRA of 2009	5900052	34,965	0	314,558	0	0	0	0	0	0
Total		270,809,621	294,588,406	323,538,442	294,209,885	320,102,712	320,102,712	294,328,568	320,221,641	320,221,641
Funding Sources										
General Revenue	4000010	70,296,568	65,619,946		65,025,987	65,025,987	65,025,987	65,052,097	65,052,097	65,052,097
Federal Revenue	4000020	75,665,811	106,287,707		106,287,707	106,287,707	106,287,707	106,287,707	106,287,707	106,287,707
Special Revenue	4000030	3,069,848	2,987,543		2,987,543	2,987,543	2,987,543	2,987,543	2,987,543	2,987,543
Special Revenue Restricted	4000031	16,116,701	15,684,599		15,684,599	15,684,599	15,684,599	15,684,599	15,684,599	15,684,599
Federal Funds-ARRA	4000244	35,442	0		0	0	0	0	0	0
Third Party Reimbursement	4000490	82,789,457	83,257,813		83,257,813	83,257,813	83,257,813	83,257,813	83,257,813	83,257,813
Transfer from DHS	4000510	0	0		0	267,455	267,455	0	267,578	267,578
Transfer to Medicaid Match	4000660	(900,572)	(356,135)		(356,135)	(356,135)	(356,135)	(356,135)	(356,135)	(356,135)
Various Program Support	4000730	23,736,366	21,106,933		21,322,371	21,322,371	21,322,371	21,414,944	21,414,944	21,414,944
Total Funding		270,809,621	294,588,406		294,209,885	294,477,340	294,477,340	294,328,568	294,596,146	294,596,146
Excess Appropriation/(Funding)		0	0		0	25,625,372	25,625,372	0	25,625,495	25,625,495
Grand Total		270,809,621	294,588,406		294,209,885	320,102,712	320,102,712	294,328,568	320,221,641	320,221,641

Agency is requesting to transfer Appropriation F66- Medicaid Provider Appeals into this Appropriation 34P- Health Operations Paying.

WITHOUT FEE INCREASE

Change Level by Appropriation

Appropriation: 34P - Health Operations Paying
Funding Sources: PHD - Administration Paying

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**294,209,885**	**2,792**	**294,209,885**	**100.0**	**294,328,568**	**2,792**	**294,328,568**	**100.0**
C01	Existing Program	14,447,104	302	308,656,989	104.9	14,447,227	302	308,775,795	104.9
C04	Reallocation	30,500	0	308,687,489	104.9	30,500	0	308,806,295	104.9
C05	Unfunded Appropriation	11,175,101	0	319,862,590	108.7	11,175,101	0	319,981,396	108.7
C07	Agency Transfer	236,955	3	320,099,545	108.8	237,078	3	320,218,474	108.8
C10	Reclass	3,167	0	320,102,712	108.8	3,167	0	320,221,641	108.8
C14	Title Change	0	0	320,102,712	108.8	0	0	320,221,641	108.8

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**294,209,885**	**2,792**	**294,209,885**	**100.0**	**294,328,568**	**2,792**	**294,328,568**	**100.0**
C01	Existing Program	14,447,104	302	308,656,989	104.9	14,447,227	302	308,775,795	104.9
C04	Reallocation	30,500	0	308,687,489	104.9	30,500	0	308,806,295	104.9
C05	Unfunded Appropriation	11,175,101	0	319,862,590	108.7	11,175,101	0	319,981,396	108.7
C07	Agency Transfer	236,955	3	320,099,545	108.8	237,078	3	320,218,474	108.8
C10	Reclass	3,167	0	320,102,712	108.8	3,167	0	320,221,641	108.8
C14	Title Change	0	0	320,102,712	108.8	0	0	320,221,641	108.8

Justification	
C01	This request restores 302 currently authorized positions. The capital outlay request is for the normal replacement of necessary equipment for the local health units, and other needs of operation of the Public Health Lab and other branch operations of the Agency.
C04	This request is to reallocate the operating expenses from fund center F66 to this fund center
C05	This request is to restore appropriation allowing flexibility to utilize additional federal and other funding opportunities.
C07	This request is to transfer 3 positions from fund center F66 to this fund center
C10	This request is for reclassification of 8 positions to better align the position to the job duties.
C14	This request is to change the title from "Lactation Consultant" to "Lactation Assistant" for 7 positions.

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

Agency: AR Department of Health

Program: Health Operations Paying

Act #: Act 1375 of 2013 Section(s) #: 5, 14

Estimated Carry Forward Amount $ 2,147,655.00 Funding Source: Third Party Reimbursement

Accounting Information:

Business Area: 0645 Funds Center: 34P Fund: BAA Functional Area: HHS

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

Justification for carry forward of fund balance:

The funds will be used to support the operations for In-Home Services Program.

Actual Funding Carry Forward Amount $ 2,013,909.00

Current status of carry forward funding:

The funds will be used for Salary and Operating Expenses for the In-Home Services Program for FY 2015.

Dr. Nathaniel Smith
Director

08-04-2014
Date

Analysis of Budget Request

Appropriation: 38D - Nuclear Planning Grants

Funding Sources: SNP - Arkansas Nuclear Planning and Response Fund

The grants for Nuclear Planning appropriation provides grants to the Arkansas Department of Emergency Management for local governments located in close proximity to nuclear-powered electricity generating facilities in the State. These grants are used to maintain nuclear disaster response procedures and precautions as a part of the Division of Health's Nuclear Planning and Response Program, A.C.A. 20-21-401 et seq., which provides for the following:

- Continuous radiation surveillance
- Training and education of residents in the affected areas
- Protective measures/procedures/plans and such other actions to be taken in the event of a radiation incident or accident

Funding for this appropriation consists of Special Revenue (A.C.A. 19-6-435 SNP - Arkansas Nuclear Planning and Response Fund), including assessments against utilities operating nuclear generating facilities within the State.

The Agency's Base Level Request is $325,000 each year of the 2015-2017 Biennium.

The Agency's Change Level Request is $50,000 each year to restore appropriation up to the FY15 authorized level.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 38D - Nuclear Planning Grants

Funding Sources: SNP - Arkansas Nuclear Planning and Response Fund

	Historical Data			Agency Request and Executive Recommendation					
	2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid 5100004	325,000	325,000	375,000	325,000	375,000	375,000	325,000	375,000	375,000
Total	325,000	325,000	375,000	325,000	375,000	375,000	325,000	375,000	375,000
Funding Sources									
Special Revenue 4000030	325,000	325,000		325,000	375,000	375,000	325,000	375,000	375,000
Total Funding	325,000	325,000		325,000	375,000	375,000	325,000	375,000	375,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	325,000	325,000		325,000	375,000	375,000	325,000	375,000	375,000

Change Level by Appropriation

Appropriation: 38D - Nuclear Planning Grants
Funding Sources: SNP - Arkansas Nuclear Planning and Response Fund

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**325,000**	**0**	**325,000**	**100.0**	**325,000**	**0**	**325,000**	**100.0**
C05	Unfunded Appropriation	50,000	0	375,000	115.4	50,000	0	375,000	115.4

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**325,000**	**0**	**325,000**	**100.0**	**325,000**	**0**	**325,000**	**100.0**
C05	Unfunded Appropriation	50,000	0	375,000	115.4	50,000	0	375,000	115.4

Justification	
C05	This request is to restore appropriation.

Analysis of Budget Request

Appropriation: 59T - Trauma System

Funding Sources: BAA - Public Health Fund

The Trauma System appropriation provides for operations as established by Act 393 of 2009 (A.C.A. 20-13-801 et. seq.) in which the legislature created a comprehensive trauma care system under the auspices of the Department and Board of Health. This system provides guidelines for the care of trauma victims and is fully integrated with all available resources, including, but not limited to, existing emergency medical services providers, hospitals, or other health care providers that would like to participate in the program. Funding for this appropriation is 100% General Revenue.

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

The Agency's Base Level request is $23,148,327 in FY16 and $23,149,349 in FY17 with eighteen (18) positions.

The Agency's Change Level Request is $5,444,165 in unfunded appropriation each year in the Trauma System Expenses line item to restore appropriation to the FY15 authorized level.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 59T - Trauma System
Funding Sources: BAA - Public Health Fund

Commitment Item		Historical Data 2013-2014 Actual	Historical Data 2014-2015 Budget	Historical Data 2014-2015 Authorized	Agency Request and Executive Recommendation 2015-2016 Base Level	2015-2016 Agency	2015-2016 Executive	2016-2017 Base Level	2016-2017 Agency	2016-2017 Executive
Regular Salaries	5010000	763,889	997,685	997,962	970,796	970,796	970,796	971,396	971,396	971,396
#Positions		**17**	**18**	**18**	**18**	**18**	**18**	**18**	**18**	**18**
Extra Help	5010001	21,561	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000
#Extra Help		**2**	**2**	**2**	**2**	**2**	**2**	**2**	**2**	**2**
Personal Services Matching	5010003	278,644	321,744	323,696	318,119	318,119	318,119	318,541	318,541	318,541
Operating Expenses	5020002	28,850	355,545	355,545	355,545	355,545	355,545	355,545	355,545	355,545
Conference & Travel Expenses	5050009	30,656	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
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
Trauma System Expenses	5900046	20,701,664	21,264,130	26,823,032	21,378,867	26,823,032	26,823,032	21,378,867	26,823,032	26,823,032
Total		21,825,264	23,064,104	28,625,235	23,148,327	28,592,492	28,592,492	23,149,349	28,593,514	28,593,514
Funding Sources										
Fund Balance	4000005	6,037,013	3,382,104		0	0	0	0	0	0
General Revenue	4000010	19,682,000	19,682,000		19,776,677	19,776,677	19,776,677	19,776,677	19,776,677	19,776,677
Transfers / Adjustments	4000683	(511,645)	0		0	0	0	0	0	0
Total Funding		25,207,368	23,064,104		19,776,677	19,776,677	19,776,677	19,776,677	19,776,677	19,776,677
Excess Appropriation/(Funding)		(3,382,104)	0		3,371,650	8,815,815	8,815,815	3,372,672	8,816,837	8,816,837
Grand Total		21,825,264	23,064,104		23,148,327	28,592,492	28,592,492	23,149,349	28,593,514	28,593,514

Fund transfers consist of Workers Comp transfer per A.C.A. 11-9-307 and transfers of General Revenue between appropriate funds per A.C.A. 19-5-106.

Change Level by Appropriation

Appropriation: 59T - Trauma System
Funding Sources: BAA - Public Health Fund

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**23,148,327**	**18**	**23,148,327**	**100.0**	**23,149,349**	**18**	**23,149,349**	**100.0**
C05	Unfunded Appropriation	5,444,165	0	28,592,492	123.5	5,444,165	0	28,593,514	123.5

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**23,148,327**	**18**	**23,148,327**	**100.0**	**23,149,349**	**18**	**23,149,349**	**100.0**
C05	Unfunded Appropriation	5,444,165	0	28,592,492	123.5	5,444,165	0	28,593,514	123.5

Justification	
C05	This request is to restore appropriation for Trauma System Expenses

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

Agency: AR Department of Health

Program: Trauma System

Act #: 1375 Section(s) #: 6, 23

Estimated Carry Forward Amount $ 3,496,841.00 Funding Source: General Revenue/Tobacco Tax

Accounting Information:

Business Area: 0645 Funds Center: 59T Fund: BAA Functional Area: HHS

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

Justification for carry forward of fund balance:

These funds will be used to support the operations for the Trauma System. The estimated fund balance will be carried forward into FY15.

Actual Funding Carry Forward Amount $ 3,382,104.00

Current status of carry forward funding:

The funds will be used to support the operations of the Trauma System program for FY15.

Dr. Nathaniel Smith
Director

08-04-2014
Date

Analysis of Budget Request

Appropriation: 604 - Tobacco Prevention & Cessation Programs

Funding Sources: TSD - Tobacco Prevention & Cessation Program Account

The Tobacco Prevention and Cessation program, created by Initiated Act 1 of 2000 (A.C.A. 19-12-101 et seq.), develops, integrates, and monitors tobacco prevention and cessation programs and provides administrative oversight and management of those programs. Program components approved by the Board of Health include community prevention youth programs, school education and prevention programs, enforcement of tobacco control laws, tobacco cessation programs, tobacco related disease prevention programs, public awareness and health promotion campaign, as well as grants and contracts for monitoring and evaluation. This appropriation is funded from Tobacco Settlement proceeds (TSD - Prevention and Cessation Program Account).

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

The Agency's Base Level request is $16,778,670 in FY16 and $16,781,539 in FY17 with thirty-five (35) positions.

The Agency's Change Level request is $602,152 each year of the biennium and consists of the following:

- Regular Salaries and Personal Services Matching increase of $561,275 for restoration of twelve (12) positions that were not budgeted in FY15
- Reclassification of one (1) L016C ADH Public Health Administrator (Grade C124) position to a L031C ADH Branch Manager (C125) position to better align the position with the job duties.
- Nutrition and Physical Activity Expenses increase of $40,877 to restore appropriation to the FY15 authorized level.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 604 - Tobacco Prevention & Cessation Programs

Funding Sources: TSD - Tobacco Prevention & Cessation Program Account

		Historical Data			Agency Request and Executive Recommendation					
		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item		**Actual**	**Budget**	**Authorized**	**Base Level**	**Agency**	**Executive**	**Base Level**	**Agency**	**Executive**
Regular Salaries	5010000	1,427,743	1,535,637	2,017,808	1,522,818	1,929,605	1,929,605	1,524,918	1,931,705	1,931,705
#Positions		**34**	**35**	**47**	**35**	**47**	**47**	**35**	**47**	**47**
Extra Help	5010001	19,669	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
#Extra Help		**2**	**4**	**4**	**4**	**4**	**4**	**4**	**4**	**4**
Personal Services Matching	5010003	482,657	493,545	664,826	494,251	648,739	648,739	495,020	649,508	649,508
Operating Expenses	5020002	144,527	325,000	325,000	325,000	325,000	325,000	325,000	325,000	325,000
Conference & Travel Expenses	5050009	8,671	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Professional Fees	5060010	1,394,043	2,279,633	2,279,633	2,279,633	2,279,633	2,279,633	2,279,633	2,279,633	2,279,633
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Tobacco Prevention & Cessation	5900046	7,848,294	11,405,398	11,405,398	11,405,398	11,405,398	11,405,398	11,405,398	11,405,398	11,405,398
Exp. Nutrition & Physical Activity	5900047	646,092	677,554	717,447	676,570	717,447	717,447	676,570	717,447	717,447
Total		11,971,696	16,791,767	17,485,112	16,778,670	17,380,822	17,380,822	16,781,539	17,383,691	17,383,691
Funding Sources										
Fund Balance	4000005	5,791,738	5,659,661		1,591,471	1,591,471	1,591,471	0	0	0
Tobacco Settlement	4000495	14,293,183	14,257,275		14,257,275	14,257,275	14,257,275	14,257,275	14,257,275	14,257,275
Transfers / Adjustments	4000683	(2,453,564)	(1,533,698)		(1,533,698)	(1,533,698)	(1,533,698)	(1,533,698)	(1,533,698)	(1,533,698)
Total Funding		17,631,357	18,383,238		14,315,048	14,315,048	14,315,048	12,723,577	12,723,577	12,723,577
Excess Appropriation/(Funding)		(5,659,661)	(1,591,471)		2,463,622	3,065,774	3,065,774	4,057,962	4,660,114	4,660,114
Grand Total		11,971,696	16,791,767		16,778,670	17,380,822	17,380,822	16,781,539	17,383,691	17,383,691

Transfers include $500,000 to the Breast Cancer Control Fund per Act 146 of 2014 and Act 283 of 2014 and various other transfers as allowed by A.C A. 19-5-106.

Change Level by Appropriation

Appropriation: 604 - Tobacco Prevention & Cessation Programs
Funding Sources: TSD - Tobacco Prevention & Cessation Program Account

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**16,778,670**	**35**	**16,778,670**	**100.0**	**16,781,539**	**35**	**16,781,539**	**100.0**
C01	Existing Program	602,152	12	17,380,822	103.6	602,152	12	17,383,691	103.6
C10	Reclass	0	0	17,380,822	103.6	0	0	17,383,691	103.6

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**16,778,670**	**35**	**16,778,670**	**100.0**	**16,781,539**	**35**	**16,781,539**	**100.0**
C01	Existing Program	602,152	12	17,380,822	103.6	602,152	12	17,383,691	103.6
C10	Reclass	0	0	17,380,822	103.6	0	0	17,383,691	103.6

Justification	
C01	This request is to restore 12 currently authorized positions and restore appropriation to the FY15 authorized level for the Nutrition and Physical Activity Expenses line item.
C10	This request is for reclassification of 1 position to better align the position to the job duties.

Analysis of Budget Request

Appropriation: 803 - Health Building & Local Health Grant Trust

Funding Sources: THL - Health Bldg and Local Grant Trust

The Department of Health's Health Building and Local Grant Trust appropriation is used for expansion, renovation, construction, or improvement to the State Health Building and for grants for construction, renovation, or other expansion of approved local health unit facilities in the State as proscribed by A.C.A. 20-7-201 et seq.

Funding for this appropriation consists of visit fees to local health units that are held in a trust fund (A.C.A. 19-5-962 THL - Health Building and Local Grant Trust Fund).

The Agency's Base Level Request is $1,676,017 each year of the 2015-2017 Biennium.

The Agency's Change Level Request is $273,983 each year to increase the appropriation up to the anticipated funding level.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 803 - Health Building & Local Health Grant Trust

Funding Sources: THL - Health Bldg and Local Grant Trust

		Historical Data			Agency Request and Executive Recommendation					
		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid	5100004	904,584	1,676,017	1,842,090	1,676,017	1,950,000	1,950,000	1,676,017	1,950,000	1,950,000
Total		904,584	1,676,017	1,842,090	1,676,017	1,950,000	1,950,000	1,676,017	1,950,000	1,950,000
Funding Sources										
Fund Balance	4000005	1,953,138	1,420,730		344,713	344,713	344,713	0	0	0
Special Revenue	4000030	176,450	600,000		600,000	600,000	600,000	600,000	600,000	600,000
Other	4000370	195,726	0		0	0	0	0	0	0
Total Funding		2,325,314	2,020,730		944,713	944,713	944,713	600,000	600,000	600,000
Excess Appropriation/(Funding)		(1,420,730)	(344,713)		731,304	1,005,287	1,005,287	1,076,017	1,350,000	1,350,000
Grand Total		904,584	1,676,017		1,676,017	1,950,000	1,950,000	1,676,017	1,950,000	1,950,000

Expenditure of appropriation is contingent upon available funding.

Change Level by Appropriation

Appropriation: 803 - Health Building & Local Health Grant Trust
Funding Sources: THL - Health Bldg and Local Grant Trust

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**1,676,017**	**0**	**1,676,017**	**100.0**	**1,676,017**	**0**	**1,676,017**	**100.0**
C01	Existing Program	273,983	0	1,950,000	116.3	273,983	0	1,950,000	116.3

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**1,676,017**	**0**	**1,676,017**	**100.0**	**1,676,017**	**0**	**1,676,017**	**100.0**
C01	Existing Program	273,983	0	1,950,000	116.3	273,983	0	1,950,000	116.3

Justification	
C01	To increase appropriation to funding level.

Analysis of Budget Request

Appropriation: B72 - WIC Food Instruments - Cash

Funding Sources: 163 - Cash Funds

The Department of Health's Women Infants and Children (WIC) Food Instruments appropriation provides for the issuance of vouchers to at-risk persons to improve the nutrition of eligible pregnant, breastfeeding and postpartum women to provide for infants and young children during periods of critical growth. The food instruments are redeemable for specific foods at local grocery stores. The program also provides nutrition education and referral to other services.

Funding for this appropriation consists of funds from the United States Department of Agriculture that are held in a Cash fund to provide electronic benefits transfers to vendors and reimbursements from contracted formula companies.

The Agency's Base Level Request is $74,724,683 each year of the 2015-2017 Biennium.

The Agency's Change Level Request is $1,088,376 each year to increase the WIC Food Instruments appropriation up to the anticipated funding level.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: B72 - WIC Food Instruments - Cash

Funding Sources: 163 - Cash Funds

		Historical Data			Agency Request and Executive Recommendation					
		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
WIC Food Instruments	5900040	64,183,735	74,724,683	74,724,683	74,724,683	75,813,059	75,813,059	74,724,683	75,813,059	75,813,059
Total		64,183,735	74,724,683	74,724,683	74,724,683	75,813,059	75,813,059	74,724,683	75,813,059	75,813,059
Funding Sources										
Fund Balance	4000005	1,099,322	2,056,455		3,144,831	3,144,831	3,144,831	4,233,207	3,144,831	3,144,831
Federal Revenue	4000020	40,854,029	50,937,947		50,937,947	50,937,947	50,937,947	50,937,947	50,937,947	50,937,947
Manufacturer Rebate	4000341	24,286,839	24,875,112		24,875,112	24,875,112	24,875,112	24,875,112	24,875,112	24,875,112
Total Funding		66,240,190	77,869,514		78,957,890	78,957,890	78,957,890	80,046,266	78,957,890	78,957,890
Excess Appropriation/(Funding)		(2,056,455)	(3,144,831)		(4,233,207)	(3,144,831)	(3,144,831)	(5,321,583)	(3,144,831)	(3,144,831)
Grand Total		64,183,735	74,724,683		74,724,683	75,813,059	75,813,059	74,724,683	75,813,059	75,813,059

Change Level by Appropriation

Appropriation: B72 - WIC Food Instruments - Cash
Funding Sources: 163 - Cash Funds

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**74,724,683**	**0**	**74,724,683**	**100.0**	**74,724,683**	**0**	**74,724,683**	**100.0**
C01	Existing Program	1,088,376	0	75,813,059	101.5	1,088,376	0	75,813,059	101.5

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**74,724,683**	**0**	**74,724,683**	**100.0**	**74,724,683**	**0**	**74,724,683**	**100.0**
C01	Existing Program	1,088,376	0	75,813,059	101.5	1,088,376	0	75,813,059	101.5

Justification	
C01	This request is to increase appropriation to the anticipated funding level.

Analysis of Budget Request

Appropriation: F66 - Medicaid Provider Appeals

Funding Sources: PHD - Administration Paying

This appropriation provides for the personal services and operations of the Department's Medicaid Provider Appeals.

Funding for this appropriation comes through transfers from the Department of Human Services.

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

Base Level for this appropriation totals $267,455 in FY16 and $267,578 in FY17 and consists of Regular Salaries and Personal Services Matching for three (3) positions and Operating Expenses totaling $30,500.

The Agency's Change Level Request is to transfer the positions and appropriation to Fund Center 34P- Health Operations Paying. This transfer will allow the agency to cost allocate expenses more efficiently for the Medicaid Provider Appeal service.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: F66 - Medicaid Provider Appeals

Funding Sources: PHD - Administration Paying

		Historical Data			Agency Request and Executive Recommendation					
		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item		**Actual**	**Budget**	**Authorized**	**Base Level**	**Agency**	**Executive**	**Base Level**	**Agency**	**Executive**
Regular Salaries	5010000	140,075	178,416	180,569	180,193	0	0	180,293	0	0
#Positions		**3**	**3**	**3**	**3**	**0**	**0**	**3**	**0**	**0**
Personal Services Matching	5010003	48,924	55,992	41,964	56,762	0	0	56,785	0	0
Operating Expenses	5020002	7,493	30,500	30,500	30,500	0	0	30,500	0	0
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		196,492	264,908	253,033	267,455	0	0	267,578	0	0
Funding Sources										
Transfer from DHS	4000510	196,492	264,908		267,455	0	0	267,578	0	0
Total Funding		196,492	264,908		267,455	0	0	267,578	0	0
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		196,492	264,908		267,455	0	0	267,578	0	0

FY15 Budget amount in Personal Services Matching exceeds the authorized amount due to matching rate adjustments during the 2013-2015 Biennium. Agency is requesting to transfer this Appropriation F66- Medicaid Provider Appeals into Appropriation 34P- Health Operations Paying.

Change Level by Appropriation

Appropriation: F66 - Medicaid Provider Appeals
Funding Sources: PHD - Administration Paying

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**267,455**	**3**	**267,455**	**100.0**	**267,578**	**3**	**267,578**	**100.0**
C03	Discontinue Program	(56,762)	0	210,693	78.8	(56,785)	0	210,793	78.8
C04	Reallocation	(30,500)	0	180,193	67.4	(30,500)	0	180,293	67.4
C07	Agency Transfer	(180,193)	(3)	0	0.0	(180,293)	(3)	0	0.0

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**267,455**	**3**	**267,455**	**100.0**	**267,578**	**3**	**267,578**	**100.0**
C03	Discontinue Program	(56,762)	0	210,693	78.8	(56,785)	0	210,793	78.8
C04	Reallocation	(30,500)	0	180,193	67.4	(30,500)	0	180,293	67.4
C07	Agency Transfer	(180,193)	(3)	0	0.0	(180,293)	(3)	0	0.0

Justification	
C03	To remove the fringe amount associated with the 3 positions requested for transferring to fund center 34P
C04	This request is to reallocate the operating expenses requested for transferring to fund center 34P.
C07	This request transfers the 3 positions to 34P from this fund center.

Appropriation Summary

Appropriation: 167 - Information Technology Initiatives

Funding Sources: SHT - Health Department Technology Fund

	Historical Data			Agency Request and Executive Recommendation					
	2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item	**Actual**	**Budget**	**Authorized**	**Base Level**	**Agency**	**Executive**	**Base Level**	**Agency**	**Executive**
Information Technology Initiative 5900046	359,848	0	636,175	0	0	0	0	0	0
Total	359,848	0	636,175	0	0	0	0	0	0
Funding Sources									
Special Revenue 4000030	359,848	0		0	0	0	0	0	0
Total Funding	359,848	0		0	0	0	0	0	0
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	359,848	0		0	0	0	0	0	0

APPROPRIATION NOT REQUESTED FOR THE 2015-2017 BIENNIUM

Appropriation Summary

Appropriation: 34E - Rural Physician Incentives

Funding Sources: MRI - Rural Physician Incentives Revolving Fund

	Historical Data			Agency Request and Executive Recommendation					
	2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid 5100004	0	0	40,000	0	0	0	0	0	0
Total	0	0	40,000	0	0	0	0	0	0

APPROPRIATION NOT REQUESTED FOR THE 2015-2017 BIENNIUM

DEPARTMENT OF HIGHER EDUCATION

Enabling Laws

Act 104 of 2014

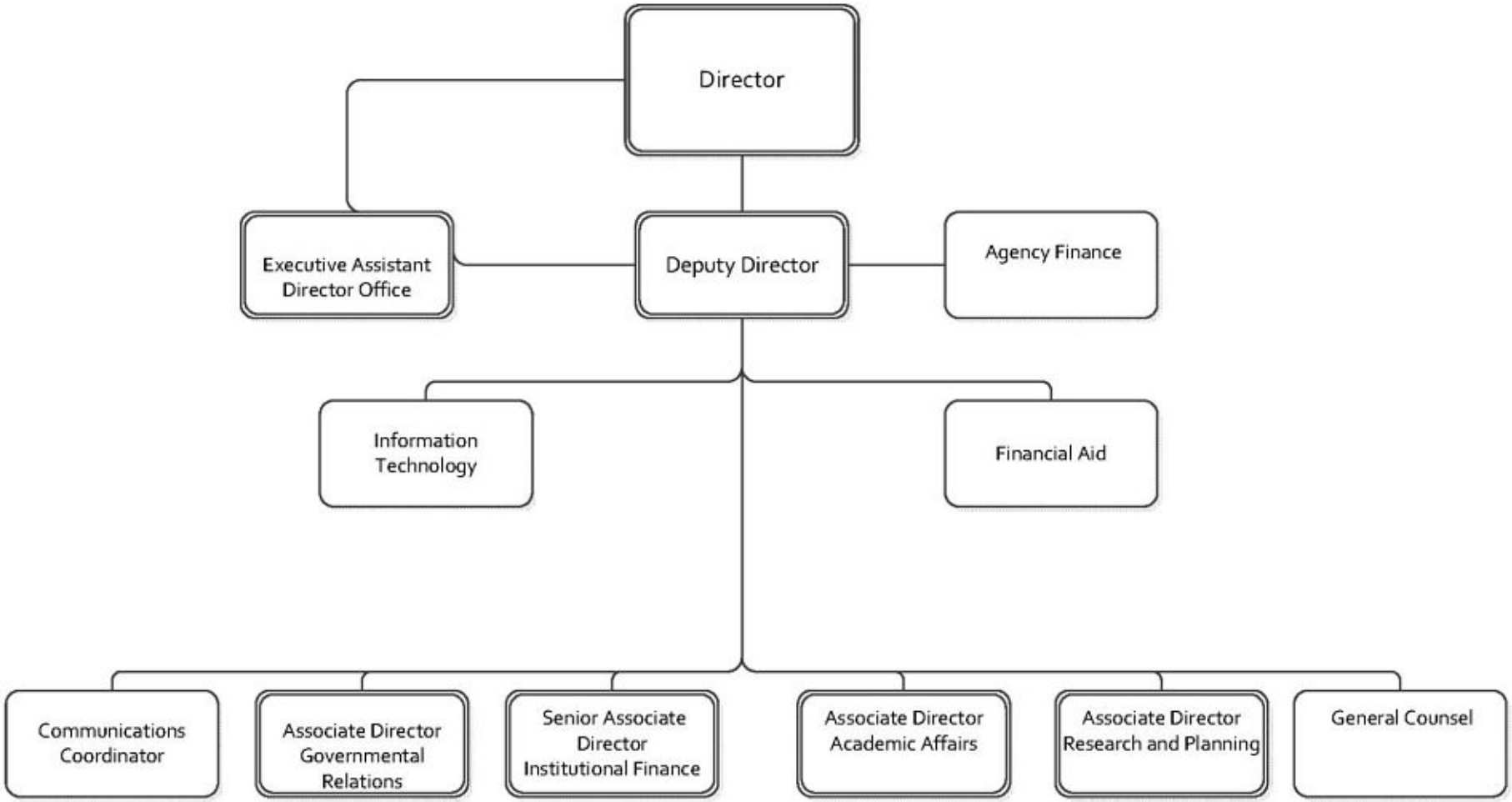
Higher Education financial aid programs as authorized by A.C.A., Title 6, et. al.
Higher Education financial aid program fund balances as authorized by A.C.A., Title 19, et. al.

History and Organization

The creation of the Arkansas Department of Higher Education (ADHE), and its predecessor, the Commission on the Coordination of Higher Education Finance, was predicated on the State's need for financial analysis, coordination, and strategic planning for the provision of public higher education in Arkansas. The Arkansas Higher Education Coordinating Board (AHECB) was created by Act 1114 of 1997 which abolished the State Board of Higher Education and transferred its powers, duties and functions to the AHECB which now oversees the Department of Higher Education. The scope of the responsibilities of the ADHE has broadened over the years to include determining the role and scope (mission) of each public institution, approving new academic programs, reviewing existing programs for quality and productivity, and analyzing and reporting all types of institutional and student data. Information is the key commodity used by ADHE to serve the needs of its constituencies-- the Governor, the Legislature, and the people of Arkansas. This information includes data on the financial operations of the colleges and universities, statistics about the students who enroll and how they are progressing at these institutions, and information used to provide financial aid to over 30,000 Arkansas college students.

ADHE acquires, generates, analyzes, and monitors data on students, faculty, and institutions to meet monitoring and service obligations. Over the years, the Governor and the Legislature have given the Department increased responsibility to monitor and report on the academic and fiscal operations of public colleges and universities. This has included gubernatorial and legislative mandates to establish a statewide higher education information system with individual data on every enrolled student at public or private colleges and universities and all faculty members at the public colleges and universities. ADHE also maintains data on all recipients of financial aid programs managed by ADHE, whether attendance is at a public or private institution.

The mission of the Arkansas Department of Higher Education is to advocate for higher education; to promote a coordinated system of higher education in the State; and to provide for the orderly and effective development of each of the publicly and locally supported institutions of higher education in the state - all geared toward improving the delivery of higher education services to the citizens of Arkansas.



Agency Commentary

The mission of the Arkansas Department of Higher Education is to advocate for higher education; to promote a coordinated system of higher education in the State; and to provide for the orderly and effective development of each of the publicly and locally supported institutions of higher education in the state - all geared toward improving the delivery of higher education services to the citizens of Arkansas.

The creation of the Arkansas Department of Higher Education (ADHE), and its predecessor, the Commission on the Coordination of Higher Education Finance, was predicated on the State's need for financial analysis, coordination, and strategic planning for the provision of public higher education in Arkansas. The Arkansas Department of Higher Education serves as the administrative staff for the Arkansas Higher Education Coordinating Board. The Board consists of 12 members who are appointed by the governor and serve staggered six-year terms. As part of its responsibilities, the staff develops and implements board policies and procedures. Additionally, the Department reviews and approves academic programs; administers statewide financial aid programs, recommends institutional operating, capital, and personal services budgets; and collects and reports on student and course data as part of a statewide data base and academic program inventory for policy studies. The scope of the responsibilities has broadened over the years to include determining the roles and scope (mission) of each public institution, approving new academic programs, reviewing existing programs for quality and productivity, and analyzing and reporting all types of institutional and student data. Information is the key commodity used by ADHE to serve the needs of its constituencies- -the Governor, the Legislature, and the people of Arkansas. This information includes data on the financial operations of the colleges and universities, statistics about the students who enroll and how they are progressing at these institutions, and information used to provide financial aid of over $160 million to over 60,000 Arkansas college students.

ADHE acquires, generates, analyzes, and monitors data on students, faculty, and institutions to meet these monitoring and service obligations. Over the years, the Governor and the Legislature have given the Department increased responsibility to monitor and report on the academic and fiscal operations of public colleges and universities. This has included gubernatorial and legislative mandates to establish a statewide higher education information system with individual data on every enrolled student and all faculty positions.

On January 11, 2011, the Governor issued a challenge to the state and to its institutions of higher education by stating: "We can and must double the number of college graduates in Arkansas by 2025 if we are to stay competitive. This is a lofty goal aimed at the future, but we must begin implementing it today." Act 1203 was enacted by the Arkansas General Assembly and, on April 5, 2011, Gov. Beebe signed it into law. Over a period of five years starting with FY2013-14, 25% of an institution's base funding will be allocated according to performance. The Arkansas Department of Higher Education (ADHE) has dedicated significant time and effort working with the colleges and universities to develop an effective model for implementing the performance funding.

The following define the priorities for the 2015-2017 Biennium. Each is designed to either restore or maintain capabilities of the agency to meet continuing mandates of the Governor and the Legislature for effective coordination of Arkansas higher education. With the exception of the Financial Aid request for $2,000,000 for the Arkansas Governor's Scholar Program, all requests are for appropriation only.

I. Agency Operations/Provision of Basic Services to Governor, Legislature, and Higher Education Institutions

A. Personal Services Costs for Additional Requested Personnel

The Arkansas Department of Higher Education (ADHE) is reorganizing and reallocating resources to more effectively and efficiently meet our goals and missions. Because of the continued increase in the reliance on information technology and scope of financial aid it has become increasingly difficult to recruit and retain qualified employees. ADHE is requesting to eliminate three Administrative Assistant III and one Administrative Assistant II positions due to the low grade and salary. Pursuant to A.C.A. 6-61-203 the ADHE Director and staff shall be comparable to those in colleges and universities. ADHE salaries are currently not comparable which puts ADHE at a disadvantage when trying to recruit and retain employees because of the competition from colleges and universities. This change level request will actually result in the reduction of salary and matching expense by $103,532. ADHE has sufficient funding for this request.

Request Appropriation Only.

B. Extra Help

These positions are used to help assist the Financial Aid Staff during peak volumes times each semester to insure that the awards can go out in a timely manner. Extra Help is requested because it is more cost effective to utilize these positions on an as needed basis versus employment of full time employees. **Base Level Request.**

C. Operating Expenses

The Arkansas Department of Higher Education is requesting Change Levels of $72,000 for each year of the biennium. ADHE is in its second year in the facility space and this request covers this increase for our lease agreement, utilities, janitorial, security and building maintenance. **Request Appropriation Only.**

D. Conference Fees & Travel

AHDE uses this travel related category to provide professional development for staff in order to insure the ability to provide continuing professional services in changing environments. The $4,730 increase requested is due to the increased travel costs of fuel, lodging, and meals. **Request Appropriation Only.**

E. Professional Fees

Arkansas Code §6-61-214 and 6-61-208 requires ADHE to review new and existing academic degree programs for the public institutions of higher education in Arkansas. The agency utilizes the requested monies to hire consultants for the review of doctoral, selected master's degree proposals, and some technical/professional baccalaureate programs that are highly specialized and beyond the general or specific expertise of the agency's Academic Affairs staff. The increase of $150,000 is for Information Technology services related to the continued development and maintenance of the Arkansas Higher Education Information System as required by Act 1195 of 2011. **Request Appropriation Only.**

F. Capital Outlay

The Department is requesting Change Levels of $50,000 for each year of the biennium. This appropriation is based on the increased requirements for the Department to purchase and maintain high end network server printers and other information technology related equipment that exceed the capital threshold. Information has become a key commodity used by ADHE to serve the needs of its constituency. ADHE acquires, generates, analyzes, and monitors data on students, faculty, and institutions. Additional hardware has been acquired to host web sites and student servers to comply with new State laws and programs. The Department now operates six student servers for such programs as well as the Academic Challenge, Governor's Scholar, and Credit Transfer Programs. The Department's Technology plan calls for the replacement of one server, network storage and one network printer each year. **Request Appropriation Only.**

II. Financial Aid Programs to Students

ADHE Financial Aid Programs are funded through the Higher Education Grants Fund (HEG) which receives funding from general revenue and the Education Excellence Trust Fund. For the past several years the HEG Fund has had revenues that exceeded expenses and has built up a rather large fund balance. Further, pursuant to Section 17 of Act 286 of 2010, twenty million ($20,000,000) was transferred by warrant to the Scholarship Shortfall Reserve Fund of the Arkansas Lottery Commission. All of these events have reduced the HEG Fund balance to around $6,000,000. The current revenue and HEG Fund Balance will not be sufficient to sustain all of the Financial Aid Programs. The Arkansas Governor's Scholarship Program has seen a continued increase in the number of eligible students and now runs at a level of 1,800 students which will require a change level of $2,000,000 each year to sustain the current level of operation. Without these change levels and the associated increase in funding, the Arkansas Governor's Scholarship Program will have to reduce the number of incoming students to insure that current students in the pipeline will be funded. **Request Appropriation and Funding.**

B. Arkansas Health Education Grant (ARHEG)

The Arkansas Health Education Grant (ARHEG) Program was created to assist Arkansas residents who must attend certain professional schools not provided by the State of Arkansas in the areas of dentistry, optometry, podiatry, osteopathy, and veterinary. Arkansas contracts through the Southern Regional Education Board (SREB) to ensure that Arkansas residents can secure seats in participating institutions in the SREB Compact Program. The fee for each seat is established by SREB and the ARHEG grant or loan amount is typically an amount sufficient to help offset the difference in the resident and non-resident tuition amounts at participating institutions. The Arkansas Health Education Grants (ARHEG) Program is funded with general revenue and balances in the Higher Education Grants (HEG) Fund. **Base Level Request.**

III. State Scholarship - Federal

This program is Arkansas' participation in the federally funded "Leveraging Educational Assistance Partnership (LEAP)" Program. This is a need based grant for the non-traditional student or those at least 24 years old. The program's goal is to help those students returning to

school who have financial need but may not be eligible for assistance from traditional state and federal programs. **Federal Funding, Base Level Request.**

IV. Research Development Fund

This Arkansas Research Development Program is for research grants to applicable institutions of higher education. Funding for this program is transferred from the Higher Education Building Maintenance Fund from proceeds from the sale or lease of minerals, oil and gas on military and non-military federal lands in Arkansas. The Department is requesting restoration of the current biennial appropriation amount of $5,000,000. **Base Level Request.**

V. Technical Education - Federal Programs (Perkins)

The Carl D. Perkins Vocational and Technical Education Act requires each state to "establish a state performance accountability system to assess the effectiveness of vocational and technical education." This request includes support for multiple model project/pilot projects to be implemented to meet state leadership requirements. The purpose of the model projects is to encourage the implementation of new and innovative programs for career and technical education. Perkins will request proposals from postsecondary institutions receiving Perkins funding; therefore, specific projects to be funded are unknown at this time. **Federal Funding, Base Level Request.**

VI. Career Pathways Program

The Career Pathways Program operates under the State's Temporary Assistance to Needy Families (TANF) Block Grant. Under these guidelines, all recipients of TANF funds as approved by the Arkansas Transitional Employment Board (TEB) are eligible to receive "educational activities designed to increase self-sufficiency & job training skills". The Department works with the Arkansas Association of Two-Year Colleges (AATYC) to coordinate services to eligible recipients attending two-year institutions.

Due to a reduction in funding, the agency requests that the operations line item be reduce by $3,869.
Federal Funding, Appropriation Only.

VII. The College Access Challenge Grant Program (CACGP)

The College Access Challenge Grant Program. (CACGP) is a Federal Program funded by the U. S. Department of Education. The project is designed to foster partnerships among government entities and philanthropic organizations to increase the number of underrepresented students who enter and remain in postsecondary education. The purpose of this project is to encourage students and families to learn about,

prepare for, and finance a postsecondary education. The project includes a statewide outreach effort that will provide tools that can be used on a long-range basis to help tell the story of the importance of higher education. A training program will also be developed for high school guidance counselors who are located in the poorest counties of Arkansas as a means to assist them in reaching out to children from economically disadvantaged families. **Federal Funding, Appropriation Only.**

VIII. Scholarship Administration

Pursuant to Act 1195 of 2011, the Arkansas Department of Higher Education (ADHE) was directed to develop and maintain the Arkansas Higher Education Information System. This project will provide for a data integration and identity resolution solution. ADHE is starting a data warehousing and business intelligence project. The new data integration and identity resolution tools will require additional database tools and hardware. This capital request is to fund the tools needed to comply with Act 1195 of 2011 in the amount of $35,000 each year. **Arkansas Scholarship Lottery Funding, Appropriation Only.**

IX. Complete College America.

The Arkansas Department of Higher Education (ADHE) requests Change Levels for appropriation of $100,000 due to the termination of the grant. This change will allow ADHE to finish using the fund balance. **Foundation Funding, Appropriation Only.**

X. Cash Operations

ADHE receives grants from private foundations. Current and past grants are the "Achieving the Dream: Community Colleges Count" national initiative which is designed to help more community college students succeed. The Western Interstate Commission for Higher Education (WICHE) Non-traditional No More: Policy Solutions for Adult Learners grant will be used to stimulate and guide policy and practice changes that will create a more navigable path to degree attainment for adults, Lumina Foundation for Education, Inc. used to conduct planning and implementation for a College Goal Sunday event in Arkansas and Complete College America. We are anticipating continuation of these programs as well new programs that have been applied for during the past year. **Request Appropriation Only.**

XI. Outcome Center Funding

Act 1203 of 2011 directed ADHE to develop an outcome-centered component of the funding formula for colleges and universities. We are requesting Outcome Centered Funding appropriation of $314,178 to reflect the 10% of proposed RSA funding for Universities. **Appropriation Only.**

XII. Explanations for Revisions to Special Language

A. SECTION 25. SPECIAL LANGUAGE. NOT TO BE INCORPORATED INTO THE ARKANSAS CODE NOR PUBLISHED SEPARATELY AS SPECIAL, LOCAL AND TEMPORARY LAW. COLLEGE SAVINGS BONDS.

All bonds that were authorized have been issued.

B. SECTION 26. SPECIAL LANGUAGE. NOT TO BE INCORPORATED INTO THE ARKANSAS CODE NOR PUBLISHED SEPARATELY AS SPECIAL, LOCAL AND TEMPORARY LAW. COLLEGE SAVINGS BONDS LIMITATIONS.

All bonds that were authorized have been issued.

C. SECTION 41. SPECIAL LANGUAGE. NOT TO BE INCORPORATED INTO THE ARKANSAS CODE NOR PUBLISHED SEPARATELY AS SPECIAL, LOCAL AND TEMPORARY LAW. SREB MINORITY DOCTORAL SCHOLARS PROGRAM REGULATIONS.

The Department of Higher Education has completed and approved the rules and regulations for the administration of the Southern Regional Education Board (SREB) Minority Doctoral Scholars program.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
ARKANSAS DEPARTMENT OF HIGHER EDUCATION

FOR THE YEAR ENDED JUNE 30, 2012

Findings	Recommendations
Agencies are required to record amounts due for student loans in accordance with Ark. Code Ann. § 19-2-304. The Agency oversees several state-funded student loan programs. Students who receive the loans may be eligible to have the loans forgiven if they meet certain criteria; students not meeting the criteria are placed in repayment status. The Agency is required to maintain student loan subsidiary ledgers to track changes to total loan balances throughout the year. These subsidiary ledgers are then used to adjust loans receivables balances in AASIS during the fiscal year-end closing process. Review of 225 individual loan files revealed the following deficiencies in accounts	Review the subsidiary ledgers to ensure receivables are properly recorded and develop procedures to ensure student loan files are regularly monitored. In addition, actively pursue the collection of its loan receivables. Agency Response: Arkansas Department of Higher Education (ADHE) assigned permanent financial aid staff in Fiscal 2012 to work on all of the state-funded loan programs to bring them up to date and maintain proper accounts receivable files and ledgers. Currently the only active loan programs are Dental and Optometry. All but $42,000 of current loans in default status are related to inactive programs. All loans have been brought up to date

Findings	Recommendations
receivable: • 41 instances in which students' loan balances do not match the subsidiary ledgers. • 31 instances totaling $174,365 in which loans should have been placed into repayment status and collection pursued as a result of recipients not meeting the loan requirements. • 7 instances totaling $30,292 in which supporting documentation was not maintained in loan files. It also should be noted that, per Ark. Code Ann. § 19-2-305(a), "A state agency shall diligently and actively pursue the collection of their accounts and notes receivable." In the review of loans receivables totaling $9,864,117, it was noted that $3,682,322 of student loans in repayment status were past due more than 180 days and considered defaulted on; however, there was no evidence of the Agency pursing collection of these accounts.	categorized in proper status of forgiven, repayment status, or in default. ADHE has been able to identify many loans that were in default status but where payments had been restarted. ADHE will continue to identify these loans. During this same time, staff has either located the misfiled loan documentation or has obtained the missing loan documentation. The finance staff has reconciled all student loan balances that do not correctly reflect the subsidiary ledgers and reconciles these ledgers on a monthly basis. ADHE, while awarding state funded student loans, has never had the ability to service the loans. ADHE contracted with Campus Partners to service the loans; however, Campus Partners does not have the ability to serve as collection agency. Pursuant to Ark. Code Ann. § 19-2-305, ADHE through Campus Partners does notify students by letter when their account is delinquent on a 30, 60, 90, and 180 day basis. ADHE has recently added a new service with Campus Partners that allows them to report overdue loans to the three major Credit Bureaus. Students are being notified that their overdue loans will begin to be reported to the Credit Bureaus in April. AHE is currently reviewing several proposals to have an outside firm begin collection proceedings for all loans in default status. We are confident that with current and proposed procedures, ADHE will be compliant with Ark. Code Ann. § 19-2-305.
Per Ark. Code Ann. § 19-4-702(a)(2), "Payments of carryover obligations shall be charged against appropriations and fund cash balances of the fiscal year in which the obligations were incurred." Once again, a search for unrecorded payables revealed that 657 payments totaling $995,599 to recipients of the Teachers Opportunity Program were not properly recorded as payables.	Review payments made after year-end to ensure they are recorded in the correct period. Agency Response: The awards for the Fiscal 1012 Teachers Opportunity Program could not be completed by June 30, 2012 due to an issue with supporting documentation. The awards were made in July 2012 and there was a lack of communication between financial aid and agency finance staff. Procedures were put in place to ensure compliance with Ark. Code Ann. § 19-4-702(a) regarding unrecorded payables. ADHE now works closely with all sections, DFA CAFR, and Legislative Audit to verify all payables in a timely manner.

State Contracts Over $50,000 Awarded To Minority Owned Businesses Fiscal Year 2014

None

Employment Summary

	Male	Female	Total	%
White Employees	12	11	23	62 %
Black Employees	1	11	12	32 %
Other Racial Minorities	0	2	2	6 %
Total Minorities			14	38 %
Total Employees			37	100 %

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				
A-Book Operating & Capital	A.C.A. 6-61-209	Y	Y	250	Presents biennial recommendations for each institution.	0	0.00
Agenda Books	A.C.A. 6-61-202	N	N	80	Provides notice of higher eduation issues to be addressed by AHECB.	0	0.00
AR Academic Cost Accounting	A.C.A. 6-61-222	N	Y	200	Reflects cost of each academic program provided to Board and ALC - Interim Committees.	0	0.00
AR Challenge Scholarships	A.C.A. 6-82-1004	N	N	40,000	Sent to high schools and, upon request, to students for informational purposes.	0	0.00

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				
Atheltic Costs & Revenues	A.C.A. 6-62-106	N	Y	100	Presented to AHECB and Joint Audit Committee annually.	0	0.00
B-Book - Personal Services	A.C.A. 6-61-209	Y	Y	250	Presents biennial recommendations for institutional personal services & positions.	0	0.00
Degrees Awarded	A.C.A. 6-61-206	N	N	200	Available on web site - distributed for informational purposes upon request to higher educ community & others.	0	0.00
Fact Book	A.C.A. 6-61-202	Y	Y	250	Historical reference - information also provided to institutions.	0	0.00
Financial Aid Guide	A.C.A. 6-82-1004	N	N	40,000	Sent to high schools and students and counselors and guidance officers.	0	0.00
Financial Prgms. Handbook	A.C.A. 8-82-1004	N	N	40,000	For informational purposes, this report is sent to high schools and students upon request.	0	0.00
Governor's Scholars	A.C.A. 8-82-1004	N	N	40,000	For informational purposes, this report is sent to high schools and students upon request.	0	0.00
Health Education Grants	Acts 1180 of 99 & 1612 of 01	N	Y	25	Provides student information for those receiving grants & their return rates.	0	0.00
Impact of Scholarship Prgms.	A.C.A. 6-82-104	N	Y	1	Assesses the impact of scholarship programs and reported to Council annually.	0	0.00
Legislative Summary	A.C.A. 6-61-202	Y	Y	50	Provides information on legislation affecting higher education	0	0.00

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				
Minimum Core Curriculum	A.C.A. 6-53-205 & 6-61-218	N	N	256	For informational purposes, copies are distributed to each public institution of higher education.	0	0.00
Retention & Graduation	A.C.A. 6-61-220	N	N	0	Appears annually in AHECB agenda book published & distributed quarterly to Board, Governor, Institutions	0	0.00
Student Enrollments	A.C.A. 6-61-206	N	N	5	Available on web site - distributed for informational purposes to higher educ community & others.	0	0.00
Student Semester Credit & FTE	A.C.A. 6-61-206	N	N	5	On Web site - Distributed upon request for informational purposes to Higher Education community & others.	0	0.00
Type Amount Compensation for Monitary Losses of Students called into Military Service	A.C.A. 6-61-112	N	Y	100	Mandated for House Interim Committee on Aging, Children and Youth, Legislative and Military Affiars and Senate Interim Committee on Children and Youth beginning October 1, 2006	0	0.00

Department Appropriation Summary

Appropriation		Historical Data						Agency Request and Executive Recommendation											
		2013-2014		2014-2015		2014-2015		2015-2016						2016-2017					
		Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
135	Dental Aid Grant & Loans	3,040,570	0	3,121,270	0	3,121,270	0	3,121,270	0	3,121,270	0	3,121,270	0	3,121,270	0	3,121,270	0	3,121,270	0
137	Optometry Aid Grants & Loans	487,500	0	550,000	0	550,000	0	550,000	0	550,000	0	550,000	0	550,000	0	550,000	0	550,000	0
138	Veterinary Aid	1,047,692	0	1,100,000	0	1,350,000	0	1,100,000	0	1,100,000	0	1,100,000	0	1,100,000	0	1,100,000	0	1,100,000	0
140	Chiropractic Aid	123,339	0	260,000	0	260,000	0	260,000	0	260,000	0	260,000	0	260,000	0	260,000	0	260,000	0
153	General Operations	3,624,956	37	4,086,060	42	4,086,272	42	4,137,228	42	4,310,426	38	4,310,426	38	4,139,631	42	4,312,095	38	4,312,095	38
156	Research Development Program Grants	750,000	0	5,000,000	0	5,000,000	0	5,000,000	0	5,000,000	0	5,000,000	0	5,000,000	0	5,000,000	0	5,000,000	0
160	State Scholarship-Federal	0	0	750,000	0	750,000	0	750,000	0	750,000	0	750,000	0	750,000	0	750,000	0	750,000	0
197	Student Asst Grants/Scholarships	45,677,095	0	55,050,000	0	59,995,000	0	55,050,000	0	57,050,000	0	57,050,000	0	55,050,000	0	57,050,000	0	57,050,000	0
1GF	Improving Teacher Quality	703,823	0	715,500	0	1,565,258	0	715,500	0	715,500	0	715,500	0	715,500	0	715,500	0	715,500	0
2XK	TANF	7,351,594	5	7,150,000	3	10,984,604	3	7,153,869	3	7,150,000	3	7,150,000	3	7,153,869	3	7,150,000	3	7,150,000	3
58B	College Access Challenge Grant	1,487,740	0	2,309,000	0	3,000,000	0	2,279,000	0	2,000,000	0	2,000,000	0	2,279,000	0	2,000,000	0	2,000,000	0
59B	ADHE-Scholarship Admn	413,427	3	831,497	5	1,067,804	6	790,936	5	882,096	6	882,096	6	790,936	5	882,096	6	882,096	6
772	Technical Education-Federal Programs	379,252	2	382,560	2	441,151	2	384,868	2	384,868	2	384,868	2	384,868	2	384,868	2	384,868	2
773	Osteopathy Aid	76,200	0	230,000	0	230,000	0	230,000	0	230,000	0	230,000	0	230,000	0	230,000	0	230,000	0
783	Podiatry Aid	57,000	0	130,400	0	130,400	0	130,400	0	130,400	0	130,400	0	130,400	0	130,400	0	130,400	0
921	Dept Higher Education - Cash in Treasury	48,255	0	1,695,000	0	1,695,000	0	1,595,000	0	1,695,000	0	1,695,000	0	1,595,000	0	1,695,000	0	1,695,000	0
97E	Complt Coll Amer Grt	142,147	0	1,000,000	0	1,000,000	0	1,000,000	0	100,000	0	100,000	0	1,000,000	0	100,000	0	100,000	0
F91	Outcome-Cent Funding	0	0	54,198,524	0	54,198,524	0	54,198,524	0	54,512,702	0	54,512,702	0	54,198,524	0	54,512,702	0	54,512,702	0
NOT REQUESTED FOR THE BIENNIUM																			
F85	InsExchangeGrant-FED	2,371,216	0	0	0	2,500,000	0	0	0	0	0	0	0	0	0	0	0	0	0
Total		67,781,806	47	138,559,811	52	151,925,283	53	138,446,595	52	139,942,262	49	139,942,262	49	138,448,998	52	139,943,931	49	139,943,931	49

Funding Sources			%		%			%		%		%		%		%		%	
Fund Balance	4000005	11,558,333	13.9	15,109,318	10.3		7,766,934	5.6	7,766,934	5.5	7,766,934	5.6	1,291,181	1.0	1,117,983	0.8	1,117,979	0.9
General Revenue	4000010	3,440,728	4.2	3,440,731	2.4		3,440,731	2.5	3,440,731	2.5	3,440,731	2.5	3,440,731	2.6	3,440,731	2.6	3,440,731	2.6
Federal Revenue	4000020	12,446,934	15.0	11,307,060	7.7		11,279,368	8.2	11,000,368	7.8	11,000,368	8.0	11,279,368	8.6	11,000,368	8.2	11,000,368	8.4
Cash Fund	4000045	6,864	0.0	2,500,000	1.7		1,600,000	1.2	1,700,000	1.2	1,700,000	1.2	1,600,000	1.2	1,700,000	1.3	1,700,000	1.3
Trust Fund	4000050	379,428	0.5	5,000,000	3.4		5,000,000	3.6	5,000,000	3.6	5,000,000	3.6	5,000,000	3.8	5,000,000	3.7	5,000,000	3.8
Educational Excellence Fund	4000220	13,154,524	15.9	13,469,606	9.2		13,469,606	9.8	13,469,606	9.6	13,469,606	9.8	13,469,606	10.2	13,469,606	10.1	13,469,606	10.2
Gen Rev Higher Ed Grants	4000258	36,907,466	44.5	40,017,466	27.3		40,017,466	29.0	42,017,466	30.0	39,917,466	28.9	40,017,466	30.4	42,017,466	31.5	40,017,466	30.4
General Improvement Fund	4000265	3,555,000	4.3	0	0.0		0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
HEG Fund Transfers/Adjust.	4000280	0	0.0	0	0.0		0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Inter-agency Fund Transfer	4000316	413,835	0.5	934,040	0.6		790,936	0.6	882,096	0.6	882,096	0.6	790,936	0.6	882,096	0.7	882,096	0.7

Funding Sources			%		%			%		%		%		%		%		%
Other	4000370	591,655	0.7	54,198,524	37.0		54,198,524	39.3	54,512,702	38.9	54,512,702	39.5	54,198,524	41.2	54,512,702	40.8	54,512,702	41.5
Reimbursement	4000425	436,357	0.5	350,000	0.2		350,000	0.3	350,000	0.2	350,000	0.3	350,000	0.3	350,000	0.3	350,000	0.3
Total Funds		82,891,124	100.0	146,326,745	100.0		137,913,565	100.0	140,139,903	100.0	138,039,903	100.0	131,437,812	100.0	133,490,952	100.0	131,490,948	100.0
Excess Appropriation/(Funding)		(15,109,318)		(7,766,934)			533,030		(197,641)		1,902,359		7,011,186		6,452,979		8,452,983	
Grand Total		67,781,806		138,559,811			138,446,595		139,942,262		139,942,262		138,448,998		139,943,931		139,943,931	

Variance in fund balance due to unfunded appropriation in appropriations (153) General Operations, (197) Student Asst Grants/Scholarships, (921) Dept Higher Education - Cash in Treasury, and (156) Research Development Program Grants.

DHE Program Coordinator Funding Transfer required by Section 32 of Act 1387 of 2013 was not made in Fiscal Year 2014 because the position was vacant.

Agency Position Usage Report

FY2012 - 2013						FY2013 - 2014						FY2014 - 2015					
Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused
	Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total	
52	47	7	54	-2	9.62 %	53	40	13	53	0	24.53 %	53	39	13	52	1	26.42 %

Budgeted Number of Positions in FY13 exceeds the Authorized Number due to positions added from the Central Growth Pool.

Analysis of Budget Request

Appropriation: 153 - General Operations

Funding Sources: HQA - Dept. of Higher Education - State

The Arkansas Department of Higher Education utilizes this appropriation to meet costs associated with general administrative functions tied to the specific mission of the Agency. This appropriation is primarily funded by general revenue payable from the Department of Higher Education Fund Account (HQA). Funding is also provided by the Arkansas Lottery Commission with proceeds from the Arkansas Scholarship Lottery for costs associated with the administration of the Arkansas Academic Challenge Scholarship.

Base Level Regular Salaries and Personal Services Matching includes include continuation of the previously authorized 2015 1% Cost of Living Adjustment and Career Service Payments for eligible employees. Personal Services Matching also includes a $10 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of $420 per month. Base Level salaries and matching do not include appropriation for Merit Pay Increases. The Base Level salary of unclassified positions reflects the FY15 line item maximum plus the previously authorized 2015 1% Cost of Living Adjustment.

The Base Level Request is $4,137,228 in FY16 and $4,139,631 in FY17.

The Agency's Change Level Requests total $173,198 in FY16 and $172,464 in FY17 in appropriation only and are summarized as follows:

- Regular Salaries and Personal Services Matching reduction of ($103,532) in FY16 and ($104,266) in FY17 resulting from eliminating three (3) Administrative Assistant III and one (1) Administrative Assistant II due to the inability to find qualified applicants because of the low grade and salary and the reclassification of 5 positions in order to attract and retain qualified applicants.
- Operating Expenses of $72,000 each year to cover the increase in lease expenses.
- Conference and Travel Expenses of $4,730 each year due to increased costs of fuel, lodging, and meals.
- Professional Fees of $150,000 each year for data maintenance on the AR Higher Education Information System. This request is located in the Agency IT Plan.
- Capital Outlay of $50,000 each year to replace a server, network storage, and a network printer. This request is located in the Agency IT Plan.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 153 - General Operations

Funding Sources: HQA - Dept. of Higher Education - State

		Historical Data			Agency Request and Executive Recommendation					
		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item		**Actual**	**Budget**	**Authorized**	**Base Level**	**Agency**	**Executive**	**Base Level**	**Agency**	**Executive**
Regular Salaries	5010000	2,097,378	2,483,295	2,483,295	2,498,047	2,429,974	2,429,974	2,499,547	2,430,874	2,430,874
#Positions		**37**	**42**	**42**	**42**	**38**	**38**	**42**	**38**	**38**
Extra Help	5010001	0	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
#Extra Help		**0**	**6**	**6**	**6**	**6**	**6**	**6**	**6**	**6**
Personal Services Matching	5010003	673,767	728,740	728,952	765,156	729,697	729,697	766,059	730,466	730,466
Operating Expenses	5020002	830,222	840,755	840,755	840,755	912,755	912,755	840,755	912,755	912,755
Conference & Travel Expenses	5050009	17,273	20,270	20,270	20,270	25,000	25,000	20,270	25,000	25,000
Professional Fees	5060010	6,316	10,000	10,000	10,000	160,000	160,000	10,000	160,000	160,000
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	50,000	50,000	0	50,000	50,000
Total		3,624,956	4,086,060	4,086,272	4,137,228	4,310,426	4,310,426	4,139,631	4,312,095	4,312,095
Funding Sources										
Fund Balance	4000005	1,290,586	1,542,715		1,347,386	1,347,386	1,347,386	1,100,889	927,691	927,691
General Revenue	4000010	3,440,728	3,440,731		3,440,731	3,440,731	3,440,731	3,440,731	3,440,731	3,440,731
HEG Fund Transfers/Adjust.	4000280	0	100,000		100,000	100,000	100,000	100,000	100,000	100,000
Reimbursement	4000425	436,357	350,000		350,000	350,000	350,000	350,000	350,000	350,000
Total Funding		5,167,671	5,433,446		5,238,117	5,238,117	5,238,117	4,991,620	4,818,422	4,818,422
Excess Appropriation/(Funding)		(1,542,715)	(1,347,386)		(1,100,889)	(927,691)	(927,691)	(851,989)	(506,327)	(506,327)
Grand Total		3,624,956	4,086,060		4,137,228	4,310,426	4,310,426	4,139,631	4,312,095	4,312,095

DHE Program Coordinator Funding Transfer required by Section 32 of Act 1387 of 2013 was not made in Fiscal Year 2014 due to the position being vacant.

Change Level by Appropriation

Appropriation: 153 - General Operations
Funding Sources: HQA - Dept. of Higher Education - State

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**4,137,228**	**42**	**4,137,228**	**100.0**	**4,139,631**	**42**	**4,139,631**	**100.0**
C01	Existing Program	76,730	0	4,213,958	101.9	76,730	0	4,216,361	101.9
C03	Discontinue Program	(152,786)	(4)	4,061,172	98.2	(153,520)	(4)	4,062,841	98.1
C08	Technology	200,000	0	4,261,172	103.0	200,000	0	4,262,841	103.0
C10	Reclass	49,254	0	4,310,426	104.2	49,254	0	4,312,095	104.2

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**4,137,228**	**42**	**4,137,228**	**100.0**	**4,139,631**	**42**	**4,139,631**	**100.0**
C01	Existing Program	76,730	0	4,213,958	101.9	76,730	0	4,216,361	101.9
C03	Discontinue Program	(152,786)	(4)	4,061,172	98.2	(153,520)	(4)	4,062,841	98.1
C08	Technology	200,000	0	4,261,172	103.0	200,000	0	4,262,841	103.0
C10	Reclass	49,254	0	4,310,426	104.2	49,254	0	4,312,095	104.2

Justification	
C01	For increase in lease and building operating expenese and increase in travel costs. Appropriation Only.
C03	These position were not requested because ADHE cannot find qualified applicants due to the low grade and salary. ADHE is using this change to balance budget cost of the requested reclass. Request is for appropriation only.
C08	Professsional Fees for data maintenance and Capital Outlay for equipment. Appropriation Only.
C10	ADHE requested the reclass in these positions to increase the grade and salary in order to attract and retain qualified applicants. Request is for appropriation only.

Analysis of Budget Request

Appropriation: 156 - Research Development Program Grants

Funding Sources: THD - Higher Education Research Development - Trust

The Arkansas Research Development Program provides grants to institutions of higher education for development of scientific research capability per Arkansas Code § 6-61-807. Funding for this program is required to be transferred from the Higher Education Building Maintenance Fund in accordance with Section 22 of Act 286 of 2010. Revenues in the Higher Education Building Maintenance Fund accumulate from the sale or lease of minerals, oil, gas, etc. on military and non-military federal lands located within the State of Arkansas.

The Base Level and total Agency request is $5,000,000 each year of the 2015-2017 Biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 156 - Research Development Program Grants

Funding Sources: THD - Higher Education Research Development - Trust

		Historical Data			Agency Request and Executive Recommendation					
		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid	5100004	750,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Total		750,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Funding Sources										
Fund Balance	4000005	230,787	13,524		13,524	13,524	13,524	13,524	13,524	13,524
Federal Revenue	4000020	153,309	0		0	0	0	0	0	0
Trust Fund	4000050	379,428	5,000,000		5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Total Funding		763,524	5,013,524		5,013,524	5,013,524	5,013,524	5,013,524	5,013,524	5,013,524
Excess Appropriation/(Funding)		(13,524)	(13,524)		(13,524)	(13,524)	(13,524)	(13,524)	(13,524)	(13,524)
Grand Total		750,000	5,000,000		5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000

Expenditure of appropriation is dependent on receipt of Mineral Lease Proceeds.

Analysis of Budget Request

Appropriation: 160 - State Scholarship-Federal

Funding Sources: FCP - Dept. of Higher Education - Federal

This appropriation represents the federal share of the Workforce Improvement Grants Program, which is the State's only financial aid program based solely on financial need. The federal grant received is for Arkansas' participation in the "Leveraging Educational Assistance Partnership" (LEAP) Program. The goal is to help the non-traditional student (24 years old or older) returning to school who has financial need but may not be eligible for assistance from traditional state and federal programs. This appropriation is funded entirely from federal revenue received from the U.S. Department of Education.

The Base Level and total Agency Request is $750,000 each year of the 2015-2017 Biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 160 - State Scholarship-Federal

Funding Sources: FCP - Dept. of Higher Education - Federal

	Historical Data			Agency Request and Executive Recommendation					
	2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid 5100004	0	750,000	750,000	750,000	750,000	750,000	750,000	750,000	750,000
Total	0	750,000	750,000	750,000	750,000	750,000	750,000	750,000	750,000
Funding Sources									
Federal Revenue 4000020	0	750,000		750,000	750,000	750,000	750,000	750,000	750,000
Total Funding	0	750,000		750,000	750,000	750,000	750,000	750,000	750,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	0	750,000		750,000	750,000	750,000	750,000	750,000	750,000

Analysis of Budget Request

Appropriation: 197 - Student Asst Grants/Scholarships

Funding Sources: HEG - Higher Education Grants

The Student Assistance Grants and Scholarships appropriation provides the Arkansas Department of Higher Education (ADHE) the authority to award the State's current and prospective college students with financial aid based upon academic performance and, in some programs, financial need. This appropriation is currently funded from a combination of general revenue, Higher Education Grants Fund balances, and Educational Excellence Trust Fund revenues, payable from the Higher Education Grants (HEG) Fund Account.

The Base Level Request is $55,050,000 each year of the 2015-2017 Biennium.

The Agency's Change Level Request is for $2,000,000 each year in appropriation and funding for the Arkansas Governors Scholarship due to the increased number of Governor's Distinguished Scholars.

The Executive Recommendation provides for the Agency Request for appropriation only. Agency will also request funding through the Capital Projects request process.

Appropriation Summary

Appropriation: 197 - Student Asst Grants/Scholarships

Funding Sources: HEG - Higher Education Grants

		Historical Data			Agency Request and Executive Recommendation					
		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item		**Actual**	**Budget**	**Authorized**	**Base Level**	**Agency**	**Executive**	**Base Level**	**Agency**	**Executive**
St Teacher Educ Prgm	5100004	1,076,142	2,000,000	4,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Teacher Opportunity Program	5100004	1,077,204	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Workforce Improvement Grants	5100004	2,998,850	3,000,000	3,500,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
H E Opportunities Grant	5100004	5,284,376	6,000,000	8,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000
National Guard Tuition Asst.	5100004	1,300,000	1,400,000	1,500,000	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000
Single Parent Scholarship Prograr	5100004	160,000	175,000	175,000	175,000	175,000	175,000	175,000	175,000	175,000
Second Effort Scholarships	5100030	0	0	20,000	0	0	0	0	0	0
SREB Minority Doctoral Scholars	5100030	175,000	175,000	200,000	175,000	175,000	175,000	175,000	175,000	175,000
Washington Center Scholarships	5100030	96,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
AR Geographical Critical Needs	5100030	62,250	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
Dependents-Law Enf. Off, etc	5100030	252,849	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000
Dependents-POW'S, MIA'S, etc.	5100030	364,577	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000
Tuition Adjustment	5110014	0	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000
Academic Challenge	5900046	20,002,199	25,000,000	25,000,000	25,000,000	25,000,000	25,000,000	25,000,000	25,000,000	25,000,000
AR Governor's Scholar	5900047	12,440,809	13,200,000	13,200,000	13,200,000	15,200,000	15,200,000	13,200,000	15,200,000	15,200,000
SURF	5900048	183,273	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
Web Based Applications	5900049	203,566	1,000,000	1,300,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Total		45,677,095	55,050,000	59,995,000	55,050,000	57,050,000	57,050,000	55,050,000	57,050,000	57,050,000
Funding Sources										
Fund Balance	4000005	9,489,609	13,188,858		6,134,260	6,134,260	6,134,260	0	0	0
Educational Excellence Fund	4000220	13,154,524	13,469,606		13,469,606	13,469,606	13,469,606	13,469,606	13,469,606	13,469,606
Gen Rev Higher Ed Grants	4000258	32,075,165	34,625,796		34,625,796	36,625,796	34,525,796	34,625,796	36,625,796	34,625,796
General Improvement Fund	4000265	3,555,000	0		0	0	0	0	0	0
HEG Fund Transfers/Adjust.	4000280	0	(100,000)		(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)
Other	4000370	591,655	0		0	0	0	0	0	0
Total Funding		58,865,953	61,184,260		54,129,662	56,129,662	54,029,662	47,995,402	49,995,402	47,995,402
Excess Appropriation/(Funding)		(13,188,858)	(6,134,260)		920,338	920,338	3,020,338	7,054,598	7,054,598	9,054,598
Grand Total		45,677,095	55,050,000		55,050,000	57,050,000	57,050,000	55,050,000	57,050,000	57,050,000

DHE Program Coordinator Funding Transfer required by Section 32 of Act 1387 of 2013 was not made in Fiscal Year 2014 due to the position being vacant.

Change Level by Appropriation

Appropriation: 197 - Student Asst Grants/Scholarships
Funding Sources: HEG - Higher Education Grants

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**55,050,000**	**0**	**55,050,000**	**100.0**	**55,050,000**	**0**	**55,050,000**	**100.0**
C01	Existing Program	2,000,000	0	57,050,000	103.6	2,000,000	0	57,050,000	103.6

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**55,050,000**	**0**	**55,050,000**	**100.0**	**55,050,000**	**0**	**55,050,000**	**100.0**
C01	Existing Program	2,000,000	0	57,050,000	103.6	2,000,000	0	57,050,000	103.6

Justification	
C01	To Provide Funding for the increased number of Governor's Distinguished Scholars. Appropriation and Funding.

Analysis of Budget Request

Appropriation: 1GF - Improving Teacher Quality

Funding Sources: FCP - Dept. of Higher Education - Federal

The Arkansas Department of Higher Education's (ADHE) Improving Teacher Quality appropriation represents the State's 'No Child Left Behind' program. The goals of this appropriation stress the importance of preparing, training and recruiting high quality teachers and principals through competitive grants to institutions of higher education. Major emphasis is placed upon teacher quality as being a factor in improving student achievement. This program is federally funded though the U.S. Department of Education.

The Base Level and total Agency Request is $715,500 each year of the 2015-2017 Biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 1GF - Improving Teacher Quality

Funding Sources: FCP - Dept. of Higher Education - Federal

		Historical Data			Agency Request and Executive Recommendation					
		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	7,094	2,500	26,856	2,500	2,500	2,500	2,500	2,500	2,500
Conference & Travel Expenses	5050009	0	0	13,000	0	0	0	0	0	0
Professional Fees	5060010	0	0	8,000	0	0	0	0	0	0
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Grants and Aid	5100004	696,729	713,000	1,517,402	713,000	713,000	713,000	713,000	713,000	713,000
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Total		703,823	715,500	1,565,258	715,500	715,500	715,500	715,500	715,500	715,500
Funding Sources										
Federal Revenue	4000020	703,823	715,500		715,500	715,500	715,500	715,500	715,500	715,500
Total Funding		703,823	715,500		715,500	715,500	715,500	715,500	715,500	715,500
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		703,823	715,500		715,500	715,500	715,500	715,500	715,500	715,500

Analysis of Budget Request

Appropriation: 2XK - TANF

Funding Sources: FCP - Dept. of Higher Education - Federal

The Temporary Assistance to Needy Families (TANF) appropriation is a collaboration between the Arkansas Department of Higher Education (ADHE) and all twenty-two (22) two-year institutions of higher education. Known as the "Career Pathways" program, it provides educational and training services to recipients deemed eligible under the TANF Block Grant. ADHE works with the Arkansas Association of Two-Year Colleges (AATYC) to coordinate services to eligible recipients, and over 100,000 students have participated. The goal of this appropriation is to increase client self-sufficiency and job skills. This program is federally funded through the U.S. Department of Health and Human Services.

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

The Base Level Request is $7,153,869 each year of the biennium.

The Agency's Change Level Request is for a reduction of ($3,869) each year in Operating Expenses due to reduced federal funding.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 2XK - TANF

Funding Sources: FCP - Dept. of Higher Education - Federal

		Historical Data			Agency Request and Executive Recommendation					
		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item		**Actual**	**Budget**	**Authorized**	**Base Level**	**Agency**	**Executive**	**Base Level**	**Agency**	**Executive**
Regular Salaries	5010000	222,504	217,578	347,558	220,337	220,337	220,337	220,337	220,337	220,337
#Positions		**5**	**3**	**3**	**3**	**3**	**3**	**3**	**3**	**3**
Extra Help	5010001	0	0	15,000	0	0	0	0	0	0
#Extra Help		**0**	**0**	**2**	**0**	**0**	**0**	**0**	**0**	**0**
Personal Services Matching	5010003	64,167	63,520	102,046	64,630	64,630	64,630	64,630	64,630	64,630
Operating Expenses	5020002	81,834	60,567	90,000	60,567	56,698	56,698	60,567	56,698	56,698
Conference & Travel Expenses	5050009	0	0	25,000	0	0	0	0	0	0
Professional Fees	5060010	19,910	14,784	30,000	14,784	14,784	14,784	14,784	14,784	14,784
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Grants and Aid	5100004	6,963,179	6,793,551	10,375,000	6,793,551	6,793,551	6,793,551	6,793,551	6,793,551	6,793,551
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Total		7,351,594	7,150,000	10,984,604	7,153,869	7,150,000	7,150,000	7,153,869	7,150,000	7,150,000
Funding Sources										
Federal Revenue	4000020	7,351,594	7,150,000		7,150,000	7,150,000	7,150,000	7,150,000	7,150,000	7,150,000
Total Funding		7,351,594	7,150,000		7,150,000	7,150,000	7,150,000	7,150,000	7,150,000	7,150,000
Excess Appropriation/(Funding)		0	0		3,869	0	0	3,869	0	0
Grand Total		7,351,594	7,150,000		7,153,869	7,150,000	7,150,000	7,153,869	7,150,000	7,150,000

Change Level by Appropriation

Appropriation: 2XK - TANF
Funding Sources: FCP - Dept. of Higher Education - Federal

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**7,153,869**	**3**	**7,153,869**	**100.0**	**7,153,869**	**3**	**7,153,869**	**100.0**
C03	Discontinue Program	(3,869)	0	7,150,000	99.9	(3,869)	0	7,150,000	99.9

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**7,153,869**	**3**	**7,153,869**	**100.0**	**7,153,869**	**3**	**7,153,869**	**100.0**
C03	Discontinue Program	(3,869)	0	7,150,000	99.9	(3,869)	0	7,150,000	99.9

Justification	
C03	To balance income with expenses due to reduced funding.

Analysis of Budget Request

Appropriation: 58B - College Access Challenge Grant

Funding Sources: FCP - Dept. of Higher Education - Federal

The College Access Challenge Grant Program (CACGP) is designed to foster partnerships among federal, state, and local governments and philanthropic organizations through matching challenge grants that are aimed at increasing the number of low-income students who are prepared to enter and succeed in postsecondary education.

Projects funded by the CACGP are designed to: provide information to students and families regarding postsecondary education and career preparation; promote financial literacy and debt management; conduct outreach activities; assist students in completing the Free Application for Federal Student Financial Aid (FAFSA); provide need-based grant aid; conduct professional development for guidance counselors at middle and secondary schools, financial aid administrators, and college admissions counselors; and offer student loan cancellation or repayment or interest rate reductions for borrowers who are employed in a high-need geographical area or a high need profession.

This program is federally funded.

The Base Level Request is $2,279,000 each year of the 2015-2017 Biennium.

The Change Level Requests total ($279,000) each year of the biennium and are summarized as follows:

- Professional Fees reduction of ($309,000) each year due to contract expiration.
- Capital Outlay increase of $30,000 each year for IT hardware for the ADHE data warehouse. This request is located in the Agency's IT Plan.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 58B - College Access Challenge Grant
Funding Sources: FCP - Dept. of Higher Education - Federal

		Historical Data			Agency Request and Executive Recommendation					
		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	1,227,146	1,215,000	1,215,000	1,215,000	1,215,000	1,215,000	1,215,000	1,215,000	1,215,000
Conference & Travel Expenses	5050009	1,623	14,000	55,000	14,000	14,000	14,000	14,000	14,000	14,000
Professional Fees	5060010	258,971	1,050,000	1,700,000	1,050,000	741,000	741,000	1,050,000	741,000	741,000
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	30,000	30,000	0	30,000	30,000	0	30,000	30,000
Total		1,487,740	2,309,000	3,000,000	2,279,000	2,000,000	2,000,000	2,279,000	2,000,000	2,000,000
Funding Sources										
Federal Revenue	4000020	1,487,740	2,309,000		2,279,000	2,000,000	2,000,000	2,279,000	2,000,000	2,000,000
Total Funding		1,487,740	2,309,000		2,279,000	2,000,000	2,000,000	2,279,000	2,000,000	2,000,000
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		1,487,740	2,309,000		2,279,000	2,000,000	2,000,000	2,279,000	2,000,000	2,000,000

Change Level by Appropriation

Appropriation: 58B - College Access Challenge Grant
Funding Sources: FCP - Dept. of Higher Education - Federal

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**2,279,000**	**0**	**2,279,000**	**100.0**	**2,279,000**	**0**	**2,279,000**	**100.0**
C03	Discontinue Program	(309,000)	0	1,970,000	86.4	(309,000)	0	1,970,000	86.4
C08	Technology	30,000	0	2,000,000	87.8	30,000	0	2,000,000	87.8

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**2,279,000**	**0**	**2,279,000**	**100.0**	**2,279,000**	**0**	**2,279,000**	**100.0**
C03	Discontinue Program	(309,000)	0	1,970,000	86.4	(309,000)	0	1,970,000	86.4
C08	Technology	30,000	0	2,000,000	87.8	30,000	0	2,000,000	87.8

Justification	
C03	Reduction in Professional Fees due to contract expiration.
C08	Restoration of Capital Outlay. The College Access Challenge Program is now using the ADHE data warehouse to help identify underserved students. This request will only be used for Information Technology hardware. This request is for Appropriation only.

Analysis of Budget Request

Appropriation: 59B - ADHE-Scholarship Admn

Funding Sources: HEG - Higher Education Grants

The Arkansas Department of Higher Education (ADHE) provides for the administration of the Arkansas Academic Challenge Scholarship program though Scholarship Administration appropriation. The Arkansas Lottery Commission provides funding for this appropriation with proceeds from the Arkansas Scholarship Lottery.

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

The Base Level Request is $790,936 each year of the 2015-2017 Biennium.

The Agency's Change Level Requests total $91,160 each year of the biennium and are summarized as follows:

- Regular Salaries and Personal Services Matching of $56,160 each year due to the restoration of one (1) Software Support Analyst (C121) and reclassification of two (2) Software Support Analyst (C121) to Senior Software Support Specialist (C124).
- Capital Outlay of $35,000 each year to purchase database tools and hardware for the ADHE data warehouse. This request is located in the Agency IT Plan listed as AR Challenge Data Warehouse under Agency Projects.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 59B - ADHE-Scholarship Admn

Funding Sources: HEG - Higher Education Grants

		Historical Data			Agency Request and Executive Recommendation					
		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	142,693	285,649	328,864	288,579	330,320	330,320	288,579	330,320	330,320
#Positions		**3**	**5**	**6**	**5**	**6**	**6**	**5**	**6**	**6**
Extra Help	5010001	0	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
#Extra Help		**0**	**11**	**9**	**11**	**11**	**11**	**11**	**11**	**11**
Personal Services Matching	5010003	32,183	100,848	108,940	92,357	106,776	106,776	92,357	106,776	106,776
Operating Expenses	5020002	29,652	130,000	165,000	130,000	130,000	130,000	130,000	130,000	130,000
Conference & Travel Expenses	5050009	0	0	0	0	0	0	0	0	0
Professional Fees	5060010	185,914	250,000	400,000	250,000	250,000	250,000	250,000	250,000	250,000
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	22,985	35,000	35,000	0	35,000	35,000	0	35,000	35,000
Total		413,427	831,497	1,067,804	790,936	882,096	882,096	790,936	882,096	882,096
Funding Sources										
Fund Balance	4000005	20,110	20,518		123,061	123,061	123,061	123,061	123,061	123,061
Inter-agency Fund Transfer	4000316	413,835	934,040		790,936	882,096	882,096	790,936	882,096	882,096
Total Funding		433,945	954,558		913,997	1,005,157	1,005,157	913,997	1,005,157	1,005,157
Excess Appropriation/(Funding)		(20,518)	(123,061)		(123,061)	(123,061)	(123,061)	(123,061)	(123,061)	(123,061)
Grand Total		413,427	831,497		790,936	882,096	882,096	790,936	882,096	882,096

Budget Number of Extra Help Positions may exceed the Authorized Number due to single Extra Help section in appropriation act.

Change Level by Appropriation

Appropriation: 59B - ADHE-Scholarship Admn
Funding Sources: HEG - Higher Education Grants

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**790,936**	**5**	**790,936**	**100.0**	**790,936**	**5**	**790,936**	**100.0**
C06	Restore Position/Approp	55,447	1	846,383	107.0	55,447	1	846,383	107.0
C08	Technology	35,000	0	881,383	111.4	35,000	0	881,383	111.4
C10	Reclass	713	0	882,096	111.5	713	0	882,096	111.5

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**790,936**	**5**	**790,936**	**100.0**	**790,936**	**5**	**790,936**	**100.0**
C06	Restore Position/Approp	55,447	1	846,383	107.0	55,447	1	846,383	107.0
C08	Technology	35,000	0	881,383	111.4	35,000	0	881,383	111.4
C10	Reclass	713	0	882,096	111.5	713	0	882,096	111.5

Justification	
C06	To restore position not requested during FY15 AOP.
C08	Restore Capital Outlay for Schlarship Administration.
C10	Reclass position to attract and retain programmers.

Analysis of Budget Request

Appropriation: 772 - Technical Education-Federal Programs

Funding Sources: FCP - Dept. of Higher Education - Federal

The Teacher Education-Federal Programs appropriation is designed to utilized federal funding awarded by the Carl D. Perkins Vocational and Technical Act. This Act focuses on the academic achievement of career and technical education students, strengthening the connections between secondary and postsecondary education, and improving state and local accountability.

The Arkansas Department of Career Education has been designated as the agency eligible to receive federal Perkins funds from the Office of Vocational and Adult Education in the U.S. Department of Education. Through a Memorandum of Understanding, the Arkansas Department of Career Education makes funds available to the Arkansas Department of Higher Education (ADHE) to administer the postsecondary portion of the Perkins Act.

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

The Base Level and total Agency Request is $384,868 each year of the 2015-2017 Biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 772 - Technical Education-Federal Programs

Funding Sources: FCP - Dept. of Higher Education - Federal

		Historical Data			Agency Request and Executive Recommendation					
		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item		**Actual**	**Budget**	**Authorized**	**Base Level**	**Agency**	**Executive**	**Base Level**	**Agency**	**Executive**
Regular Salaries	5010000	144,605	138,935	140,477	140,309	140,309	140,309	140,309	140,309	140,309
#Positions		**2**	**2**	**2**	**2**	**2**	**2**	**2**	**2**	**2**
Personal Services Matching	5010003	41,930	40,674	40,674	41,608	41,608	41,608	41,608	41,608	41,608
Operating Expenses	5020002	84,677	77,251	120,000	77,251	77,251	77,251	77,251	77,251	77,251
Conference & Travel Expenses	5050009	8,465	15,200	20,000	15,200	15,200	15,200	15,200	15,200	15,200
Professional Fees	5060010	99,575	110,500	120,000	110,500	110,500	110,500	110,500	110,500	110,500
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		379,252	382,560	441,151	384,868	384,868	384,868	384,868	384,868	384,868
Funding Sources										
Federal Revenue	4000020	379,252	382,560		384,868	384,868	384,868	384,868	384,868	384,868
Total Funding		379,252	382,560		384,868	384,868	384,868	384,868	384,868	384,868
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		379,252	382,560		384,868	384,868	384,868	384,868	384,868	384,868

Analysis of Budget Request

Appropriation: 921 - Dept Higher Education - Cash in Treasury

Funding Sources: NHE - Cash in Treasury

This appropriation is for Cash Operations of The Arkansas Department of Higher Education (ADHE) as defined by Arkansas Code §19-4-801. This appropriation assists in the administration of grant awards related to the "Achieving the Dream", "Non-Traditional No More", and "College Goal Sunday" programs. "Achieving the Dream: Community Colleges Count" program receives private foundation funding to provide participating community colleges with resources to assist minority and low income students earn degrees and to facilitate transfers of credits to other institutions of higher education for continuing their studies. "Non-Traditional No More: Policy Solutions for Adult Learners" program is a Western Interstate Commission for Higher Education (WICHE) private foundation grant used to stimulate and guide policy changes to create a more navigable path to degree attainment for adults. "College Goal Sunday" uses funding provided via planning grant from the Lumina Foundation for Education, Inc. to provide low income families access to financial aid professionals and free assistance in completing the Free Application for Student Financial Aid (FAFSA), as well as helping those targeted students identify all financial aid available.

The Base Level request is $1,595,000 each year of the 2015-2017 Biennium.

The Agency's Change Level Request is for Capital Outlay of $100,000 each year of the biennium to update and maintain data processing equipment and storage. This request is located in the Agency's IT Plan, pages 37-49.

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

Appropriation Summary

Appropriation: 921 - Dept Higher Education - Cash in Treasury

Funding Sources: NHE - Cash in Treasury

		Historical Data			Agency Request and Executive Recommendation					
		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	16,255	878,070	878,070	878,070	878,070	878,070	878,070	878,070	878,070
Conference & Travel Expenses	5050009	0	60,620	60,620	60,620	60,620	60,620	60,620	60,620	60,620
Professional Fees	5060010	30,000	551,310	551,310	551,310	551,310	551,310	551,310	551,310	551,310
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Scholarships	5100030	2,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Refunds/Reimbursements	5110014	0	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Capital Outlay	5120011	0	100,000	100,000	0	100,000	100,000	0	100,000	100,000
Total		48,255	1,695,000	1,695,000	1,595,000	1,695,000	1,695,000	1,595,000	1,695,000	1,695,000
Funding Sources										
Fund Balance	4000005	385,094	343,703		148,703	148,703	148,703	53,707	53,707	53,703
Cash Fund	4000045	6,864	1,500,000		1,500,000	1,600,000	1,600,000	1,500,000	1,600,000	1,600,000
Total Funding		391,958	1,843,703		1,648,703	1,748,703	1,748,703	1,553,707	1,653,707	1,653,703
Excess Appropriation/(Funding)		(343,703)	(148,703)		(53,703)	(53,703)	(53,703)	41,293	41,293	41,297
Grand Total		48,255	1,695,000		1,595,000	1,695,000	1,695,000	1,595,000	1,695,000	1,695,000

Expenditure of appropriation is contingent upon available funding.

Change Level by Appropriation

Appropriation: 921 - Dept Higher Education - Cash in Treasury
Funding Sources: NHE - Cash in Treasury

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**1,595,000**	**0**	**1,595,000**	**100.0**	**1,595,000**	**0**	**1,595,000**	**100.0**
C08	Technology	100,000	0	1,695,000	106.3	100,000	0	1,695,000	106.3

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**1,595,000**	**0**	**1,595,000**	**100.0**	**1,595,000**	**0**	**1,595,000**	**100.0**
C08	Technology	100,000	0	1,695,000	106.3	100,000	0	1,695,000	106.3

Justification	
C08	New funding from Foundation Program. This request is to meet the needs of updating and maintaining data processing equipment and storage. This request is for Appropriation only.

Analysis of Budget Request

Appropriation: 97E - Complt Coll Amer Grt

Funding Sources: NHE - Cash in Treasury

This appropriation is for Cash Operations of The Arkansas Department of Higher Education (ADHE) for the operation of the Complete College America Grant. This grant will be used to enhance state efforts to boost college completion and close attainment gaps for traditionally underrepresented populations. Nine colleges and universities will participate in the initiative and will address transforming remediation and reducing time-to-degree and accelerating success.

The Base Level Request is $1,000,000 each year of the 2015-2017 Biennium.

The Agency's Change Level Requests total ($900,000) each year of the biennium and are summarized as follows:

- Professional Fees reduction of ($100,000) each year due to foundation funding ending.
- Grants and Aid reduction of ($800,000) each year due to foundation funding ending.

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

Appropriation Summary

Appropriation: 97E - Complt Coll Amer Grt
Funding Sources: NHE - Cash in Treasury

		Historical Data			Agency Request and Executive Recommendation					
		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	5,910	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Conference & Travel Expenses	5050009	0	0	0	0	0	0	0	0	0
Professional Fees	5060010	16,100	100,000	100,000	100,000	0	0	100,000	0	0
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Grants and Aid	5100004	120,137	800,000	800,000	800,000	0	0	800,000	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Total		142,147	1,000,000	1,000,000	1,000,000	100,000	100,000	1,000,000	100,000	100,000
Funding Sources										
Fund Balance	4000005	142,147	0		0	0	0	0	0	0
Cash Fund	4000045	0	1,000,000		100,000	100,000	100,000	100,000	100,000	100,000
Total Funding		142,147	1,000,000		100,000	100,000	100,000	100,000	100,000	100,000
Excess Appropriation/(Funding)		0	0		900,000	0	0	900,000	0	0
Grand Total		142,147	1,000,000		1,000,000	100,000	100,000	1,000,000	100,000	100,000

Expenditure of appropriation is contingent upon available funding.

Change Level by Appropriation

Appropriation: 97E - Complt Coll Amer Grt
Funding Sources: NHE - Cash in Treasury

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**1,000,000**	**0**	**1,000,000**	**100.0**	**1,000,000**	**0**	**1,000,000**	**100.0**
C03	Discontinue Program	(900,000)	0	100,000	10.0	(900,000)	0	100,000	10.0

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**1,000,000**	**0**	**1,000,000**	**100.0**	**1,000,000**	**0**	**1,000,000**	**100.0**
C03	Discontinue Program	(900,000)	0	100,000	10.0	(900,000)	0	100,000	10.0

Justification	
C03	Reduction in foundation funding.

Analysis of Budget Request

Appropriation: F91 - Outcome-Cent Funding

Funding Sources: HQA- Outcome Center Funding- Higher Education Grants Fund Account

Act 1203 of 2011 repealed Arkansas Code §6-61-223 and amended §6-61-224, §6-61-228, §6-61-229, and §6-61-230. The act directs the Department of Higher Education to develop an outcome-centered component of the funding formula for colleges and universities by December 31, 2011. Beginning in 2013-14 the funding recommendations will be based on the need component of student enrollment and the output components of student success and other performance measures. The proportion of the funding recommendation will begin with five percent based on outcome-centered measures, increasing by five percent each year to reach 25 percent in 2017-18. The Director and staff at the Department of Higher Education worked with the presidents, chancellors and key staff at the universities and colleges, along with the Executive Director and key staff at the Arkansas Association of Two-Year Colleges, to develop the university and college performance measures.

Funds are payable from the Higher Education Fund Account.

The Base Level Request is $54,198,524 each year of the 2015-2017 Biennium.

The Agency's Change Level Requests total $314,178 each year of the biennium in Outcome Centered Funding appropriation to reflect the 10% of proposed RSA funding for Universities.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: F91 - Outcome-Cent Funding

Funding Sources: HQA- Outcome Center Funding- Higher Education Grants Fund Account

	Historical Data			Agency Request and Executive Recommendation					
	2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item	**Actual**	**Budget**	**Authorized**	**Base Level**	**Agency**	**Executive**	**Base Level**	**Agency**	**Executive**
outcome Centered Funding 5900046	0	40,006,106	40,006,106	40,006,106	40,320,284	40,320,284	40,006,106	40,320,284	40,320,284
Outcome-Centered Awards - Col 5900047	0	14,192,418	14,192,418	14,192,418	14,192,418	14,192,418	14,192,418	14,192,418	14,192,418
Total	0	54,198,524	54,198,524	54,198,524	54,512,702	54,512,702	54,198,524	54,512,702	54,512,702
Funding Sources									
Other 4000370	0	54,198,524		54,198,524	54,512,702	54,512,702	54,198,524	54,512,702	54,512,702
Total Funding	0	54,198,524		54,198,524	54,512,702	54,512,702	54,198,524	54,512,702	54,512,702
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	0	54,198,524		54,198,524	54,512,702	54,512,702	54,198,524	54,512,702	54,512,702

Change Level by Appropriation

Appropriation: F91 - Outcome-Cent Funding
Funding Sources: HQA- Outcome Center Funding- Higher Education Grants Fund Account

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**54,198,524**	**0**	**54,198,524**	**100.0**	**54,198,524**	**0**	**54,198,524**	**100.0**
C01	Existing Program	314,178	0	54,512,702	100.6	314,178	0	54,512,702	100.6

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**54,198,524**	**0**	**54,198,524**	**100.0**	**54,198,524**	**0**	**54,198,524**	**100.0**
C01	Existing Program	314,178	0	54,512,702	100.6	314,178	0	54,512,702	100.6

Justification	
C01	To reflect the 10% of proposed RSA funding for Universities. Appropriation Only.

Analysis of Budget Request

Appropriation: HEG - Health Education Grants & Loans

Funding Sources: HEG - Higher Education Grants

The Health Professions Financial Assistance Program of the Arkansas Department of Higher Education (ADHE) is responsible for developing rules and regulations for the Arkansas Health Education Grants (ARHEG) Program. ARHEG provides Arkansas residents financial assistance to attend certain out-of-state health and medical professional schools for graduate or professional programs not available in Arkansas. Education programs not offered in Arkansas are facilitated through contractual arrangements negotiated through the Southern Regional Education Board (SREB), of which Arkansas is a member. The State also contracts directly with out-of-state institutions for additional spaces or student slots at Non-SREB institutions. Such assistance is typically amounts sufficient to help offset the difference in the resident and non-resident tuition fees at participating institutions. Assistance is currently available for attendance at any accredited school of dentistry, veterinary medicine, optometry, osteopathy medicine, podiatric and chiropractic medicine. ARHEG is funded by general revenue payable from the Higher Education Grants (HEG) Fund.

The Base Level and total Agency Request is $5,391,670 each year of the 2015-2017 Biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: HEG - Health Education Grants & Loans
Funding Sources: HEG - Higher Education Grants

		Historical Data			Agency Request and Executive Recommendation					
		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Osteopathy Aid	5100004	76,200	230,000	230,000	230,000	230,000	230,000	230,000	230,000	230,000
Podiatry Aid	5100004	57,000	130,400	130,400	130,400	130,400	130,400	130,400	130,400	130,400
Veterinary Aid	5100004	1,047,692	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000
Chiropractic Aid	5100004	123,339	260,000	260,000	260,000	260,000	260,000	260,000	260,000	260,000
Dental Aid Grants	5100004	2,053,200	2,133,900	2,133,900	2,133,900	2,133,900	2,133,900	2,133,900	2,133,900	2,133,900
Optometry Aid Grants	5100004	382,500	410,000	410,000	410,000	410,000	410,000	410,000	410,000	410,000
Veterinary Aid Loans	5120029	0	0	250,000	0	0	0	0	0	0
Optometry Aid Loans	5120029	105,000	140,000	140,000	140,000	140,000	140,000	140,000	140,000	140,000
Dental Aid Loans	5120029	987,370	987,370	987,370	987,370	987,370	987,370	987,370	987,370	987,370
Total		4,832,301	5,391,670	5,641,670	5,391,670	5,391,670	5,391,670	5,391,670	5,391,670	5,391,670
Funding Sources										
Gen Rev Higher Ed Grants	4000258	4,832,301	5,391,670		5,391,670	5,391,670	5,391,670	5,391,670	5,391,670	5,391,670
Total Funding		4,832,301	5,391,670		5,391,670	5,391,670	5,391,670	5,391,670	5,391,670	5,391,670
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		4,832,301	5,391,670		5,391,670	5,391,670	5,391,670	5,391,670	5,391,670	5,391,670

Appropriation Summary

Appropriation: F85 - InsExchangeGrant-FED

Funding Sources: InsExchangeGrant-Fed

	Historical Data			Agency Request and Executive Recommendation					
	2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid 5100004	2,371,216	0	2,500,000	0	0	0	0	0	0
Total	2,371,216	0	2,500,000	0	0	0	0	0	0
Funding Sources									
Federal Revenue 4000020	2,371,216	0		0	0	0	0	0	0
Total Funding	2,371,216	0		0	0	0	0	0	0
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	2,371,216	0		0	0	0	0	0	0

APPROPRIATION NOT REQUESTED FOR THE 2015-2017 BIENNIUM

DEPARTMENT OF LABOR

Enabling Laws

Act 77 of 2014 (appropriation) ;

Ark. Code Ann. §§ 11-2-101 *et seq*. and 25-12-101 (creation and general powers).
Ark. Code Ann. §§ 11-2-201 *et seq*. (Mediation & Conciliation Service Nondisclosure Act).
Ark. Code Ann. §§ 11-4-201 through 11-4-612 (Wage & Hour).
Ark. Code Ann. §§ 11-11-201 *et seq*. (Private Employment Agency Act).
Ark. Code Ann. §§ 17-28-101 *et seq.* (electrician licensing).
Ark. Code Ann. §§ 20-20-301 *et seq*. (child labor-hand harvesting crops).
Ark. Code Ann. §§ 20-23-101 *et seq*. (Boiler Safety Law).
Ark. Code Ann. §§ 20-24-101 *et seq*. (Elevator Safety Law).
Ark. Code Ann. §§ 20-27-1101 through -1103 and 20-27-1301 *et seq*. (regulation of blasting).
Ark. Code Ann. §§ 20-31-101 *et seq.* (Electrical Code Authority Act).
Ark. Code Ann. §§ 22-9-301 *et seq*. (Prevailing Wage Law).
Ark. Code Ann. §§ 23-89-501 *et seq.* (Amusement Ride and Amusement Attraction Safety Insurance Act).

History and Organization

The predecessor of the Arkansas Department of Labor (hereinafter referred to as ("the Agency") was established in 1913. In 1937, the Agency received its current name and much of its current structure. Its statutory mission is "to promote and develop the welfare of the wage earners of Arkansas, to improve their working conditions, and to advance their opportunities for profitable employment." Ark. Code Ann.§ 11-2-101.

The following describes the Agency's four (4) major divisions which encompass 11 functional program areas.

OCCUPATIONAL SAFETY AND HEALTH:
This division is the largest within the Agency with three (3) primary functional program areas. In addition to its regulatory authority, this division recognizes individuals and companies who have made outstanding strides in the field of occupational safety through its safety award program, and all programs work collaboratively to present safety conferences and seminars throughout the state.

OSHA Consultation is 90% federally funded and assists employers in complying with federal OSHA regulations. The primary role of this program is to provide consultation and training to employers and industries, with preference given to small, high hazard businesses.

The Arkansas Occupational Safety and Health (AOSH) program is supported by general revenue and enforces the state's occupational safety and health laws, primarily with respect to public employment, an area not covered by federal OSHA. AOSH employees provide a variety of safety training courses to general industry, civic, and employee groups, as well as blasting training and certification. Another major responsibility of this program is the enforcement and regulation of state law regarding the operation of amusement rides. AOSH works in conjunction with the Amusement Ride Safety Advisory Board. Fees collected for amusement ride inspections and blasting certification provide additional revenue for the Agency. Also under the umbrella of the AOSH program is the Training and Education and Mine Safety and Health program. Certified instructors provide basic safety and health training, including CPR certification, and provide mandatory training for miners and mine operators. In previous years, the Agency has received a grant from the federal Mine Safety and Health Administration to provide the mandatory MSHA training. This was an 80% federal and 20% state grant. With the likelihood of this grant being greatly reduced or completely eliminated, the Agency plans to reallocate one position from this program to another and has already increased training fees to help support this program area.

The Occupational Safety and Health/Census of Fatal Occupational Injuries (OSH/CFOI) program is responsible for conducting surveys of businesses and compiling and reporting statistics related to occupational injuries, illnesses and fatalities to facilitate and focus services. A federal grant from the U. S. Department of Labor's Bureau of Labor Statistics funds 50% of these business functions. General revenue provides the other 50% required state match for this program.

LABOR STANDARDS:

The Labor Standards division is supported by general revenue and is responsible for enforcement of Arkansas law relating to minimum wage, overtime, child labor, equal pay and prevailing wage, and provides dispute resolution services for certain small wage disputes. The division licenses private employment agencies and otherwise administers and enforces the provisions of the Private Employment Agency Act. Additionally, the division conducts annual wage surveys to establish minimum wages for laborers and mechanics employed on public works projects covered by the Arkansas Prevailing Wage law. A 12-member Prevailing Wage Advisory Committee was created by Executive Order in 1994 to provide advice related to the administration of this program. Additionally, one state mediator provides voluntary intervention in collective bargaining situations. This is strictly a mediatory or conciliatory service to assist in the resolution of a labor dispute in an effort to avoid lockouts, boycotts and strikes. Finally, the division is responsible for enforcing a number of miscellaneous laws establishing employment standards, *e.g.,* Ark. Code Ann. § 11-5-116 (break times for nursing mothers) and § 11-2-124 (social media accounts of employees).

CODE ENFORCEMENT AND PUBLIC SAFETY:

Organizationally, there are three (3) functional program areas within the Code Enforcement division. Their purpose is to protect the public from inherent dangers with respect to the installation, use and operation of certain specialized devices and functions. This is primarily accomplished through licensing, permitting and inspections.

Boiler Inspection is responsible for enforcement, administration and regulation of state law regarding the operation of boilers and pressure vessels. These responsibilities include inspections, permits, and licensing. This program works cooperatively with the Boiler Safety Advisory Board, and is funded 100% by special revenue from collection of established fees.

Elevator Safety is responsible for inspecting and permitting elevators and escalators, and works in conjunction with the Elevator Safety Board. Fees collected through this program substantially subsidize the Agency's general revenue distribution.

The Board of Electrical Examiners is responsible for licensing electricians and the Agency is responsible for enforcing the State Electrical Code as adopted by the board. This program is funded 100% by special revenue from collection of fees.

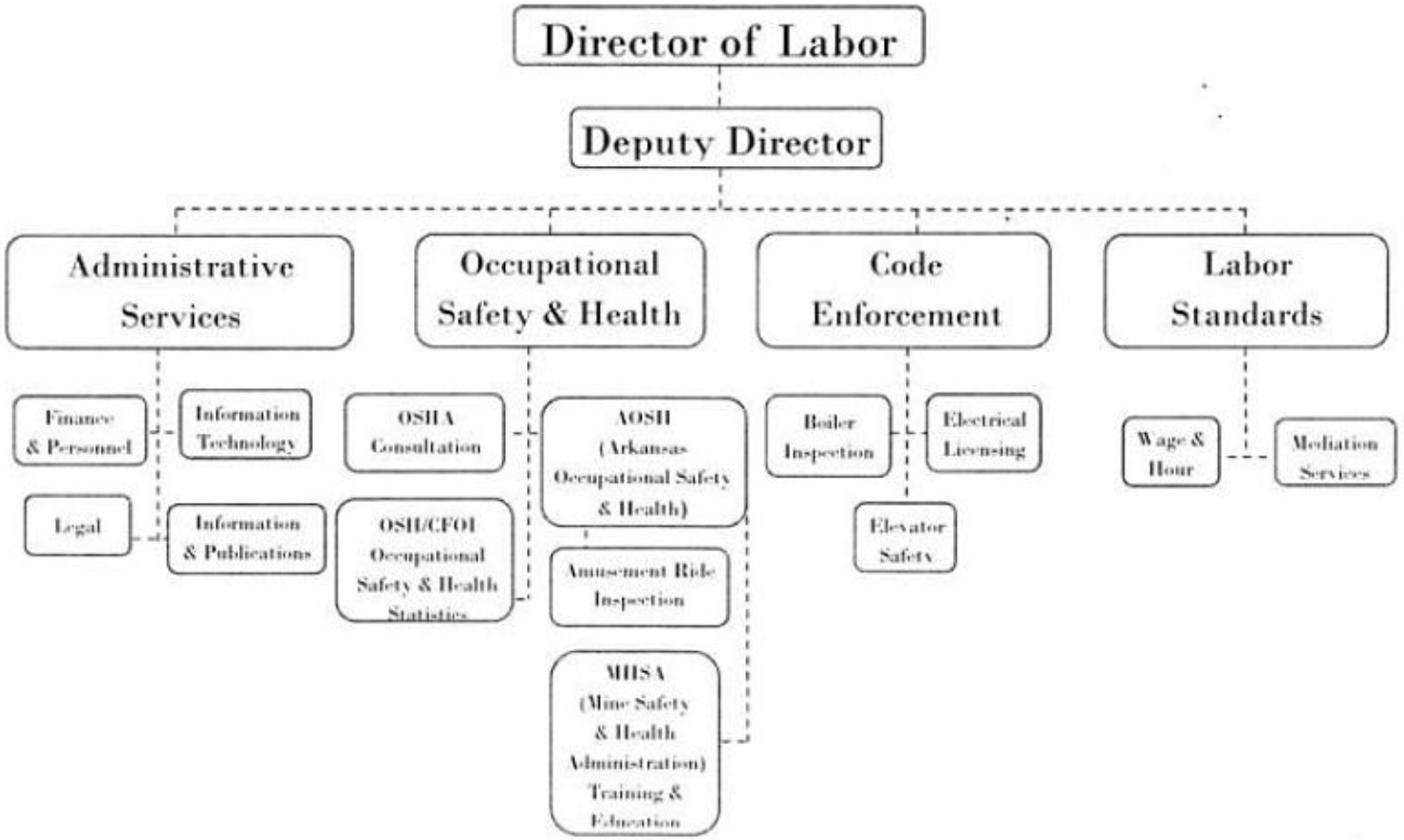
ADMINISTRATIVE SERVICES:
The Administrative Services division provides in-house support for all agency programs. This division is primarily funded by general revenue with appropriate direct and indirect charges to the federal and special revenue funded programs. There are four (4) functional work areas in this division.

Finance and Personnel is responsible for monitoring the Agency's budget and managing federal grants, procurement and inventory management; recruitment and hiring; handling benefits and payroll; and policy development, implementation and compliance.

Information Technology is responsible for planning, designing, implementing, installing and maintaining the Agency's computer network and all associated components and user support and training.

Legal provides counsel and other services to the Agency and its regulatory boards including drafting administrative regulations and handling litigation.

Information and Publications is responsible for the design and development of agency publications, whether print or electronic. This includes maintenance of the Agency's website, as well as publication of regulations and an e-newsletter. They handle press releases and public announcements, as well as providing assistance, coordination and marketing for agency events.



Agency Commentary

The Arkansas Department of Labor's biennial budget requests are minimal and are needed to provide necessary administrative flexibility for reallocation and best utilization of the Agency's currently authorized positions. In summary, the Agency is requesting restoration of three currently authorized positions in three separate program areas; consideration for reclassification of two Information Technology positions; and the continuation of a currently approved downgrade.

For years it has become increasingly difficult to recruit qualified applicants in our technical positions that require specific knowledge and/or work related experience. It takes approximately 18 months of on-the-job training before a new AOSH inspector is minimally qualified to become certified by the National Association of Amusement Ride Safety Officials to independently conduct amusement ride inspections. Similarly, while elevator and boiler inspectors are required to have some related work experience in the specialized field to meet qualifications to test for certification or a commission, it generally takes a minimum of six to nine months of work experience with the Agency and additional training for a new inspector to become certified as a Qualified Elevator Inspector (QEI) or attain a Commission from the National Board of Boiler and Pressure Vessel Inspectors. Since the Agency currently has several inspectors nearing eligibility or are currently eligible to retire, the Agency will inevitably have turnover in these program areas. Therefore, the Agency is requesting restoration of one Labor Inspector position (22134003) in Funds Center 149 (Boiler Inspection) to allow for the flexibility to hire a new boiler inspector or to reallocate this position to another program in the event we need to begin the process of training a replacement for a tenured inspector planning to retire.

Additionally, the Agency is requesting restoration of one Administrative Specialist II position (22094003) in Funds Center 2CT (Board of Electrical Examiners) to allow for additional administrative support for the Electrical Board as needed during peak periods.

In anticipation of a possible state minimum wage increase, the Agency is also requesting restoration of one Labor Standards Investigator position (22151182) in Funds Center 148 for the Labor Standards division in the event workload demands make it necessary to hire an additional investigator.

Two of the Agency's Information Systems (IS) employees provide support for approximately 82% of the Agency's employees who are state network users. These are positions 22093940 and 22094013. They are both currently classified as Information Systems Coordination Specialist (D061C, Grade C119). They both primarily work independently with only general direction or supervision. With such a small staff of IS professionals, these employees must perform a diversity of tasks and utilize the knowledge and experience they have gained to keep our agency's equipment, network and users performing at optimum levels. Over the past six years, the use of advanced technologies and information systems has brought about significant changes within our agency. Because of the multifaceted work they perform and vast knowledge and abilities required to function effectively, we strongly support reclassifications that are more in line with the jobs they perform and the necessary knowledge, skills and abilities they possess. The Agency is requesting one Grade C123 and one Grade C124 in order to get these two positions to a level that will aid the Agency in the future in recruiting knowledgeable and experienced replacements as well as provide an opportunity for career advancement in this field

Finally, the Agency has requested the permanent continuation of a previously approved downgrade for position 22094008 from an Editor classification (Grade C117) to a Media Specialist (C116).

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
DEPARTMENT OF LABOR

FOR THE YEAR ENDED JUNE 30, 2013

Findings	Recommendations
None	None

State Contracts Over $50,000 Awarded To Minority Owned Businesses Fiscal Year 2014

None

Employment Summary

	Male	Female	Total	%
White Employees	37	35	72	80 %
Black Employees	6	12	18	20 %
Other Racial Minorities	0	0	0	0 %
Total Minorities			18	20 %
Total Employees			90	100 %

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 Labor Annual Report	A.C.A. 11-2-120	Y	Y	25	Keeps citizens of the state, businesses, industries, trade associations, and the Governor aware of Department activities and Legislative and regulatory changes affecting business and labor conditions.	13	5.00

Department Appropriation Summary

Appropriation		Historical Data						Agency Request and Executive Recommendation											
		2013-2014		2014-2015		2014-2015		2015-2016						2016-2017					
		Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
148	State Operations	3,890,815	57	4,098,978	58	4,189,757	59	4,189,089	58	4,232,210	59	4,232,210	59	4,191,489	58	4,234,610	59	4,234,610	59
149	Boiler Inspection	838,688	12	948,965	12	989,767	13	956,886	12	1,006,010	13	1,006,010	13	956,898	12	1,006,022	13	1,006,022	13
151	Federal Programs	1,057,385	15	1,267,224	16	1,282,629	16	1,274,741	16	1,274,741	16	1,274,741	16	1,276,353	16	1,276,353	16	1,276,353	16
2CT	Board of Electrical Examiners	626,081	11	683,448	10	736,999	11	688,673	10	720,777	11	720,777	11	689,454	10	721,558	11	721,558	11
940	Wage and Hour - Cash	107,629	0	200,000	0	200,000	0	200,000	0	200,000	0	200,000	0	200,000	0	200,000	0	200,000	0
942	Seminar & Conference Expenses - Cash	24,006	0	53,000	0	53,000	0	53,000	0	53,000	0	53,000	0	53,000	0	53,000	0	53,000	0
Total		6,544,604	95	7,251,615	96	7,452,152	99	7,362,389	96	7,486,738	99	7,486,738	99	7,367,194	96	7,491,543	99	7,491,543	99
Funding Sources			%		%				%		%		%		%		%		%
Fund Balance	4000005	1,833,183	22.1	1,768,100	20.1			1,551,498	17.9	1,551,498	17.8	1,551,498	17.8	1,300,233	15.2	1,219,005	14.3	1,219,005	14.3
General Revenue	4000010	3,208,786	38.6	3,209,846	36.5			3,267,489	37.7	3,310,610	38.0	3,310,610	38.0	3,269,361	38.3	3,312,482	38.9	3,312,482	38.9
Federal Revenue	4000020	1,180,102	14.2	1,483,035	16.8			1,495,635	17.3	1,495,635	17.2	1,495,635	17.2	1,517,335	17.8	1,517,335	17.8	1,517,335	17.8
Special Revenue	4000030	1,889,815	22.7	2,089,132	23.7			2,095,000	24.2	2,095,000	24.1	2,095,000	24.1	2,205,000	25.8	2,205,000	25.9	2,205,000	25.9
Cash Fund	4000045	200,818	2.4	253,000	2.9			253,000	2.9	253,000	2.9	253,000	2.9	253,000	3.0	253,000	3.0	253,000	3.0
Total Funds		8,312,704	100.0	8,803,113	100.0			8,662,622	100.0	8,705,743	100.0	8,705,743	100.0	8,544,929	100.0	8,506,822	100.0	8,506,822	100.0
Excess Appropriation/(Funding)		(1,768,100)		(1,551,498)				(1,300,233)		(1,219,005)		(1,219,005)		(1,177,735)		(1,015,279)		(1,015,279)	
Grand Total		6,544,604		7,251,615				7,362,389		7,486,738		7,486,738		7,367,194		7,491,543		7,491,543	

Agency Position Usage Report

FY2012 - 2013						FY2013 - 2014						FY2014 - 2015					
Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused
	Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total	
99	90	5	95	4	9.09 %	99	91	4	95	4	8.08 %	99	90	6	96	3	9.09 %

Analysis of Budget Request

Appropriation: 148 - State Operations

Funding Sources: HSA - Dept. of Labor Fund Account

The Department of Labor was created by A.C.A. §11-2-106 under the supervision and direction of the Director of the Department of Labor. The Director is appointed by the Governor and is subject to confirmation by the Senate. The Director is authorized in A.C.A. §11-2-108 to enforce all labor laws, not otherwise specified in law; administer and enforce all laws, rules and regulations under the purview of the Department; ensure all inspections are conducted as required by rules and regulations of the Department; conduct investigations; and collect and compile statistical information regarding labor in the State.

This appropriation is utilized to support the State Operations of the Agency and to provide the matching requirements for the Federal Occupational Safety Health Administration (OSHA), Mine Safety Health and Administration (MSHA), Revised Occupational Safety and Health Statistics (ROSH), and Census of Fatal Occupational Injuries (CFOI) grants. Funding is derived from general revenue and special revenue from fees collected by the Elevator Inspection Program; as well as non-revenue receipts from blasting certification fees and amusement ride inspections.

Base Level Regular Salaries and Personal Services Matching include the continuation of the previously authorized 2015 1% Cost of Living Adjustment and Career Service Payments for eligible employees. Personal Services Matching also includes a $10 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of $420 per month. Base Level salaries and matching do not include appropriation for Merit Pay Increases. The Base Level salary of unclassified positions reflects the FY15 line item maximum plus the previously authorized 2015 1% Cost of Living Adjustment.

Agency Base Level is $4,189,089 in FY16 and $4,191,489 in FY17.

The Agency requests:

- Increase of Regular Salaries and Personal Services Matching of $43,121 in each year of the biennium for the restoration of one Labor Standards Investigator (Grade C116) position.
- The Reclassification of three (3) positions that will not result in any additional appropriation or funds. Two positions are currently classified as Information Systems Coordination Specialist (Grade C119). The Agency is requesting that one (1) position be reclassified to Senior Software Support Analyst (Grade 123) and one (1) position to Senior Software Specialist (Grade 124). The Agency also has one position currently downgraded from Editor (Grade 117) to Media Specialist (C116) and requests permanent reclassification.

The Executive Recommendation provides for the Agency Request, with the exception that two (2) Systems Coordination Specialist positions be reclassified as Senior Software Support Analyst (Grade C123) and Software Support Analyst (Grade C121).

Appropriation Summary

Appropriation: 148 - State Operations

Funding Sources: HSA - Dept. of Labor Fund Account

		Historical Data			Agency Request and Executive Recommendation					
		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item		**Actual**	**Budget**	**Authorized**	**Base Level**	**Agency**	**Executive**	**Base Level**	**Agency**	**Executive**
Regular Salaries	5010000	2,484,568	2,489,456	2,598,815	2,555,412	2,586,125	2,586,125	2,557,118	2,587,831	2,587,831
#Positions		**57**	**58**	**59**	**58**	**59**	**59**	**58**	**59**	**59**
Personal Services Matching	5010003	829,318	879,173	860,593	903,328	915,736	915,736	904,022	916,430	916,430
Operating Expenses	5020002	557,221	704,599	704,599	704,599	704,599	704,599	704,599	704,599	704,599
Conference & Travel Expenses	5050009	19,708	22,750	22,750	22,750	22,750	22,750	22,750	22,750	22,750
Professional Fees	5060010	0	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Total		3,890,815	4,098,978	4,189,757	4,189,089	4,232,210	4,232,210	4,191,489	4,234,610	4,234,610
Funding Sources										
Fund Balance	4000005	4,217	4,237		4,237	4,237	4,237	7,637	7,637	7,637
General Revenue	4000010	3,208,786	3,209,846		3,267,489	3,310,610	3,310,610	3,269,361	3,312,482	3,312,482
Federal Revenue	4000020	153,530	165,000		165,000	165,000	165,000	165,000	165,000	165,000
Special Revenue	4000030	528,519	724,132		760,000	760,000	760,000	760,000	760,000	760,000
Total Funding		3,895,052	4,103,215		4,196,726	4,239,847	4,239,847	4,201,998	4,245,119	4,245,119
Excess Appropriation/(Funding)		(4,237)	(4,237)		(7,637)	(7,637)	(7,637)	(10,509)	(10,509)	(10,509)
Grand Total		3,890,815	4,098,978		4,189,089	4,232,210	4,232,210	4,191,489	4,234,610	4,234,610

FY15 Budget amount in Personal Services Matching exceeds the authorized amount due to matching rate adjustments during the 2013-2015 Biennium.

Change Level by Appropriation

Appropriation: 148 - State Operations
Funding Sources: HSA - Dept. of Labor Fund Account

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**4,189,089**	**58**	**4,189,089**	**100.0**	**4,191,489**	**58**	**4,191,489**	**100.0**
C01	Existing Program	43,121	1	4,232,210	101.0	43,121	1	4,234,610	101.0
C10	Reclass	0	0	4,232,210	101.0	0	0	4,234,610	101.0

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**4,189,089**	**58**	**4,189,089**	**100.0**	**4,191,489**	**58**	**4,191,489**	**100.0**
C01	Existing Program	43,121	1	4,232,210	101.0	43,121	1	4,234,610	101.0
C10	Reclass	0	0	4,232,210	101.0	0	0	4,234,610	101.0

Justification	
C01	The Agency is requesting an increase of $43,121 in Regular Salaries and Personal Services Matching in each year of the biennium for the restoration of one Labor Standards Investigator position (Grade C116). Should the effort to increase the state minimum wage above the federal rate be successful, the Agency's workload in the Labor Standards Division would significantly increase and approval of this request would allow the agency to hire one additional investigator.
C10	The Agency is requesting three reclassifications that will not result in any additional appropriation or funds. Two positions are currently classified as Information Systems Coordination Specialist (Grade C119). The Agency is requesting that one be reclassified to Senior Software Support Analyst (Grade 123) and one to Senior Software Specialist (Grade 124). With the advanced technologies now in place and multifaceted work they perform, the recommended classifications are more in line with the job functions they perform. If approved, having these levels of classifications will aid the Agency in future recruitment of knowledgeable and experienced replacements, as well as provide an opportunity for career advancement. The Agency also has one position currently downgraded from Editor (Grade 117) to Media Specialist (C116) and is requesting permanent reclassification to the Media Specialist.

Analysis of Budget Request

Appropriation: 149 - Boiler Inspection

Funding Sources: MLS - Dept. of Labor Special Fund

The Boiler Inspection Program is established in ACA §20-23-101 et seq. and is funded by special revenue collected by the Department from permits and inspection of all boilers used by private and public industries. In addition, fees are collected for annual and biennial inspections of all boilers and pressure vessels, the examination and licensing of boiler operators, quality control assurance surveys, ASME code shop service, licensing of firms to install and repair boilers and pressure vessels, consultation regarding boiler installation, maintenance, operation and repair.

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

The Agency's Request includes Base Level and an increase in Regular Salaries and Personal Services Matching totaling $49,124 in each year of the 2015-17 Biennium to hire one (1) Labor Inspector (Grade C119).

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 149 - Boiler Inspection
Funding Sources: MLS - Dept. of Labor Special Fund

		Historical Data			Agency Request and Executive Recommendation					
		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	522,547	513,754	551,617	518,803	554,357	554,357	518,809	554,363	554,363
#Positions		**12**	**12**	**13**	**12**	**13**	**13**	**12**	**13**	**13**
Personal Services Matching	5010003	180,642	183,363	186,302	186,235	199,805	199,805	186,241	199,811	199,811
Operating Expenses	5020002	132,591	237,804	237,804	237,804	237,804	237,804	237,804	237,804	237,804
Conference & Travel Expenses	5050009	2,908	14,044	14,044	14,044	14,044	14,044	14,044	14,044	14,044
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		838,688	948,965	989,767	956,886	1,006,010	1,006,010	956,898	1,006,022	1,006,022
Funding Sources										
Fund Balance	4000005	326,977	350,286		241,321	241,321	241,321	169,435	120,311	120,311
Special Revenue	4000030	861,997	840,000		885,000	885,000	885,000	895,000	895,000	895,000
Total Funding		1,188,974	1,190,286		1,126,321	1,126,321	1,126,321	1,064,435	1,015,311	1,015,311
Excess Appropriation/(Funding)		(350,286)	(241,321)		(169,435)	(120,311)	(120,311)	(107,537)	(9,289)	(9,289)
Grand Total		838,688	948,965		956,886	1,006,010	1,006,010	956,898	1,006,022	1,006,022

Change Level by Appropriation

Appropriation: 149 - Boiler Inspection
Funding Sources: MLS - Dept. of Labor Special Fund

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**956,886**	**12**	**956,886**	**100.0**	**956,898**	**12**	**956,898**	**100.0**
C01	Existing Program	49,124	1	1,006,010	105.1	49,124	1	1,006,022	105.1

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**956,886**	**12**	**956,886**	**100.0**	**956,898**	**12**	**956,898**	**100.0**
C01	Existing Program	49,124	1	1,006,010	105.1	49,124	1	1,006,022	105.1

Justification	
C01	The Agency is requesting an increase of $49,124 in Regular Salaries and Personal Services Matching in each year of the biennium for the restoration of one Labor Inspector (Grade C119). This position is currently reallocated to State Operations for the purpose the Agency needs for it to be restored, which is to allow the flexibility to hire a new employee to work alongside veteran employees who will be retiring or who resigns. In our compliance divisions, it takes approximately 18 months of on-the-job training before a new inspector is minimally qualified to obtain necessary certification in a specialized field.

Analysis of Budget Request

Appropriation: 151 - Federal Programs

Funding Sources: FNA - Dept. of Labor-Federal Programs

Arkansas Code Annotated §11-2-121 authorizes the Director of the Department of Labor to enter into agreements with the United States Government for assistance and cooperation in enforcing and implementing state and federal laws. This appropriation is 100% federally funded and is utilized for the receipt of grant funds for conducting OSHA Consultation, Mine Safety and Health Consultation and Training, and the Occupational Injuries and Fatalities Surveys.

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

The Agency is requesting Base Level in each year of the 2015-2017 Biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 151 - Federal Programs

Funding Sources: FNA - Dept. of Labor-Federal Programs

		Historical Data			Agency Request and Executive Recommendation					
		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	623,692	669,960	695,086	674,074	674,074	674,074	675,374	675,374	675,374
#Positions		**15**	**16**	**16**	**16**	**16**	**16**	**16**	**16**	**16**
Personal Services Matching	5010003	220,578	238,431	228,710	241,834	241,834	241,834	242,146	242,146	242,146
Operating Expenses	5020002	187,489	314,883	314,883	314,883	314,883	314,883	314,883	314,883	314,883
Conference & Travel Expenses	5050009	25,626	43,950	43,950	43,950	43,950	43,950	43,950	43,950	43,950
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		1,057,385	1,267,224	1,282,629	1,274,741	1,274,741	1,274,741	1,276,353	1,276,353	1,276,353
Funding Sources										
Fund Balance	4000005	85,049	54,236		105,047	105,047	105,047	160,941	160,941	160,941
Federal Revenue	4000020	1,026,572	1,318,035		1,330,635	1,330,635	1,330,635	1,352,335	1,352,335	1,352,335
Total Funding		1,111,621	1,372,271		1,435,682	1,435,682	1,435,682	1,513,276	1,513,276	1,513,276
Excess Appropriation/(Funding)		(54,236)	(105,047)		(160,941)	(160,941)	(160,941)	(236,923)	(236,923)	(236,923)
Grand Total		1,057,385	1,267,224		1,274,741	1,274,741	1,274,741	1,276,353	1,276,353	1,276,353

FY15 Budget amount in Personal Services Matching exceeds the authorized amount due to matching rate adjustments during the 2013-2015 Biennium.

Analysis of Budget Request

Appropriation: 2CT - Board of Electrical Examiners

Funding Sources: MLS - Dept. of Labor Special Fund

Arkansas Code Annotated §17-28-201 created the Board of Electrical Examiners consisting of the Director of the Department of Labor and eight (8) other members appointed by the Governor with the advice and consent of the Senate. The Board is authorized to adopt rules and regulations; conduct examinations for licensure; register electrical apprentices and issue certificates; and revoke or suspend licenses or certificates. This appropriation is funded by special revenues from fees collected for license issuance and renewal of electrical contractors and the examination, licensure and renewal of master, journeyman, and industrial maintenance electricians as well as residential master and journeyman electricians and air conditioning electricians.

Base Level Regular Salaries and Personal Services Matching includes Career Service payments for eligible employees. Personal Services Matching also includes a $20 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of $410 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases.

The Agency's Change Level Request consists of an increase in Regular Salaries and Personal Services Matching of $32,104 in each year of the 2015-17 Biennium for the restoration of one (1) Administrative Specialist II (Grade C109) position.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 2CT - Board of Electrical Examiners
Funding Sources: MLS - Dept. of Labor Special Fund

		Historical Data			Agency Request and Executive Recommendation					
		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	352,442	370,811	416,642	373,904	395,731	395,731	374,528	396,355	396,355
#Positions		**11**	**10**	**11**	**10**	**11**	**11**	**10**	**11**	**11**
Personal Services Matching	5010003	128,163	138,469	146,189	140,601	150,878	150,878	140,758	151,035	151,035
Operating Expenses	5020002	142,456	167,738	167,738	167,738	167,738	167,738	167,738	167,738	167,738
Conference & Travel Expenses	5050009	3,020	6,430	6,430	6,430	6,430	6,430	6,430	6,430	6,430
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		626,081	683,448	736,999	688,673	720,777	720,777	689,454	721,558	721,558
Funding Sources										
Fund Balance	4000005	1,315,445	1,188,663		1,030,215	1,030,215	1,030,215	791,542	759,438	759,438
Special Revenue	4000030	499,299	525,000		450,000	450,000	450,000	550,000	550,000	550,000
Total Funding		1,814,744	1,713,663		1,480,215	1,480,215	1,480,215	1,341,542	1,309,438	1,309,438
Excess Appropriation/(Funding)		(1,188,663)	(1,030,215)		(791,542)	(759,438)	(759,438)	(652,088)	(587,880)	(587,880)
Grand Total		626,081	683,448		688,673	720,777	720,777	689,454	721,558	721,558

Change Level by Appropriation

Appropriation: 2CT - Board of Electrical Examiners
Funding Sources: MLS - Dept. of Labor Special Fund

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**688,673**	**10**	**688,673**	**100.0**	**689,454**	**10**	**689,454**	**100.0**
C01	Existing Program	32,104	1	720,777	104.7	32,104	1	721,558	104.7

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**688,673**	**10**	**688,673**	**100.0**	**689,454**	**10**	**689,454**	**100.0**
C01	Existing Program	32,104	1	720,777	104.7	32,104	1	721,558	104.7

Justification	
C01	The Agency is requesting an increase of $32,104 in Regular Salaries and Personal Services Matching in each year of the biennium for the restoration of one Administrative Specialist II position (Grade C109). There are peak periods throughout the year when additional administrative support is needed. Restoration of this position will allow some flexibility for the Agency to hire additional support as needed.

Analysis of Budget Request

Appropriation: 940 - Wage and Hour - Cash

Funding Sources: NDW - Cash in Treasury

The Department of Labor utilizes this appropriation as a "pass through" account to disburse cash funds collected from employers when it is determined an employer owes compensation to an employee resulting from wage and hour investigations and legal actions pursued by the Agency. Payments made to the Department of Labor by employers for this purpose are then disbursed to the employee.

The Agency requests Base Level in each year of the 2015-17 Biennium.

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

Appropriation Summary

Appropriation: 940 - Wage and Hour - Cash
Funding Sources: NDW - Cash in Treasury

	Historical Data			Agency Request and Executive Recommendation					
	2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Wages Due 5900046	107,629	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Total	107,629	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Funding Sources									
Fund Balance 4000005	90,351	152,932		152,932	152,932	152,932	152,932	152,932	152,932
Cash Fund 4000045	170,210	200,000		200,000	200,000	200,000	200,000	200,000	200,000
Total Funding	260,561	352,932		352,932	352,932	352,932	352,932	352,932	352,932
Excess Appropriation/(Funding)	(152,932)	(152,932)		(152,932)	(152,932)	(152,932)	(152,932)	(152,932)	(152,932)
Grand Total	107,629	200,000		200,000	200,000	200,000	200,000	200,000	200,000

Analysis of Budget Request

Appropriation: 942 - Seminar & Conference Expenses - Cash

Funding Sources: NDW - Cash in Treasury

The Department utilizes this appropriation to cover seminar and conference related costs. Cash funds collected from participants attending safety seminars and conferences hosted by the Department fund this appropriation.

The Agency is requesting Basel Level in each year of the 2015-17 Biennium.

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

Appropriation Summary

Appropriation: 942 - Seminar & Conference Expenses - Cash

Funding Sources: NDW - Cash in Treasury

		Historical Data			Agency Request and Executive Recommendation					
		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	4,414	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Conference & Travel Expenses	5050009	19,592	43,000	43,000	43,000	43,000	43,000	43,000	43,000	43,000
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		24,006	53,000	53,000	53,000	53,000	53,000	53,000	53,000	53,000
Funding Sources										
Fund Balance	4000005	11,144	17,746		17,746	17,746	17,746	17,746	17,746	17,746
Cash Fund	4000045	30,608	53,000		53,000	53,000	53,000	53,000	53,000	53,000
Total Funding		41,752	70,746		70,746	70,746	70,746	70,746	70,746	70,746
Excess Appropriation/(Funding)		(17,746)	(17,746)		(17,746)	(17,746)	(17,746)	(17,746)	(17,746)	(17,746)
Grand Total		24,006	53,000		53,000	53,000	53,000	53,000	53,000	53,000

ARKANSAS NATURAL RESOURCES COMMISSION

Enabling Laws

Act 268 of 2014
Act 218 of 2013
Act 166 of 2012
Act 535 of 2011
Act 35 of 2010

A.C.A. §14-230-101 et seq.
A.C.A. §15-20-201 et seq.
A.C.A. §15-20-801 - §15-20-1301
A.C.A. §15-22-201 - §15-22-1301
A.C.A. §15-24-102 et seq.

History and Organization

The Mission of the Agency is to manage and protect our water and land resources for the health, safety, and economic benefit of the State of Arkansas.

Upon its formation in 1963 the Arkansas Natural Resources Commission (formerly the Soil and Water Conservation Commission) was assigned duties previously performed by the Water Conservation and Flood Control Commissions, in addition to those functions related to Soil and Water Conservation Districts formerly performed by the Geological Commission. Major duties of the Commission at that time included: water allocation, dam permitting, and interstate water rights.

In 1969 the Commission was assigned the task of developing the Arkansas State Water Plan and overseeing the State's flood plain management program. The Water Development Fund was created as a part of the water planning effort. In 1981, administration of the Water, Sewer and Solid Waste Management Fund was transferred from the Department of Local Services to the Commission. Also in 1981, the Water Resources Cost Share Program was created to provide funds to Arkansas's communities to help meet the local cost share of federal water projects.

The Commission operates the Water, Waste Disposal and Pollution Abatement Facilities General Obligation (GO) Bond Program to provide low interest rate loans to communities. These loans are used for water resources and waste disposal projects.

In 1991 the Governor delegated administration of the Non-Point Source Pollution Abatement Program under the Federal Clean Water Act to the Commission. Primary funding to operate the program is from the US Environmental Protection Agency. In addition, Arkansas's General Assembly created the Ground Water Protection and Management Act. Under this act the Commission received additional responsibility for ground water management, collection of water use information, and collection of an annual fee for reporting water use.

The Commission, in conjunction with the Department of Finance and Administration operates two Tax Credit programs to encourage water resources development, water conservation, and protection of wetlands and riparian zones.

The Commission operates a Wetland Mitigation Bank that provides a voluntary, cost effective and environmentally sound alternative for mitigation of unavoidable wetland losses caused by individual, corporate, or state agency projects.

Since 1995 the Commission has provided administrative and field operations for the Water Well Construction Commission.

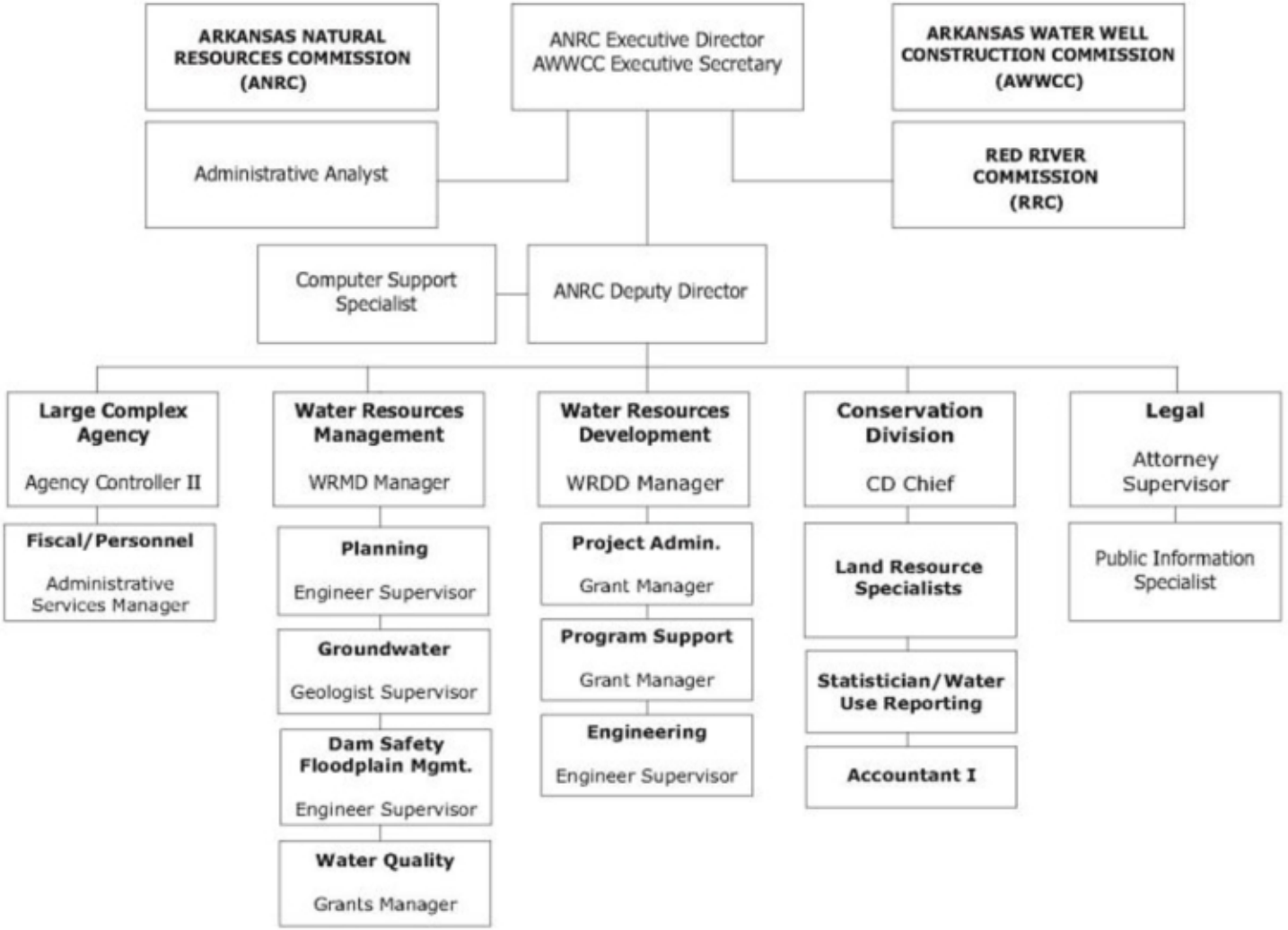
Act 1060 of 2003 directed the Commission to create and operate the Poultry Feeding Operation Registration Program. The purpose of this program is to assemble and maintain information on the number, composition, and practices of Poultry Feeding Operations in the state including the quantity of nutrients produced and used by those operations.

Act 1059 of 2003 authorized the Commission to institute a Nutrient Management Planner Certification Program for individuals who prepare Nutrient Management Plans. The purpose of this program is to establish criteria for planning and certify that planners have sufficient training to prepare adequate plans.

Act 1061 of 2003 authorized the Commission to institute a Nutrient Applicator Certification Program for individuals who apply agricultural nutrients in certain areas of the State. The purpose of this program is to certify that applicators have sufficient training to effectively apply nutrients in accord with applicable laws, regulations, and technical criteria.

Act 745 of 2003 requires that any community's flood plain manager must be accredited by the ANRC, and authorizes the agency to create and operate a program to insure that Flood Plain Managers have the requisite training and experience to successfully perform the duties of the position.

The Arkansas Natural Resources Commission provides technical and financial support for both the Red River Commission and the Ouachita River Commission.


ARKANSAS NATURAL RESOURCES COMMISSION (ANRC)
ANRC Executive Director
AWWCC Executive Secretary
ARKANSAS WATER WELL CONSTRUCTION COMMISSION (AWWCC)
Administrative Analyst
RED RIVER COMMISSION (RRC)
Computer Support Specialist
ANRC Deputy Director
Large Complex Agency
Agency Controller II
Fiscal/Personnel
Administrative Services Manager
Water Resources Management
WRMD Manager
Planning
Engineer Supervisor
Groundwater
Geologist Supervisor
Dam Safety Floodplain Mgmt.
Engineer Supervisor
Water Quality
Grants Manager
Water Resources Development
WRDD Manager
Project Admin.
Grant Manager
Program Support
Grant Manager
Engineering
Engineer Supervisor
Conservation Division
CD Chief
Land Resource Specialists
Statistician/Water Use Reporting
Accountant I
Legal
Attorney Supervisor
Public Information Specialist

Agency Commentary

ANRC 2015-2017 Biennial Commentary

The Arkansas Natural Resources Commission is organized into four divisions: Administrative, Water Resources Management, Water Resources Development and Conservation.

Administrative Division

The Administrative Division provides oversight and direction as well as personnel, purchasing, legal and information technology support for the entire agency.

Changes requested for this division include:

- Unfunded appropriation in the amount of $825,000 each year of the biennium for the Rural Fire Protection Program (Funds Center 381), which will restore this appropriation to the previously authorized level. This unfunded appropriation is requested in the event that savings from the Miscellaneous Agencies Fund Account become available.

Water Resources Management Division

The Water Resources Management Division is responsible for statewide oversight and planning in the following areas: Water Systems, Water Supplies, Water Rights Allocation, Flood Plain Management, Non-Point Source Pollution Abatement, Dam Safety and Wetlands Mitigation Banking.

Changes requested for this division include:

- Unfunded appropriation in the amount of $400,000 each year of the biennium. This request will provide additional appropriation of $200,000 to both the Grants and Aid Line Item and the Water Quality Technician Line Item in the Water Quality Implementation appropriation (Funds Center 2RG). The Agency Request includes the continuation of Special Language that authorizes the agency to carry forward funds to support the amount of obligated grants certified for Matching Grants and Water Quality Technicians. This request for unfunded appropriation will enable the agency to utilize any funds carried forward between fiscal years.
- Additional cash appropriation of $100,000 each year of the biennium for the Capital Outlay Line Item in the Arkansas Natural Resources Commission - Cash appropriation (Funds Center 420). This will enable the agency to purchase equipment to support the two wetland mitigation banks established by the Agency within the Arkansas Wetland Mitigation Bank Program.

- Additional cash appropriation of $1 million each year of the biennium to restore Cash appropriation authorized by a Cash Letter in FY14 and FY15 to provide for the ANRC's current undertaking of revising and updating the Statewide Water Plan. This request includes $200,000 each year for Operating Expenses and $800,000 each year for Professional Fees.

- Additional federal appropriation of $50,000 each year of the biennium for the Capital Outlay Line Item in the Non-Point Source Pollution Control Program (Funds Center 997). This request will enable the agency to replace existing field equipment for Water Quality Projects. This appropriation is 100% federally funded.

- Additional federal appropriation of $10,000 each year of the biennium for Capital Outlay for the Dam Inventory Program (Funds Center 1AA). This request will enable the agency to replace existing equipment for the federally funded Dam Inventory Program.

- Additional federal appropriation of $1,025,000 for Federal Emergency Management Agency (FEMA) Cooperating Technical Partners (CTP) Program Grant, the goal of which is to create partnerships between FEMA and other organizations/entities that have the interest and capability to become more active participants in the FEMA flood hazard mapping program. The bulk of this grant is used to execute a Professional Services Contract for Engineering Services to provide up to date flood hazard maps and other flood hazard information. This appropriation request includes $15,000 each year for Operating Expenses; $10,000 each year for Capital Outlay; and $1 million each year for Professional Fees.

- Additional federal appropriation of $35,000 for the FEMA Community Assistance Program - State Support Service Element (CAPPSSE) Grant, which provides funding to States to provide technical assistance to communities in the National Flood Insurance Program (NFIP) and to evaluate community performance in implementing NFIP floodplain management activities. This appropriation request includes: $20,000 each year for Operating Expenses; $5,000 each year for Conference and Travel; and $10,000 for Capital Outlay.

- Additional federal appropriation of $530,000 for the FEMA Hazard Mitigation Assistance (HMA) Program Grant, the goal of which is to provide funds for projects to reduce or eliminate the risk of flood damage to buildings that insured under the NFIP on an annual basis.

- Additional federal Regular Salaries and Personal Services Matching appropriation of $83,988 for the Restoration of one new Engineer PE position (grade C124) established by a Miscellaneous Federal Grant during FY14 and continued during FY15. This position supports the agency's Dam Safety Program. This position will be used to inspect Arkansas Dams to ensure that they remain operational and capable of performing all intended purposes and to preclude the endangerment of people and property downstream.

- Additional federal appropriation of $100,000 each year for the Dam Safety Program. This request includes $80,000 each year for Professional Fees to enable the Agency to contract with an Engineering firm to assist Commission staff inspect Arkansas dams and $20,000 each year in Capital Outlay to enable the agency to replace existing equipment for this program.

A041C Program Fiscal Manager (C122). There is no salary adjustment for this request; it is simply necessary because a clear misclassification has been determined due to complexity of required job duties and the supervisory skills necessary for this position. This position is responsible for managing the overall fiscal activities of this multi-million dollar federal program.

Water Resources Development Division

The Water Resources Development Division administers programs that provide funding to communities for local water supply and distribution; waste water collection, treatment and disposal; and collection and disposal of solid wastes.

Changes requested for this division include:

- Unfunded appropriation of $681,196 each year of the biennium in the Water/Sewer/Solid Waste - State Appropriation (Funds Center 2GE). This request will restore this appropriation to the previously authorized level, and is requested in the event that savings from the Miscellaneous Agencies Fund Account become available during FY16 and/or FY17.

- The reclassification of two positions within the Water Resources Development Division from a G109 Grants Manager (C121) to an A041C Program Fiscal Manager (C122). There is no salary adjustment for this request; it is simply necessary because a clear misclassification has been determined due to complexity of required job duties and the supervisory skills necessary for these positions. These positions are responsible for managing the overall fiscal activities of this multi-million dollar program. Both of these positions are federally funded through the Environmental Protection Agency (EPA) Clean Water and Drinking Water Revolving Loan Fund Programs.

- Additional Conference and Travel appropriation of $10,000 to support the travel and training needs of the Water Development Program Supervisory staff. This request includes federal appropriation of $5,000 for the EPA Clean Water Revolving Loan Fund Program (Funds Center 527) and cash appropriation of $5,000 for the EPA Drinking Water Revolving Loan Fund Program (Funds Center 420). Because of the complex nature of these programs, staff are required to attend training sessions with various federal regulatory agencies and workgroups (EPA, Council of Infrastructure Authorities (CIFA), State Revolving Fund Work Groups, United States Department of Agriculture - Rural Development (USDA-RD), etc.

Conservation Division

Functions of this division include oversight of the 75 Conservation Districts including fiscal management and program planning; registration of surface water and groundwater usage; administration of a tax credit program, creation of surface water storage, reduction of ground water use; and administrative support of the Board of Registration for Soil Classifiers. In addition this division also performs geographic information system analyses and data acquisition. The Nutrient Management Program was implemented to oversee the Poultry Feeding Operations Registration Program and the certification of Nutrient Planners and Applicators.

Change levels for this division include:

- Additional appropriation and general revenue funding of $150,000 each year for the Conservation District Beaver Control Program (Funds Center 129). This program is administered by the ANRC through Arkansas' Conservation Districts. The program reimburses districts $10 per beaver for payments they make to certified beaver harvesters, thereby removing 15,000 beavers per year. According to an environmental assessment published in 2013 by the United States Department of Agriculture, the current beaver population has exceeded the societal carrying capacity. Recent studies have shown that the estimated costs associated with beaver damage across the state exceeds $35 million. Beaver damage includes flooded timber and agricultural land, girdling, cutting valuable trees, interference with drainage systems, flooded properties, damage to roads and earthen embankments as well as to residential/commercial utilities and wildlife habitats. The State Conservation Districts have expressed a need to increase funding to help control the beaver population throughout the state. This request will increase the number of beavers districts are able to remove annually from 15,000 to 30,000.
- Additional appropriation and general revenue funding of $750,000 each year for the Conservation District Expense Line Item within the State Operations appropriation (Funds Center 262). This will increase the total budget from $939,990 to $1,689,900. This funding flows through the ANRC and is disbursed evenly among all 75 Conservation Districts to support the District Operations. The Districts have not received an increase in funding since 1997, making it very difficult for these districts to provide for their most basic operating expenses. These districts manage numerous programs for the ANRC, such as Water Use Reporting, Poultry Registration, Beaver Eradication and other programs that fall under their statutory authority. District employees are required to maintain a comprehensive financial accounting system in Quickbooks, but a lack of funding has led to a high turnover within the district manager positions and made it increasingly difficult for the districts to hire competent personnel who can carry out the necessary duties. The Arkansas Association of Conservation Districts is implementing a mandatory employee certification program where district employees will have to attend various training and continuing education courses. But this training will be in vain if the districts cannot recruit and retain qualified personnel. The funding situation for many of these districts is dire for many of these districts, making this request for additional funding and appropriation a vital request by the ANRC on behalf of the districts.
- Additional appropriation and general revenue funding of $245,000 each year for the Water Quality Technician line item within the Water Quality Plan Implementation appropriation (Funds Center 2RG). This will be used to support the ANRC Nutrient Management Program, which oversees a licensing and certification program for consultants and compliance activities, education and training programs necessary to implement the law. A "nutrient management plan" is a document approved by a conservation district board that is prepared to assist landowners and operators in the proper management and utilization of nutrient sources for maximum soil fertility and protection of state waters. A nutrient management plan will not be approved unless it is prepared by a Certified Nutrient Planner. If a landowner or operator plans to apply litter, sewage sludge, or commercial fertilizer within an area designated as a "Nutrient Surplus Area," Arkansas law requires him/her to obtain a nutrient management plan. A Nutrient Surplus Area (NSA) is an area that has been designated by the Arkansas General Assembly as having such high concentrations of one or more nutrients that continued unrestricted application of the nutrient could negatively impact soil fertility and waters of the state. The ANRC currently contracts with the

- Conservation Districts to write nutrient management plans for local landowners and operators free of charge. When the State of Arkansas enacted nutrient management laws in 2003, this caused a significant increase in the district workload - increasing the number of plans from approximately 50 plans required per Certified Nutrient Planner to approximately 65 plans, with no additional funding to cover the associated cost increase. The ANRC currently pays districts $461/plan; this request will increase will enable this to increase to $565/plan. Because of the dismal funding situation currently experienced by many of these districts, this request for additional funding and appropriation is a vital request by the ANRC on behalf of these districts.
- Additional appropriation and general revenue funding of $1,500,000 each year for the Conservation Projects line item within the ANRC Grants and Attorney Services Appropriation (Funds Center 263). This request will establish a new program to enable the ANRC to support the top resources concerns currently recognized by the districts. In October 2012, the ANRC assisted each Conservation District develop a comprehensive assessment of its soil and water resources and needs. These assessments, which were required by Conservation District Law, helped districts identify resource concerns at the local level and develop strategies to address those concerns. These assessments required each Conservation District Board of Directors to engage state and local officials and conservation partners in the process, and were designed to help the each district formulate its annual operating plan, especially in describing existing district programs and short and long term goals. The ANRC staff evaluated the results of these resource assessments and identified the top three resource concerns as: Stream Bank Stabilization, Water Conservation and Control of Invasive Species. These concerns represent critical needs of the Conservation Districts in their efforts to carry out conservation within their respective districts. This request will enable the ANRC to address these concerns by providing grants to conservation districts to support these three significant resource concerns.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT

AUDIT OF :

ARKANSAS NATURAL RESOURCES COMMISSION

FOR THE YEAR ENDED JUNE 30, 2013

Findings	Recommendations
None	None

Performance Audit Findings

ARKANSAS NATURAL RESOURCES COMMISSION

Findings and Conclusions:

Review of Policies, Procedures, and Events Regarding the Eoff Dam
Arkansas Natural Resources Commission (ANRC)
Review Period: August 1, 2012 - July 17, 2013
Report Issued: December 12, 2013

Findings and Conclusions:

- DLA staff determined that ANRC policies and procedures regarding regular Commission meetings, special meetings, and public hearings are in compliance with Arkansas law.
- The Commission's July 16, 2013, airport event should have been considered a public meeting, based on DLA review of Arkansas Code and Attorney General Opinion.
- ANRC paid $315 for 15 meals for individuals attending the July 16, 2013, airport event whom ANRC considered official guests; however, prior to payment of these expenditures, ANRC did not document the benefit to the State provided by these guests, as required by state travel regulations.
- At a July 17, 2013, meeting, a motion was made to establish ANRC's jurisdiction over the Eoff Dam. The vote was not unanimous; however, individual commissioners' votes were not recorded in the meeting minutes, as required by ANRC policy.

Recommendations:

- To create more uniformity among public hearings, DLA recommends that ANRC clarify its policies for allowable communication among ANRC staff and commissioners and distribution of notices, briefing materials, and agendas to commissioners prior to hearings.
- ANRC should comply with established policies and procedures and state law concerning meetings.
- ANRC should document any benefit to the State provided by official guests and seek reimbursement of guest-related expenditures for the airport event if no benefit can be established.
- ANRC should comply with established policies and procedures for recording commissioner votes.

State Contracts Over $50,000 Awarded To Minority Owned Businesses Fiscal Year 2014

None

Employment Summary

	Male	Female	Total	%
White Employees	42	29	71	88 %
Black Employees	2	6	8	10 %
Other Racial Minorities	0	2	2	2 %
Total Minorities			10	12 %
Total Employees			81	100 %

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				
None	N/A	N	N	0	N/A	0	0.00

Department Appropriation Summary

Historical Data | **Agency Request and Executive Recommendation**

Appropriation		2013-2014 Actual	Pos	2014-2015 Budget	Pos	2014-2015 Authorized	Pos	2015-2016 Base Level	Pos	2015-2016 Agency	Pos	2015-2016 Executive	Pos	2016-2017 Base Level	Pos	2016-2017 Agency	Pos	2016-2017 Executive	Pos
129	Beaver Eradication Program	150,000	0	150,000	0	150,000	0	150,000	0	300,000	0	300,000	0	150,000	0	300,000	0	300,000	0
1AA	Dam Inventory	125,744	1	340,503	2	209,864	1	196,280	1	380,268	2	380,268	2	196,280	1	380,268	2	380,268	2
1EE	Water, Waste Disposal, Pollution Abatement	28,797,994	5	90,311,041	5	90,310,176	5	90,314,507	5	90,314,507	5	90,314,507	5	90,314,507	5	90,314,507	5	90,314,507	5
262	Natural Resources Commission-Operations	3,490,547	27	3,468,334	28	3,456,042	28	3,485,813	28	4,235,813	28	4,235,813	28	3,486,058	28	4,236,058	28	4,236,058	28
263	Grants and Attorney Services	91,371	0	91,711	0	91,711	0	91,711	0	1,591,711	0	841,711	0	91,711	0	1,591,711	0	841,711	0
2BU	Flood Insurance Program	651,967	3	1,655,000	3	3,208,770	3	1,636,971	3	3,226,971	3	3,226,971	3	1,636,971	3	3,226,971	3	3,226,971	3
2GE	Water/Sewer/Solid Waste-State	152,150	0	68,804	0	736,219	0	68,804	0	750,000	0	750,000	0	68,804	0	750,000	0	750,000	0
2RG	Water Quality Implementation	1,823,083	5	1,840,439	5	2,239,287	5	1,844,192	5	2,489,192	5	2,489,192	5	1,844,315	5	2,489,315	5	2,489,315	5
381	Rural Fire Protection Program	175,000	0	175,000	0	1,100,000	0	175,000	0	1,000,000	0	1,000,000	0	175,000	0	1,000,000	0	1,000,000	0
383	Conservation District Grants	250,000	0	250,000	0	250,000	0	250,000	0	250,000	0	250,000	0	250,000	0	250,000	0	250,000	0
420	Natural Resources Comm-Cash	6,434,443	25	9,279,732	27	8,259,611	28	8,197,679	27	9,302,679	27	9,302,679	27	8,199,393	27	9,304,393	27	9,304,393	27
527	Construction Asst Revolving Loan Fund Program	1,013,729	13	1,206,823	15	1,192,142	15	1,196,809	15	1,201,809	15	1,201,809	15	1,196,809	15	1,201,809	15	1,201,809	15
659	Ouachita River Waterways Projects	32,000	0	52,675	0	84,675	0	52,675	0	52,675	0	52,675	0	52,675	0	52,675	0	52,675	0
808	Water Research	42,800	0	42,800	0	42,800	0	42,800	0	42,800	0	42,800	0	42,800	0	42,800	0	42,800	0
822	Conservation District Clerks' Insurance	393,600	0	374,400	0	374,400	0	403,200	0	403,200	0	403,200	0	403,200	0	403,200	0	403,200	0
924	Water/Sewer/Solid Waste	1,337,764	0	6,000,000	0	6,000,000	0	6,000,000	0	6,000,000	0	6,000,000	0	6,000,000	0	6,000,000	0	6,000,000	0
997	NonPoint Source Pollution Control Program	3,194,125	8	6,682,446	9	6,745,816	9	6,636,713	9	6,686,713	9	6,686,713	9	6,636,713	9	6,686,713	9	6,686,713	9
NOT REQUESTED FOR THE BIENNIUM																			
475	Red River Levee Rehabilitation Project	0	0	0	0	3,459,643	0	0	0	0	0	0	0	0	0	0	0	0	0
M73	Red River Commission	0	0	0	0	75,000	0	0	0	0	0	0	0	0	0	0	0	0	0
Total		48,156,317	88	121,989,708	93	127,986,156	93	120,743,154	92	128,228,338	93	127,478,338	93	120,745,236	92	128,230,420	93	127,480,420	93

Funding Sources			%		%		%		%		%		%		%		%		%
Fund Balance	4000005	30,347,346	38.2	31,224,805	22.2		18,816,091	13.7	18,816,091	13.3	18,816,091	13.5	16,430,536	12.2	15,325,536	11.1	15,325,536	11.3
General Revenue	4000010	6,568,551	8.3	6,461,488	4.6		6,511,520	4.7	9,156,520	6.5	6,511,520	4.7	6,511,888	4.8	9,156,888	6.6	6,511,888	4.8
Federal Revenue	4000020	4,985,565	6.3	9,884,772	7.0		9,666,773	7.0	11,495,761	8.1	11,495,761	8.3	9,666,773	7.2	11,495,761	8.3	11,495,761	8.5
Cash Fund	4000045	5,870,558	7.4	7,794,076	5.5		7,812,124	5.7	7,812,124	5.5	7,812,124	5.6	7,812,124	5.8	7,812,124	5.7	7,812,124	5.8
Trust Fund	4000050	32,000	0.0	52,675	0.0		52,675	0.0	52,675	0.0	52,675	0.0	52,675	0.0	52,675	0.0	52,675	0.0
Bond Proceeds	4000125	10,686,047	13.5	61,337,983	43.6		70,264,507	51.2	70,264,507	49.6	70,264,507	50.5	70,264,507	52.1	70,264,507	50.9	70,264,507	51.9
Loan Repayment	4000330	20,832,990	26.2	24,000,000	17.0		24,000,000	17.5	24,000,000	16.9	24,000,000	17.3	24,000,000	17.8	24,000,000	17.4	24,000,000	17.7
Trust Fund Interest	4000705	58,065	0.1	50,000	0.0		50,000	0.0	50,000	0.0	50,000	0.0	50,000	0.0	50,000	0.0	50,000	0.0
Total Funds		79,381,122	100.0	140,805,799	100.0		137,173,690	100.0	141,647,678	100.0	139,002,678	100.0	134,788,503	100.0	138,157,491	100.0	135,512,491	100.0
Excess Appropriation/(Funding)		(31,224,805)		(18,816,091)			(16,430,536)		(13,419,340)		(11,524,340)		(14,043,267)		(9,927,071)		(8,032,071)	
Grand Total		48,156,317		121,989,708			120,743,154		128,228,338		127,478,338		120,745,236		128,230,420		127,480,420	

Variance in Fund Balance is due to unfunded appropriation.

Agency Position Usage Report

FY2012 - 2013						FY2013 - 2014						FY2014 - 2015					
Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused
	Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total	
93	83	11	94	-1	10.75 %	93	81	12	93	0	12.90 %	93	81	12	93	0	12.90 %

FY2012-2013 Budgeted Positions exceed Authorized due to a position from a Miscellaneous Federal Grant.

Analysis of Budget Request

Appropriation: 129 - Beaver Eradication Program

Funding Sources: HUA - Miscellaneous Agencies Fund

The "Beaver Eradication Program" created under Act 630 of 1993 and coordinated by the Department of Finance and Administration and county governments is now called the "Conservation District Beaver Control Program," administered by the Arkansas Natural Resources Commission through Arkansas's conservation districts. This program reimburses conservation districts $5 per beaver for payments they make to certified beaver harvesters. To receive grant funding through this program, conservation districts must submit a district beaver control plan to the Commission, who will allocate the available funding to districts according to their projected harvest, past participation, and other factors to ensure fairness. This program is funded entirely by general revenue.

Base Level is $150,000 each year of the 2015-17 Biennium.

The Agency Change Level Request includes appropriation and general revenue funding of $150,000 each year of the biennium.

The Executive Recommendation provides for Agency Request for appropriation only.

Appropriation Summary

Appropriation: 129 - Beaver Eradication Program

Funding Sources: HUA - Miscellaneous Agencies Fund

	Historical Data			Agency Request and Executive Recommendation					
	2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item	**Actual**	**Budget**	**Authorized**	**Base Level**	**Agency**	**Executive**	**Base Level**	**Agency**	**Executive**
Grants and Aid 5100004	150,000	150,000	150,000	150,000	300,000	300,000	150,000	300,000	300,000
Total	150,000	150,000	150,000	150,000	300,000	300,000	150,000	300,000	300,000
Funding Sources									
General Revenue 4000010	150,000	150,000		150,000	300,000	150,000	150,000	300,000	150,000
Total Funding	150,000	150,000		150,000	300,000	150,000	150,000	300,000	150,000
Excess Appropriation/(Funding)	0	0		0	0	150,000	0	0	150,000
Grand Total	150,000	150,000		150,000	300,000	300,000	150,000	300,000	300,000

Change Level by Appropriation

Appropriation: 129 - Beaver Eradication Program
Funding Sources: HUA - Miscellaneous Agencies Fund

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**150,000**	**0**	**150,000**	**100.0**	**150,000**	**0**	**150,000**	**100.0**
C01	Existing Program	150,000	0	300,000	200.0	150,000	0	300,000	200.0

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**150,000**	**0**	**150,000**	**100.0**	**150,000**	**0**	**150,000**	**100.0**
C01	Existing Program	150,000	0	300,000	200.0	150,000	0	300,000	200.0

Justification	
C01	Additional appropriation and General Revenue funding in the amount of $150,000 is requested to support the Beaver Eradication Program. This request will enable Arkansas' 75 Conservation Districts to increase the number of beavers removed annually from the state from 15,000 to 30,000.

Analysis of Budget Request

Appropriation: 1AA - Dam Inventory

Funding Sources: FSC - Natural Resources Commission Federal

The Natural Resources Commission's Dam Inventory appropriation is used to conduct periodic inspections to determine the number and current condition of dams within the State's jurisdiction. The Commission maintains this information in a database and provides updated records to the Federal Emergency Management Agency. This appropriation is 100% federally funded.

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

Base Level includes appropriation of $196,280 each year of the 2015-17 Biennium.

The Agency Change Level request totaling $183,988 each year of the 2015-17 Biennium reflects the following:

- Regular Salaries and Personal Services Matching totaling $83,988 to restore one Engineer PE (Grade C124) position that was authorized by a Miscellaneous Federal Grant in FY14 and FY15.
- Professional Fees of $80,000 per year to be used to contract with an Engineering firm to assist the Commission inspect Arkansas Dams.
- Capital Outlay of $20,000 to replace existing equipment for the Dam Inventory Program.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 1AA - Dam Inventory

Funding Sources: FSC - Natural Resources Commission Federal

		Historical Data			Agency Request and Executive Recommendation					
		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	11,414	102,610	42,396	39,199	103,636	103,636	39,199	103,636	103,636
#Positions		**1**	**2**	**1**	**1**	**2**	**2**	**1**	**2**	**2**
Personal Services Matching	5010003	7,525	32,917	14,255	13,868	33,419	33,419	13,868	33,419	33,419
Operating Expenses	5020002	56,638	49,216	49,216	49,216	49,216	49,216	49,216	49,216	49,216
Conference & Travel Expenses	5050009	9,309	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000
Professional Fees	5060010	0	51,763	0	0	80,000	80,000	0	80,000	80,000
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Grants and Aid	5100004	36,498	76,997	76,997	76,997	76,997	76,997	76,997	76,997	76,997
Capital Outlay	5120011	4,360	10,000	10,000	0	20,000	20,000	0	20,000	20,000
Total		125,744	340,503	209,864	196,280	380,268	380,268	196,280	380,268	380,268
Funding Sources										
Federal Revenue	4000020	125,744	340,503		196,280	380,268	380,268	196,280	380,268	380,268
Total Funding		125,744	340,503		196,280	380,268	380,268	196,280	380,268	380,268
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		125,744	340,503		196,280	380,268	380,268	196,280	380,268	380,268

The FY15 Number of Budgeted positions and the FY15 Budget amount for Regular Salaries, Personal Services Matching and Professional Fees exceeds the authorized due to an MFG that was approved in FY14 and FY15.

Change Level by Appropriation

Appropriation: 1AA - Dam Inventory
Funding Sources: FSC - Natural Resources Commission Federal

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**196,280**	**1**	**196,280**	**100.0**	**196,280**	**1**	**196,280**	**100.0**
C01	Existing Program	123,352	0	319,632	162.8	123,352	0	319,632	162.8
C06	Restore Position/Approp	60,636	1	380,268	193.7	60,636	1	380,268	193.7

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**196,280**	**1**	**196,280**	**100.0**	**196,280**	**1**	**196,280**	**100.0**
C01	Existing Program	123,352	0	319,632	162.8	123,352	0	319,632	162.8
C06	Restore Position/Approp	60,636	1	380,268	193.7	60,636	1	380,268	193.7

Justification	
C01	The Agency Request includes additional federal appropriation of the following: $80,000 per year for Professional fees to be used to contract with an Engineering firm to assist the Commission inspect Arkansas Dams, and $20,000 per year in Capital Outlay appropriation to to enable the agency to replace existing equipment for the federally funded Dam Inventory Program.
C06	The Agency Request includes the restoration of one C124 Engineer PE position that was authorized by a Miscellaneous Federal Grant in FY14 and FY15. This position will be used to inspect Arkansas dams (A) to ensure that they remain operational and capable of performing all intended purposes, and (B) to preclude the endangerment of people and property downstream.

Analysis of Budget Request

Appropriation: 1EE - Water, Waste Disposal, Pollution Abatement

Funding Sources: TPW - Water, Waste Disposal and Pollution Abatement Construction Fund

The Water, Waste Disposal and Pollution Abatement Program provides low interest rate loans to communities for water resources and waste disposal projects. The program is funded from the sale of Water, Waste Disposal and Pollution Abatement General Obligation Bonds, loan repayments and interest income.

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

The Agency Request is for Base Level of $90,314,507 for each year of the 2015-17 Biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 1EE - Water, Waste Disposal, Pollution Abatement

Funding Sources: TPW - Water, Waste Disposal and Pollution Abatement Construction Fund

		Historical Data			Agency Request and Executive Recommendation					
		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	237,296	230,256	230,435	232,539	232,539	232,539	232,539	232,539	232,539
#Positions		**5**	**5**	**5**	**5**	**5**	**5**	**5**	**5**	**5**
Personal Services Matching	5010003	78,331	76,385	75,341	77,568	77,568	77,568	77,568	77,568	77,568
Operating Expenses	5020002	0	4,400	4,400	4,400	4,400	4,400	4,400	4,400	4,400
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
Project Disbursements	5900046	28,482,367	90,000,000	90,000,000	90,000,000	90,000,000	90,000,000	90,000,000	90,000,000	90,000,000
Total		28,797,994	90,311,041	90,310,176	90,314,507	90,314,507	90,314,507	90,314,507	90,314,507	90,314,507
Funding Sources										
Fund Balance	4000005	8,910,416	8,923,058		0	0	0	0	0	0
Bond Proceeds	4000125	10,686,047	61,337,983		70,264,507	70,264,507	70,264,507	70,264,507	70,264,507	70,264,507
Loan Repayment	4000330	18,066,524	20,000,000		20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000
Trust Fund Interest	4000705	58,065	50,000		50,000	50,000	50,000	50,000	50,000	50,000
Total Funding		37,721,052	90,311,041		90,314,507	90,314,507	90,314,507	90,314,507	90,314,507	90,314,507
Excess Appropriation/(Funding)		(8,923,058)	0		0	0	0	0	0	0
Grand Total		28,797,994	90,311,041		90,314,507	90,314,507	90,314,507	90,314,507	90,314,507	90,314,507

The FY15 Budget amount in Personal Services Matching exceeds the Authorized amount due to salary adjustments during the 2013-2015 biennium.

Analysis of Budget Request

Appropriation: 262 - Natural Resources Commission-Operations

Funding Sources: HUA - Miscellaneous Agencies Fund

The State Operations appropriation provides administrative support for the Arkansas Natural Resources Commission and is funded entirely by general revenue.

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

Base Level includes appropriation and general revenue funding of $3,485,813 in FY16 and $3,486,058 in FY17.

The Agency Change Level Request is $750,000 each year in Grants in Aid for the operating expenses of the state conservation districts.

The Executive Recommendation provides for the Agency Request for appropriation only.

Appropriation Summary

Appropriation: 262 - Natural Resources Commission-Operations

Funding Sources: HUA - Miscellaneous Agencies Fund

		Historical Data			Agency Request and Executive Recommendation					
		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	1,526,982	1,506,850	1,506,608	1,518,012	1,518,012	1,518,012	1,518,212	1,518,212	1,518,212
#Positions		**27**	**28**	**28**	**28**	**28**	**28**	**28**	**28**	**28**
Personal Services Matching	5010003	476,015	474,187	462,137	480,504	480,504	480,504	480,549	480,549	480,549
Operating Expenses	5020002	400,631	400,379	400,379	400,379	400,379	400,379	400,379	400,379	400,379
Conference & Travel Expenses	5050009	10,166	10,165	10,165	10,165	10,165	10,165	10,165	10,165	10,165
Professional Fees	5060010	0	0	0	0	0	0	0	0	0
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Grants and Aid	5100004	939,990	939,990	939,990	939,990	1,689,990	1,689,990	939,990	1,689,990	1,689,990
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Surveys & Investigations	5900046	3,900	3,900	3,900	3,900	3,900	3,900	3,900	3,900	3,900
Water Planning	5900047	130,981	130,981	130,981	130,981	130,981	130,981	130,981	130,981	130,981
Research Project	5900048	1,882	1,882	1,882	1,882	1,882	1,882	1,882	1,882	1,882
Total		3,490,547	3,468,334	3,456,042	3,485,813	4,235,813	4,235,813	3,486,058	4,236,058	4,236,058
Funding Sources										
General Revenue	4000010	3,490,547	3,468,334		3,485,813	4,235,813	3,485,813	3,486,058	4,236,058	3,486,058
Total Funding		3,490,547	3,468,334		3,485,813	4,235,813	3,485,813	3,486,058	4,236,058	3,486,058
Excess Appropriation/(Funding)		0	0		0	0	750,000	0	0	750,000
Grand Total		3,490,547	3,468,334		3,485,813	4,235,813	4,235,813	3,486,058	4,236,058	4,236,058

The FY15 Budget amount in Regular Salaries and Personal Services Matching exceeds the Authorized amount due to salary adjustments during the 2013-2015 biennium.

Change Level by Appropriation

Appropriation: 262 - Natural Resources Commission-Operations
Funding Sources: HUA - Miscellaneous Agencies Fund

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**3,485,813**	**28**	**3,485,813**	**100.0**	**3,486,058**	**28**	**3,486,058**	**100.0**
C01	Existing Program	750,000	0	4,235,813	121.5	750,000	0	4,236,058	121.5

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**3,485,813**	**28**	**3,485,813**	**100.0**	**3,486,058**	**28**	**3,486,058**	**100.0**
C01	Existing Program	750,000	0	4,235,813	121.5	750,000	0	4,236,058	121.5

Justification	
C01	The Agency Request includes additional appropriation and General Revenue funding in the amount of $750,000 to support the operating expenses of Arkansas' 75 Conservation Districts (political subdivisions of the State of Arkansas with the specific responsibility of managing the state's soil and water resources).

Analysis of Budget Request

Appropriation: 263 - Grants and Attorney Services

Funding Sources: HUA - Miscellaneous Agencies Fund

The Natural Resources Commission's Grants and Attorney Services appropriation provides for Arkansas's share of operating grants for three river and watershed compacts (the River Basin Compact, the Arkansas River Compact and the Red River Compact), provides for travel and stipend expenses for commission members, supports conservation projects, and provides for special legal assistance concerning water rights. This program is funded entirely by general revenue.

Base Level includes appropriation and general revenue funding of $91,711 each year of the biennium.

The Agency Change Level reflects an increase in Conservation Projects of $1,500,000 in each year of the 2015-2017 Biennium for stream bank stabilization, water conservation, and invasive species control projects.

The Executive Recommendation provides for Base Level and an increase in appropriation only of $750,000 for Conservation Projects.

Appropriation Summary

Appropriation: 263 - Grants and Attorney Services
Funding Sources: HUA - Miscellaneous Agencies Fund

		Historical Data			Agency Request and Executive Recommendation					
		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid	5100004	42,820	42,820	42,820	42,820	42,820	42,820	42,820	42,820	42,820
Legal Counsel	5900040	5,871	5,871	5,871	5,871	5,871	5,871	5,871	5,871	5,871
Committee/Commission Exp	5900041	9,660	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Conservation Projects	5900046	3,500	3,500	3,500	3,500	1,503,500	753,500	3,500	1,503,500	753,500
Arkansas River Compact	5900047	17,800	17,800	17,800	17,800	17,800	17,800	17,800	17,800	17,800
Red River Compact	5900048	11,720	11,720	11,720	11,720	11,720	11,720	11,720	11,720	11,720
Total		91,371	91,711	91,711	91,711	1,591,711	841,711	91,711	1,591,711	841,711
Funding Sources										
General Revenue	4000010	91,371	91,711		91,711	1,591,711	91,711	91,711	1,591,711	91,711
Total Funding		91,371	91,711		91,711	1,591,711	91,711	91,711	1,591,711	91,711
Excess Appropriation/(Funding)		0	0		0	0	750,000	0	0	750,000
Grand Total		91,371	91,711		91,711	1,591,711	841,711	91,711	1,591,711	841,711

Change Level by Appropriation

Appropriation: 263 - Grants and Attorney Services
Funding Sources: HUA - Miscellaneous Agencies Fund

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**91,711**	**0**	**91,711**	**100.0**	**91,711**	**0**	**91,711**	**100.0**
C01	Existing Program	1,500,000	0	1,591,711	1,735.6	1,500,000	0	1,591,711	1,735.6

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**91,711**	**0**	**91,711**	**100.0**	**91,711**	**0**	**91,711**	**100.0**
C01	Existing Program	1,500,000	0	1,591,711	1,735.6	1,500,000	0	1,591,711	1,735.6

Justification	
C01	The Agency Request includes additional appropriation and General Revenue funding in the amount of $1,500,000 to support the Conservations Projects Line Item within the Grants and Attorney Services Appropriation. This will enable the Arkansas Natural Resources Commission to provide grants to the State's 75 Conservation Districts support the top three resource concerns currently recognized by the districts: Stream Bank Stabilization, Water Conservation and Control of Invasive Species.

Analysis of Budget Request

Appropriation: 2BU - Flood Insurance Program

Funding Sources: FSC - Natural Resources Commission Federal

The Natural Resources Commission's Flood Insurance Program is funded entirely by federal revenues granted to the Commission by the Federal Emergency Management Agency (FEMA) within the U.S. Department of Homeland Security. The Commission uses this appropriation to provide a community flood insurance assistance program and to provide grant funding to Arkansas Geographic Information Office (GIS) to support the FEMA Flood Map Modernization Program.

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

Base Level includes $1,636,971 in each year of the 2015-17 Biennium.

The Agency's Change Level Request includes an increase of $1,590,000 in each year of the 2015-17 Biennium for the following:

- Operating Expenses of $50,000 for the administrative costs of the Hazard Mitigation Assistance (HMA) program, the Cooperative Technical Partnership (CTP), and the Community Assistance Programs (CAP);
- Conference and Travel Expenses increase of $10,000 for conference and seminar fees
- Professional Fees increase of $1,000,000 for a Professional Services Contract for Engineering Services relating to flood hazards;
- Grants and Aid of $500,000 for the HMA Program;
- Capital Outlay of $30,000 for equipment for the HMA, CTP, and CAP Programs

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 2BU - Flood Insurance Program

Funding Sources: FSC - Natural Resources Commission Federal

		Historical Data			Agency Request and Executive Recommendation					
		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	129,811	129,628	118,522	130,909	130,909	130,909	130,909	130,909	130,909
#Positions		**3**	**3**	**3**	**3**	**3**	**3**	**3**	**3**	**3**
Extra Help	5010001	0	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
#Extra Help		**0**	**1**	**1**	**1**	**1**	**1**	**1**	**1**	**1**
Personal Services Matching	5010003	44,112	44,687	41,638	45,377	45,377	45,377	45,377	45,377	45,377
Operating Expenses	5020002	30,510	231,039	326,039	231,039	281,039	281,039	231,039	281,039	281,039
Conference & Travel Expenses	5050009	16,112	22,571	22,571	22,571	32,571	32,571	22,571	32,571	32,571
Professional Fees	5060010	258,207	700,000	1,800,000	700,000	1,700,000	1,700,000	700,000	1,700,000	1,700,000
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Grants and Aid	5100004	173,215	497,075	870,000	497,075	997,075	997,075	497,075	997,075	997,075
Capital Outlay	5120011	0	20,000	20,000	0	30,000	30,000	0	30,000	30,000
Total		651,967	1,655,000	3,208,770	1,636,971	3,226,971	3,226,971	1,636,971	3,226,971	3,226,971
Funding Sources										
Federal Revenue	4000020	651,967	1,655,000		1,636,971	3,226,971	3,226,971	1,636,971	3,226,971	3,226,971
Total Funding		651,967	1,655,000		1,636,971	3,226,971	3,226,971	1,636,971	3,226,971	3,226,971
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		651,967	1,655,000		1,636,971	3,226,971	3,226,971	1,636,971	3,226,971	3,226,971

The FY15 Budget amount in Regular Salaries and Personal Services Matching exceeds the Authorized amount due to salary adjustments during the 2013-2015 biennium.

Change Level by Appropriation

Appropriation: 2BU - Flood Insurance Program
Funding Sources: FSC - Natural Resources Commission Federal

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**1,636,971**	**3**	**1,636,971**	**100.0**	**1,636,971**	**3**	**1,636,971**	**100.0**
C01	Existing Program	1,590,000	0	3,226,971	197.1	1,590,000	0	3,226,971	197.1

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**1,636,971**	**3**	**1,636,971**	**100.0**	**1,636,971**	**3**	**1,636,971**	**100.0**
C01	Existing Program	1,590,000	0	3,226,971	197.1	1,590,000	0	3,226,971	197.1

Justification	
C01	The Agency Request includes additional Federal appropriation of $1,590,000 to support the Flood Insurance Program. Specifically, this appropriation will be used to provide for the following three grants from the Federal Emergency Management Agency (FEMA): The Community Assistance Program - State Support Service Element (CAPP-SSSE) Grant, which provides funding to States to provide technical assistance to communities in the National Flood Insurance Program (NFIP) and to evaluate community performance in implementing NFIP floodplain management activities; the Cooperating Technical Partners (CTP) Program Grant, the goal of which is to create partnerships between FEMA and participating NFIP communities, regional agencies, State agencies, tribes, and universities that have the interest and capability to become more active participants in the FEMA flood hazard mapping program; and the Hazard Mitigation Assistance (HMA) Program Grant, the goal of which is to provides funds for projects to reduce or eliminate risk of flood damage to buildings that are insured under the NFIP on an annual basis.

Analysis of Budget Request

Appropriation: 2GE - Water/Sewer/Solid Waste-State

Funding Sources: HUA - Miscellaneous Agencies Fund

The Natural Resources Commission's Water, Sewer, and Solid Waste - State appropriation provides funding for water, sewer, and solid waste projects that improve or provide basic infrastructure for Arkansas's rural communities. Special language provides for any obligated funds in this account that are not expended by the close of each fiscal year to be transferred to the Commission's Water, Sewer, and Solid Waste Revolving Fund account for later expenditure toward obligated projects. This program is funded entirely by general revenue.

Base Level includes Grants and Aid appropriation of $68,804 each year of the 2015-17 Biennium.

The Agency's Change Level Request includes an increase in Grants and Aid of $681,196 in appropriation only for each year of the 2015-17 Biennium to restore the Water, Sewer and Solid Waste Grants. This additional appropriation would be used in the event that savings from the Miscellaneous Agencies Fund Account become available.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 2GE - Water/Sewer/Solid Waste-State

Funding Sources: HUA - Miscellaneous Agencies Fund

	Historical Data			Agency Request and Executive Recommendation					
	2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid 5100004	152,150	68,804	736,219	68,804	750,000	750,000	68,804	750,000	750,000
Total	152,150	68,804	736,219	68,804	750,000	750,000	68,804	750,000	750,000
Funding Sources									
General Revenue 4000010	152,150	68,804		68,804	68,804	68,804	68,804	68,804	68,804
Total Funding	152,150	68,804		68,804	68,804	68,804	68,804	68,804	68,804
Excess Appropriation/(Funding)	0	0		0	681,196	681,196	0	681,196	681,196
Grand Total	152,150	68,804		68,804	750,000	750,000	68,804	750,000	750,000

Special Language (Section 21 of Act 218 of 2013) authorizes that at the end of each fiscal year, the Chief Fiscal Officer of the State shall authorize the transfer of obligated water, sewer and solid waste funds as provided in this appropriation from the Miscellaneous Agencies Fund Account to the Water, Sewer and Solid Waste Revolving Fund (924/MAC0100). The actual amount transferred at the end of FY14 was $0.

Change Level by Appropriation

Appropriation: 2GE - Water/Sewer/Solid Waste-State
Funding Sources: HUA - Miscellaneous Agencies Fund

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**68,804**	**0**	**68,804**	**100.0**	**68,804**	**0**	**68,804**	**100.0**
C05	Unfunded Appropriation	681,196	0	750,000	1,090.1	681,196	0	750,000	1,090.1

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**68,804**	**0**	**68,804**	**100.0**	**68,804**	**0**	**68,804**	**100.0**
C05	Unfunded Appropriation	681,196	0	750,000	1,090.1	681,196	0	750,000	1,090.1

Justification	
C05	The Agency Request includes unfunded appropriation of $681,196 each year to support the Water, Sewer, Solid Waste - State Program in the event that savings from the Miscellaneous Agencies fund Account become available.

Analysis of Budget Request

Appropriation: 2RG - Water Quality Implementation

Funding Sources: HUA - Miscellaneous Agencies Fund

The Natural Resources Commission's Water Quality Plan Implementation Program provides matching for federal funds in the U.S. Environmental Protection Agency (EPA) Section 319 Nonpoint Source Pollution Abatement Program, as well as matching for the EPA Clean Lakes Program and Corps of Engineers projects. This program is funded entirely by general revenue.

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

Base Level includes appropriation and general revenue funding of $1,844,192 in FY16 and $1,844,315 in FY17 of the 2015-17 Biennium.

The Agency's Change Level Request includes the following:

- Grants and Aid increase of $200,000 appropriation only for Water Quality Match Grants;
- Water Quality Technicians increase of $445,000 each year with $245,000 in general revenue funding and $200,000 in appropriation only to enable the Agency to meet its grant payment obligations and support the ANRC Nutrient Management Program

The Executive Recommendation provides for the Agency Request for appropriation only.

Appropriation Summary

Appropriation: 2RG - Water Quality Implementation

Funding Sources: HUA - Miscellaneous Agencies Fund

		Historical Data			Agency Request and Executive Recommendation					
		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	251,504	244,623	244,621	247,137	247,137	247,137	247,237	247,237	247,237
#Positions		**5**	**5**	**5**	**5**	**5**	**5**	**5**	**5**	**5**
Personal Services Matching	5010003	81,500	79,616	78,466	80,855	80,855	80,855	80,878	80,878	80,878
Operating Expenses	5020002	400	3,200	3,200	3,200	3,200	3,200	3,200	3,200	3,200
Conference & Travel Expenses	5050009	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Professional Fees	5060010	0	0	0	0	0	0	0	0	0
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Grants and Aid	5100004	738,679	762,000	962,000	762,000	962,000	962,000	762,000	962,000	962,000
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Water Quality Technician	5900046	750,000	750,000	950,000	750,000	1,195,000	1,195,000	750,000	1,195,000	1,195,000
Total		1,823,083	1,840,439	2,239,287	1,844,192	2,489,192	2,489,192	1,844,315	2,489,315	2,489,315
Funding Sources										
General Revenue	4000010	1,823,083	1,840,439		1,844,192	2,089,192	1,844,192	1,844,315	2,089,315	1,844,315
Total Funding		1,823,083	1,840,439		1,844,192	2,089,192	1,844,192	1,844,315	2,089,315	1,844,315
Excess Appropriation/(Funding)		0	0		0	400,000	645,000	0	400,000	645,000
Grand Total		1,823,083	1,840,439		1,844,192	2,489,192	2,489,192	1,844,315	2,489,315	2,489,315

The FY15 Budget amount in Regular Salaries and Personal Services Matching exceeds the Authorized amount due to salary adjustments during the 2013-2015 biennium.

Special Language (Sections 22 and 23 of Act 218 of 2013) provides for the Carryforward of funds to support the amount of obligated grants that are certified by the Natural Resources Commission for Matching Grants and Water Quality Technicians. The amount that carried forward from FY14 to FY15 was $30,325 for Matching Grants and $0 for Water Quality Technicians.

Change Level by Appropriation

Appropriation: 2RG - Water Quality Implementation
Funding Sources: HUA - Miscellaneous Agencies Fund

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**1,844,192**	**5**	**1,844,192**	**100.0**	**1,844,315**	**5**	**1,844,315**	**100.0**
C01	Existing Program	245,000	0	2,089,192	113.3	245,000	0	2,089,315	113.3
C05	Unfunded Appropriation	400,000	0	2,489,192	124.1	400,000	0	2,489,315	124.1

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**1,844,192**	**5**	**1,844,192**	**100.0**	**1,844,315**	**5**	**1,844,315**	**100.0**
C01	Existing Program	245,000	0	2,089,192	113.3	245,000	0	2,089,315	113.3
C05	Unfunded Appropriation	400,000	0	2,489,192	124.1	400,000	0	2,489,315	124.1

Justification	
C01	The Agency Request includes additional appropriation and General Revenue funding in the amount of $245,000 each year for the Water Quality Technician line item. This request will support the ANRC Nutrient Management Program, which oversees a licensing and certification program for consultants and compliance activities, education and training programs.
C05	The Agency Request includes additional unfunded appropriation in the amount of $400,000 each year of the biennium. Prior to the 87th Regular Session of 2009, the Agency had a special language provision that authorized the carryforward of appropriation and funds from the first fiscal year to the second to support the amount of obligated grants that are certified for Water Quality Match Grants and Water Quality Technicians. However, due to the passage of Amendment 86 requiring annual sessions, the Legislative Recommendation was to discontinue Special Language provisions for carry forward of appropriation, leaving only the provision for the carryforward of funds. This Request will provide additional appropriation of $200,000 each for both the Grants and Aid line item and the Water Quality Technician line item, which will enable the Agency to utilize any funds carried forward to support the amount of obligated grants that are certified for Water Quality Match Grants and Water Quality Technicians.

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

Agency: Natural Resources Commission

Program: Water Quality Implementation

Act #: 218 Section(s) #: 7, 22, 23

Estimated Carry Forward Amount $ 0.00 Funding Source: Miscellaneous Agencies Fund

Accounting Information:

Business Area: 0455 Funds Center: 2RG Fund: HUA Functional Area: COMM

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

Justification for carry forward of fund balance:

Special language authorizes the carry forward of funds to support the amount of obligated grants that are certified by the agency for Matching Grants and Water Quality Technicians in the Water Quality Plan Implementation appropriation.

Actual Funding Carry Forward Amount $ 30,324.90

Current status of carry forward funding:

The total amount actually carried forward from FY14 to FY15 was $30,324.90. As required by special language, these funds were carried forward to support the amount of obligated grants certified for the Matching Grants in the appropriation entitled "Water Quality Plan Implementation."

Randy Young
Director

08-25-2014
Date

Analysis of Budget Request

Appropriation: 381 - Rural Fire Protection Program

Funding Sources: HUA - Miscellaneous Agencies Fund

The Natural Resources Commission's Rural Fire Protection Program provides assistance to rural communities to develop rural water impoundments and to improve firefighting capabilities. The agency disburses the entire allotment to the Arkansas Association of Resource Conservation and Development Council (AARCDC) located in Roland, Arkansas, which is an organization designed to assist rural communities solve problems and develop new opportunities. The AARCDC determines which local fire departments and political subdivisions will be assisted. This program is funded entirely by general revenue.

Base Level includes Grants and Aid appropriation for the Rural Fire Protection Program of $175,000 each year of the 2015-17 Biennium.

The Agency's Change Level Request includes an increase in Grants and Aid of $825,000 in appropriation only each year of the 2015-17 Biennium. The purpose of the request is to partially restore previously authorized appropriation. This will be used in the event that savings from the Miscellaneous Agencies Fund Account become available.

The Executive Recommendation provides for the Agency Request, appropriation only.

Appropriation Summary

Appropriation: 381 - Rural Fire Protection Program
Funding Sources: HUA - Miscellaneous Agencies Fund

	Historical Data			Agency Request and Executive Recommendation					
	2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item	**Actual**	**Budget**	**Authorized**	**Base Level**	**Agency**	**Executive**	**Base Level**	**Agency**	**Executive**
Grants and Aid 5100004	175,000	175,000	1,100,000	175,000	1,000,000	1,000,000	175,000	1,000,000	1,000,000
Total	175,000	175,000	1,100,000	175,000	1,000,000	1,000,000	175,000	1,000,000	1,000,000
Funding Sources									
General Revenue 4000010	175,000	175,000		175,000	175,000	175,000	175,000	175,000	175,000
Total Funding	175,000	175,000		175,000	175,000	175,000	175,000	175,000	175,000
Excess Appropriation/(Funding)	0	0		0	825,000	825,000	0	825,000	825,000
Grand Total	175,000	175,000		175,000	1,000,000	1,000,000	175,000	1,000,000	1,000,000

Change Level by Appropriation

Appropriation: 381 - Rural Fire Protection Program
Funding Sources: HUA - Miscellaneous Agencies Fund

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**175,000**	**0**	**175,000**	**100.0**	**175,000**	**0**	**175,000**	**100.0**
C05	Unfunded Appropriation	825,000	0	1,000,000	571.4	825,000	0	1,000,000	571.4

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**175,000**	**0**	**175,000**	**100.0**	**175,000**	**0**	**175,000**	**100.0**
C05	Unfunded Appropriation	825,000	0	1,000,000	571.4	825,000	0	1,000,000	571.4

Justification	
C05	The Agency Request includes unfunded appropriation of $825,000 each year to support the Rural Fire Protection Program in the event that savings from the Miscellaneous Agencies fund Account become available.

Analysis of Budget Request

Appropriation: 383 - Conservation District Grants

Funding Sources: HUA - Miscellaneous Agencies Fund

The Natural Resources Commission's Conservation District Program provides grants to conservation districts throughout the State for the purpose of enhancing the capability of conservation districts to carry out conservation within their respective district. Projects eligible for grant funds must carry out resource enhancement, restoration or protection and must be new or in addition to those projects in which a district is currently involved. Projects intended to replace existing programs are not eligible for grant funding. The maximum total grant per district is $25,000 per year, and grant funds must be matched by local cash funds on a ratio of $1 local to $2 grant. This grant program is funded entirely from general revenue.

The Agency Base Level Request includes appropriation of $250,000 each year for Grants to Conservation Districts.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 383 - Conservation District Grants
Funding Sources: HUA - Miscellaneous Agencies Fund

	Historical Data			Agency Request and Executive Recommendation					
	2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item	**Actual**	**Budget**	**Authorized**	**Base Level**	**Agency**	**Executive**	**Base Level**	**Agency**	**Executive**
Grants and Aid 5100004	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
Total	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
Funding Sources									
General Revenue 4000010	250,000	250,000		250,000	250,000	250,000	250,000	250,000	250,000
Total Funding	250,000	250,000		250,000	250,000	250,000	250,000	250,000	250,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	250,000	250,000		250,000	250,000	250,000	250,000	250,000	250,000

Analysis of Budget Request

Appropriation: 420 - Natural Resources Comm-Cash

Funding Sources: NSW - Cash in Treasury

The Natural Resources Commission - Cash appropriation provides for the Safe Drinking Water Program and the Water Grants Program. These programs provide administration for safe drinking water projects that are funded through activities of the Arkansas Development Finance Authority. As authorized in Arkansas Code §15-22-1102, funds are transferred from Arkansas Development Finance Authority to the Natural Resources Commission Cash Account for maintenance and support of this program. Additional funding primarily consists of fees, principal and interest payments on previous loans and interest income earned on investments.

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

Base Level includes appropriation of $8,197,679 in FY16 and $8,199,393 in FY17

The Agency's Change Level Request includes an increase of the following:

- The reclassification of one (1) Grants Manager (Grade C121) to a Program Fiscal Manager (Grade C122).
- Operating Expenses of $200,000 and Professional Fees of $800,000 for each year of the 2015-17 Biennium to continue the implementation of the State Water Plan.
- Capital Outlay appropriation of $100,000 for each year of the 2015-17 Biennium. This request will enable the agency to purchase equipment for the Wetland Mitigation Program.
- Conference and Travel Expenses of $5,000 for conference and seminar fees.

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

Appropriation Summary

Appropriation: 420 - Natural Resources Comm-Cash

Funding Sources: NSW - Cash in Treasury

		Historical Data			Agency Request and Executive Recommendation					
		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	1,087,520	1,101,167	1,094,918	1,112,900	1,112,900	1,112,900	1,114,300	1,114,300	1,114,300
#Positions		**25**	**27**	**28**	**27**	**27**	**27**	**27**	**27**	**27**
Extra Help	5010001	29,741	30,800	30,800	30,800	30,800	30,800	30,800	30,800	30,800
#Extra Help		**6**	**5**	**5**	**5**	**5**	**5**	**5**	**5**	**5**
Personal Services Matching	5010003	379,613	380,415	366,543	386,629	386,629	386,629	386,943	386,943	386,943
Operating Expenses	5020002	355,653	533,331	333,331	333,331	533,331	533,331	333,331	533,331	533,331
Conference & Travel Expenses	5050009	19,599	22,000	22,000	22,000	27,000	27,000	22,000	27,000	27,000
Professional Fees	5060010	5,000	910,002	110,002	110,002	910,002	910,002	110,002	910,002	910,002
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Grants and Aid	5100004	4,417,898	6,097,017	6,097,017	6,097,017	6,097,017	6,097,017	6,097,017	6,097,017	6,097,017
Capital Outlay	5120011	34,419	100,000	100,000	0	100,000	100,000	0	100,000	100,000
Training/Contract Services	5900043	105,000	105,000	105,000	105,000	105,000	105,000	105,000	105,000	105,000
Total		6,434,443	9,279,732	8,259,611	8,197,679	9,302,679	9,302,679	8,199,393	9,304,393	9,304,393
Funding Sources										
Fund Balance	4000005	15,779,735	15,215,850		13,730,194	13,730,194	13,730,194	13,344,639	12,239,639	12,239,639
Cash Fund	4000045	5,870,558	7,794,076		7,812,124	7,812,124	7,812,124	7,812,124	7,812,124	7,812,124
Total Funding		21,650,293	23,009,926		21,542,318	21,542,318	21,542,318	21,156,763	20,051,763	20,051,763
Excess Appropriation/(Funding)		(15,215,850)	(13,730,194)		(13,344,639)	(12,239,639)	(12,239,639)	(12,957,370)	(10,747,370)	(10,747,370)
Grand Total		6,434,443	9,279,732		8,197,679	9,302,679	9,302,679	8,199,393	9,304,393	9,304,393

The FY15 Budget amount in Regular Salaries and Personal Services Matching exceeds the Authorized amount due to salary adjustments during the 2013-2015 biennium.

The FY15 Budget amount in Professional Fees and Operating Expenses exceeds the Authorized amount due to a Cash Letter that was approved during FY15 for the Wetland Mitigation Bank Program.

Change Level by Appropriation

Appropriation: 420 - Natural Resources Comm-Cash
Funding Sources: NSW - Cash in Treasury

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**8,197,679**	**27**	**8,197,679**	**100.0**	**8,199,393**	**27**	**8,199,393**	**100.0**
C01	Existing Program	1,105,000	0	9,302,679	113.5	1,105,000	0	9,304,393	113.5
C10	Reclass	0	0	9,302,679	113.5	0	0	9,304,393	113.5

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**8,197,679**	**27**	**8,197,679**	**100.0**	**8,199,393**	**27**	**8,199,393**	**100.0**
C01	Existing Program	1,105,000	0	9,302,679	113.5	1,105,000	0	9,304,393	113.5
C10	Reclass	0	0	9,302,679	113.5	0	0	9,304,393	113.5

Justification	
C01	The Agency Request includes additional cash appropriation of $1,105,000 per year for the following: $200,000 for Operating Expenses and $800,000 for Professional Fees and Services to restore Cash Appropriation authorized by a Cash Letter in FY14 and FY15 to provide for the ANRC's current undertaking of revising and updating the State Water Plan; $100,000 in Capital Outlay appropriation to provide for equipment needs for the Arkansas Wetland Mitigation Bank Program, a state-sponsored initiative aimed at providing off-site mitigation opportunities to Section 404 (Clean Water Act) permit recipients required to provide compensatory mitigation for impacts of approved wetland projects; and $5,000 for Conference & Travel Expenses to support the travel and training needs of the Water Development Program Supervisory staff. Because of the complex nature of this program, staff are required to attend training sessions with various federal regulatory agencies and workgroups (Environmental Protection Agency, Council of Infrastructure Authorities (CIFA), State Revolving Fund Work Groups, United States Department of Agriculture - Rural Development (USDA-RD), etc.).
C10	The Agency Request includes the reclassification of one position within the ANRC Cash Appropriation from a G109 Grants Manager (C121) to an A041C Program Fiscal Manager (C122), There is no salary adjustment for this request; it is simply necessary because a clear misclassification has been determined. This position is responsible for managing the fiscal activities of the ANRC Water Development Program.

Analysis of Budget Request

Appropriation: 527 - Construction Asst Revolving Loan Fund Program

Funding Sources: FSC - Natural Resources Commission Federal

The Construction Assistance Revolving Loan Fund Program monitors and approves the progress of projects employing low interest loans from the Natural Resources Commission that are used to provide clean water by reducing or eliminating elements of water borne pollution. Funding for this appropriation is 100% federal.

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

The Base Level includes appropriation of $1,196,809 in each year of the 2015-17 Biennium.

The Agency's Change Level Request totaling $5,000 reflects the following:

- Reclassification of one (1) Grants Manager (Grade C121) position to a Program Fiscal Manager (Grade C122) position.
- Conference and Travel Expenses of $5,000 for supervisory business travel.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 527 - Construction Asst Revolving Loan Fund Program

Funding Sources: FSC - Natural Resources Commission Federal

		Historical Data			Agency Request and Executive Recommendation					
		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	677,499	759,164	750,057	749,336	749,336	749,336	749,336	749,336	749,336
#Positions		**13**	**15**	**15**	**15**	**15**	**15**	**15**	**15**	**15**
Personal Services Matching	5010003	227,125	244,536	238,962	244,350	244,350	244,350	244,350	244,350	244,350
Operating Expenses	5020002	102,949	182,404	182,404	182,404	182,404	182,404	182,404	182,404	182,404
Conference & Travel Expenses	5050009	6,156	7,219	7,219	7,219	12,219	12,219	7,219	12,219	12,219
Professional Fees	5060010	0	13,500	13,500	13,500	13,500	13,500	13,500	13,500	13,500
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		1,013,729	1,206,823	1,192,142	1,196,809	1,201,809	1,201,809	1,196,809	1,201,809	1,201,809
Funding Sources										
Federal Revenue	4000020	1,013,729	1,206,823		1,196,809	1,201,809	1,201,809	1,196,809	1,201,809	1,201,809
Total Funding		1,013,729	1,206,823		1,196,809	1,201,809	1,201,809	1,196,809	1,201,809	1,201,809
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		1,013,729	1,206,823		1,196,809	1,201,809	1,201,809	1,196,809	1,201,809	1,201,809

The FY15 Budget amount in Regular Salaries and Personal Services Matching exceeds the Authorized amount due to salary adjustments during the 2013-2015 biennium.

Change Level by Appropriation

Appropriation: 527 - Construction Asst Revolving Loan Fund Program
Funding Sources: FSC - Natural Resources Commission Federal

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**1,196,809**	**15**	**1,196,809**	**100.0**	**1,196,809**	**15**	**1,196,809**	**100.0**
C01	Existing Program	5,000	0	1,201,809	100.4	5,000	0	1,201,809	100.4
C10	Reclass	0	0	1,201,809	100.4	0	0	1,201,809	100.4

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**1,196,809**	**15**	**1,196,809**	**100.0**	**1,196,809**	**15**	**1,196,809**	**100.0**
C01	Existing Program	5,000	0	1,201,809	100.4	5,000	0	1,201,809	100.4
C10	Reclass	0	0	1,201,809	100.4	0	0	1,201,809	100.4

Justification	
C01	The Agency Request includes additional federal appropriation of $5,000 per year for Conference and Travel Expenses. This appropriation will be used to support the travel and training needs of the Water Development Program Supervisory staff. Because of the complex nature of this program, staff are required to attend training sessions with various federal regulatory agencies and workgroups (Environmental Protection Agency, Council of Infrastructure Authorities (CIFA),State Revolving Fund Work Groups, United States Department of Agriculture - Rural Development (USDA-RD), etc.)
C10	The Agency Request includes the reclassification of one position within the Construction Assistance Revolving Loan Fund Program from a G109 Grants Manager (C121) to an A041C Program Fiscal Manager (C122), There is no salary adjustment for this request; it is simply necessary because a clear misclassification has been determined. This position is responsible for managing the fiscal activities of the ANRC Water Development Program.

Analysis of Budget Request

Appropriation: 659 - Ouachita River Waterways Projects

Funding Sources: TWO - Ouachita River Waterways Project Trust Fund

The Natural Resources Commission's Ouachita River Waterways Projects Program provides grant funding to the Ouachita River Park Commission to support the development of recreational facilities, parks, and services along the banks of the Ouachita River across South Arkansas. This appropriation is funded from the Ouachita River Waterways Project Trust Fund (A.C.A. 19-5-1109).

The Agency Request is for Base Level of $52,675 in each year of the 2015-17 Biennium. Expenditure of appropriation in Fiscal Years 2016 and 2017 is contingent upon the carry forward of available funding from the previous fiscal year.

The Executive Recommendation provides for the the Agency Request.

Appropriation Summary

Appropriation: 659 - Ouachita River Waterways Projects

Funding Sources: TWO - Ouachita River Waterways Project Trust Fund

	Historical Data			Agency Request and Executive Recommendation					
	2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid 5100004	32,000	52,675	84,675	52,675	52,675	52,675	52,675	52,675	52,675
Total	32,000	52,675	84,675	52,675	52,675	52,675	52,675	52,675	52,675
Funding Sources									
Trust Fund 4000050	32,000	52,675		52,675	52,675	52,675	52,675	52,675	52,675
Total Funding	32,000	52,675		52,675	52,675	52,675	52,675	52,675	52,675
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	32,000	52,675		52,675	52,675	52,675	52,675	52,675	52,675

This appropriation is funded from the current fund balance maintained in the Ouachita River Waters Project Trust Fund (A.C.A. 19-5-1109). Expenditure of appropriation in FY16 and FY17 is contingent upon the carryforward of available funding each year.

Analysis of Budget Request

Appropriation: 808 - Water Research

Funding Sources: HUA - Miscellaneous Agencies Fund

The Natural Resources Commission's appropriation for Water Research is used to provide grant funding to the U.S. Geological Survey to enable research using data collected and compiled in the Commission's water management and water quality programs. The appropriation is funded entirely by general revenue.

The Agency Base Level Request includes appropriation and general revenue funding of $42,800 in each year of the 2015-17 Biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 808 - Water Research

Funding Sources: HUA - Miscellaneous Agencies Fund

	Historical Data			Agency Request and Executive Recommendation					
	2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item	**Actual**	**Budget**	**Authorized**	**Base Level**	**Agency**	**Executive**	**Base Level**	**Agency**	**Executive**
Grants and Aid 5100004	42,800	42,800	42,800	42,800	42,800	42,800	42,800	42,800	42,800
Total	42,800	42,800	42,800	42,800	42,800	42,800	42,800	42,800	42,800
Funding Sources									
General Revenue 4000010	42,800	42,800		42,800	42,800	42,800	42,800	42,800	42,800
Total Funding	42,800	42,800		42,800	42,800	42,800	42,800	42,800	42,800
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	42,800	42,800		42,800	42,800	42,800	42,800	42,800	42,800

Analysis of Budget Request

Appropriation: 822 - Conservation District Clerks' Insurance

Funding Sources: HUA - Miscellaneous Agencies Fund

Conservation district clerks are authorized by Arkansas Code Annotated §14-125-312 to take part in the State Employees Group Insurance Plan. This appropriation provides the State's matching portion of health insurance premiums and is funded entirely by general revenue.

The Agency Base Level Request includes Personal Services Matching appropriation of $403,200 each year of the 2015-17 Biennium. This includes a $10 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of $420 per month for the current budgeted level of 80 eligible district clerks.

The Agency Request provides for Base Level.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 822 - Conservation District Clerks' Insurance

Funding Sources: HUA - Miscellaneous Agencies Fund

	Historical Data			Agency Request and Executive Recommendation					
	2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item	**Actual**	**Budget**	**Authorized**	**Base Level**	**Agency**	**Executive**	**Base Level**	**Agency**	**Executive**
Personal Services Matching 5010003	393,600	374,400	374,400	403,200	403,200	403,200	403,200	403,200	403,200
Total	393,600	374,400	374,400	403,200	403,200	403,200	403,200	403,200	403,200
Funding Sources									
General Revenue 4000010	393,600	374,400		403,200	403,200	403,200	403,200	403,200	403,200
Total Funding	393,600	374,400		403,200	403,200	403,200	403,200	403,200	403,200
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	393,600	374,400		403,200	403,200	403,200	403,200	403,200	403,200

Base Level each year reflects a $10 increase in the monthly contribution for district clerks' health insurance for a total state contribution of $420/month for the 80 currently budgeted positions.

Analysis of Budget Request

Appropriation: 924 - Water/Sewer/Solid Waste

Funding Sources: MAC - Water, Sewer, and Solid Waste Revolving Fund

The Water, Sewer, and Solid Waste-Revolving appropriation is used to provide grants, low interest loans and deferred loans to eligible entities to use for water, sewer, or solid waste management (§14-230-105). Eligible entities include cities, towns, counties, regional water districts, special improvement districts, public facilities boards, rural development authorities, rural waterworks facilities boards, other public entities and nonprofit corporations which provide water, sewer, or solid waste services to one or more cities, towns, or counties. The Maximum assistance is 50% of the total project cost. Funding for this appropriation consists of loan principal and interest repayments that are deposited into the Water, Sewer and Solid Waste Revolving Fund (§19-5-310).

The Agency Request is for Base Level, which includes Sewer and Solid Waste Grants and Aid appropriation of $6,000,000 each year of the 2015-17 Biennium.

The Executive Recommendation provides for the the Agency Request.

Appropriation Summary

Appropriation: 924 - Water/Sewer/Solid Waste

Funding Sources: MAC - Water, Sewer, and Solid Waste Revolving Fund

		Historical Data			Agency Request and Executive Recommendation					
		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid	5100004	1,337,764	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000
Total		1,337,764	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000
Funding Sources										
Fund Balance	4000005	5,657,195	7,085,897		5,085,897	5,085,897	5,085,897	3,085,897	3,085,897	3,085,897
Loan Repayment	4000330	2,766,466	4,000,000		4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000
Total Funding		8,423,661	11,085,897		9,085,897	9,085,897	9,085,897	7,085,897	7,085,897	7,085,897
Excess Appropriation/(Funding)		(7,085,897)	(5,085,897)		(3,085,897)	(3,085,897)	(3,085,897)	(1,085,897)	(1,085,897)	(1,085,897)
Grand Total		1,337,764	6,000,000		6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000

Analysis of Budget Request

Appropriation: 997 - NonPoint Source Pollution Control Program

Funding Sources: FSC - Natural Resources Commission Federal

This program reflects the federal side of the Natural Resources Commission's role in conducting the U.S. Environmental Protection Agency (EPA) Section 319 grant program to fund nonpoint source pollution management strategies. This appropriation is funded from federal funding from the EPA (the state match portion of this program is expensed in the Water Quality Plan Implementation Appropriation). The Arkansas Natural Resources Commission administers this program with an emphasis on funding best management practices in priority watersheds.

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

Base Level includes appropriation of $6,636,713 in each year of the 2015-17 Biennium.

The Agency Change Level totaling $50,000 reflects the following increases:

- Reclassification of one (1) Grants Manager (Grade C121) to a Program Fiscal Manager (C122) position.
- Capital Outlay of $50,000 each year of the 2015-17 Biennium to replace existing field equipment for Water Quality Projects.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 997 - NonPoint Source Pollution Control Program

Funding Sources: FSC - Natural Resources Commission Federal

		Historical Data			Agency Request and Executive Recommendation					
		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item		**Actual**	**Budget**	**Authorized**	**Base Level**	**Agency**	**Executive**	**Base Level**	**Agency**	**Executive**
Regular Salaries	5010000	384,160	386,662	433,994	389,896	389,896	389,896	389,896	389,896	389,896
#Positions		**8**	**9**	**9**	**9**	**9**	**9**	**9**	**9**	**9**
Extra Help	5010001	2,341	24,999	25,000	25,000	25,000	25,000	25,000	25,000	25,000
#Extra Help		**0**	**2**	**2**	**2**	**2**	**2**	**2**	**2**	**2**
Personal Services Matching	5010003	138,902	133,175	149,212	135,207	135,207	135,207	135,207	135,207	135,207
Operating Expenses	5020002	158,322	294,334	294,334	294,334	294,334	294,334	294,334	294,334	294,334
Conference & Travel Expenses	5050009	7,853	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Professional Fees	5060010	0	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Grants and Aid	5100004	2,502,547	5,642,276	5,642,276	5,642,276	5,642,276	5,642,276	5,642,276	5,642,276	5,642,276
Capital Outlay	5120011	0	51,000	51,000	0	50,000	50,000	0	50,000	50,000
Total		3,194,125	6,682,446	6,745,816	6,636,713	6,686,713	6,686,713	6,636,713	6,686,713	6,686,713
Funding Sources										
Federal Revenue	4000020	3,194,125	6,682,446		6,636,713	6,686,713	6,686,713	6,636,713	6,686,713	6,686,713
Total Funding		3,194,125	6,682,446		6,636,713	6,686,713	6,686,713	6,636,713	6,686,713	6,686,713
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		3,194,125	6,682,446		6,636,713	6,686,713	6,686,713	6,636,713	6,686,713	6,686,713

Change Level by Appropriation

Appropriation: 997 - NonPoint Source Pollution Control Program
Funding Sources: FSC - Natural Resources Commission Federal

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**6,636,713**	**9**	**6,636,713**	**100.0**	**6,636,713**	**9**	**6,636,713**	**100.0**
C01	Existing Program	50,000	0	6,686,713	100.8	50,000	0	6,686,713	100.8
C10	Reclass	0	0	6,686,713	100.8	0	0	6,686,713	100.8

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**6,636,713**	**9**	**6,636,713**	**100.0**	**6,636,713**	**9**	**6,636,713**	**100.0**
C01	Existing Program	50,000	0	6,686,713	100.8	50,000	0	6,686,713	100.8
C10	Reclass	0	0	6,686,713	100.8	0	0	6,686,713	100.8

Justification	
C01	The Agency Request includes the restoration of Capital Outlay appropriation in the amount of $50,000 each year to enable the agency to replace existing equipment.
C10	The Agency Request includes the reclassification of one position within the Non Point Source Pollution Control Program from a G109 Grants Manager (C121) to an A041C Program Fiscal Manager (C122), There is no salary adjustment for this request; it is simply necessary because a clear misclassification has been determined. This position is responsible for managing the overall fiscal activities of this multi-million dollar federal program.

Appropriation Summary

Appropriation: 475 - Red River Levee Rehabilitation Project

Funding Sources: TWP - Red River Waterways Project Trust Fund

		Historical Data			Agency Request and Executive Recommendation					
		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	0	0	63,084	0	0	0	0	0	0
#Positions		**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Personal Services Matching	5010003	0	0	23,731	0	0	0	0	0	0
Grants and Aid	5100004	0	0	2,000,000	0	0	0	0	0	0
Study Expenses	5900046	0	0	1,372,828	0	0	0	0	0	0
Total		0	0	3,459,643	0	0	0	0	0	0

APPROPRIATION NOT REQUESTED FOR THE 2015-2017 BIENNIUM

Appropriation Summary

Appropriation: M73 - Red River Commission

Funding Sources: HUA - Miscellaneous Agencies Fund Account

		Historical Data			Agency Request and Executive Recommendation					
		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	0	0	38,295	0	0	0	0	0	0
#Positions		**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Personal Services Matching	5010003	0	0	19,575	0	0	0	0	0	0
Operating Expenses	5020002	0	0	10,230	0	0	0	0	0	0
Conference & Travel Expenses	5050009	0	0	6,900	0	0	0	0	0	0
Total		0	0	75,000	0	0	0	0	0	0

APPROPRIATION NOT REQUESTED FOR THE 2015-2017 BIENNIUM

ARKANSAS STATE BOARD OF NURSING

Enabling Laws

Act 82 of 14
A.C.A. §17-87-203 & 205

History and Organization

The "State Board of Nurse Examiners" was created by Act 128 of 1913. The Board is composed of thirteen members, appointed by the Governor, subject to confirmation by the Senate. The mission of the Arkansas State Board of Nursing is to protect the public and act as their advocate by effectively regulating the practice of nursing.

Statutory Responsibility & Primary Activities: Pursuant to A.C.A. §17-87-203, the Board of Nursing carries out the following responsibilities in the interest of public protection: (1) Cause the prosecution of persons violating the nurse practice act; (2) Employ personnel necessary for carrying out its functions; (3) Study, review, develop and recommend role levels of technical classes of nursing service and practice to state and federal health agencies and to public and private administrative bodies; (4) Prescribe minimum standards and approve curricula for educational programs preparing persons for licensure as registered nurses, advanced practice registered nurses, registered nurse practitioners, licensed practical nurses, licensed psychiatric technician nurses and preparing persons for certification as medication assistants; (5) Provide for surveys of such programs at such times as it deems necessary, or at the request of the schools; (6) Approve programs that meet the requirements of the law; (7) Deny or withdraw approval from educational programs for failure to meet prescribed standards; (8) Examine, certify, and renew the certifications of qualified applicants for medication assistants; (9) Examine, license and renew the licenses of duly qualified applicants for professional nursing, practical nursing, and psychiatric technician nursing; (10) License and renew the licenses of qualified applicants for registered nurse practitioner and advanced practice nursing; (11) Grant certificates of prescriptive authority to qualified advanced practice registered nurses; (12) Convene an advisory committee as provided for in the law to assist with oversight of prescriptive authority and medication assistants; and (13) Conduct disciplinary proceedings as provided for in the law. There are currently 54,816 licenses, 1,455 certificates and 558 temporary permits issued by the Board.

Advisory Board or Commission: A.C.A. §17-87-205 created a Prescriptive Authority Advisory Committee to assist the Board in implementing the provisions for prescriptive authority, which was authorized by Act 409 of 1995. This is a six (6) member multidisciplinary committee, which meets as needed to deal with prescriptive issues. A.C.A. §17-87-710 created a Medication Assistive Persons Advisory Committee to assist the Board in implementing the provisions of the medication assistant legislation passed in 2005. This is a six (6) member multidisciplinary committee also meets as needed to deal with issues related to medication assistants.

In addition, the Board has an advisory group comprised of directors of each nursing education program in the State. The Nurse Administrators of Nursing Education Programs (NANEP) is a sixty-three (63) member advisory group, composed of the deans of nursing education programs, which advises the Board on nursing educational issues in the State.

Agency Commentary

Receipts from license fees finance the Board of Nursing's operations. The Board is responsible for licensing, examination, endorsement, education and discipline of over 54,000 nurses and has sufficient revenue and fund balance to accommodate the requests described herein. In order to execute the Board's responsibilities and fulfill the public protection mission, the following change requests are imperative.

The Board of Nursing requests Base Level for the 2015 - 2017 Biennium plus the following Change Level requests:

Arkansas State Board of Nursing (ASBN) requests the title and grade for the Licensing Coordinator C113 be changed to Computer Operator C114 to allow ASBN to attract qualified personnel when advertising for the position since the current job description does not match the function of the position. The Agency also requests the addition of an ASBN Reinstatement Investigator C115, and an ASBN Program Coordinator C126. The number of investigations has doubled since 2008, and the need for additional disciplinary staff to support the work load is required to process investigations in a timely manner.

The online processing of examinations and endorsements has changed the process by which criminal background checks are paid. In the past, students could pay for their criminal background checks thru their school. Now that it is part of the online application for examinations and endorsements with the Board, these funds are no longer going thru the school but coming to the Board. ASBN is requesting an increase in the appropriation for FY16 and FY17 to be able to reimburse Information Network of Arkansas (INA) for the fees now being processed thru ASBN. The agency was granted a cash increase letter in the last biennium in order to pay the federal and state background checks, and respectfully requests the continuance of this ability for the next biennium.

ASBN is requesting $73,699 in FY16 and $51,265 in FY17 to cover projected increases in investigation expenses, building rent, airfare and to replace the agency vehicle which is more than 11 years old and is becoming unreliable and expensive to maintain.

The IT related expenses of $60,850 in FY16 and $52,500 in FY17 would allow the Board to purchase a new server and scanner and to cover expenses of equipment malfunction and replacement as needed. These items are included in the agency's IT Plan.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
ARKANSAS STATE BOARD OF NURSING

FOR THE YEAR ENDED JUNE 30, 2013

Findings	Recommendations
None	None

State Contracts Over $50,000 Awarded To Minority Owned Businesses Fiscal Year 2014

None

Employment Summary

	Male	Female	Total	%
White Employees	2	18	20	80 %
Black Employees	0	4	4	16 %
Other Racial Minorities	0	1	1	4 %
Total Minorities			5	20 %
Total Employees			25	100 %

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				
Annual Report	17-87-203(4)	Y	N	200	Statutory requirement and public information for workforce data	0	0.00

Department Appropriation Summary

Historical Data | **Agency Request and Executive Recommendation**

Appropriation	2013-2014 Actual	Pos	2014-2015 Budget	Pos	2014-2015 Authorized	Pos	2015-2016 Base Level	Pos	2015-2016 Agency	Pos	2015-2016 Executive	Pos	2016-2017 Base Level	Pos	2016-2017 Agency	Pos	2016-2017 Executive	Pos
286 Board of Nursing-Operations	2,443,016	27	2,594,259	27	2,592,281	27	2,588,744	27	2,831,113	29	2,822,770	29	2,590,092	27	2,801,677	29	2,793,334	29
2MA Nursing Education Workshops	21,042	0	35,000	0	35,000	0	35,000	0	35,000	0	35,000	0	35,000	0	35,000	0	35,000	0
56K Background Check Fee	195,525	0	156,750	0	156,750	0	156,750	0	192,500	0	192,500	0	156,750	0	192,500	0	192,500	0
58J Scholar Loans	70,100	0	236,691	0	387,065	0	236,691	0	236,691	0	236,691	0	236,691	0	236,691	0	236,691	0
Total	2,729,683	27	3,022,700	27	3,171,096	27	3,017,185	27	3,295,304	29	3,286,961	29	3,018,533	27	3,265,868	29	3,257,525	29
Funding Sources		%		%				%		%		%		%		%		%
Fund Balance 4000005	2,961,863	52.0	2,962,769	52.2			2,656,656	49.1	2,656,656	49.1	2,656,656	49.1	2,616,777	48.7	2,338,658	45.9	2,347,001	46.0
Special Revenue 4000030	2,522,823	44.3	2,530,481	44.6			2,531,000	46.8	2,531,000	46.8	2,531,000	46.8	2,531,000	47.1	2,531,000	49.7	2,531,000	49.6
Cash Fund 4000045	207,766	3.6	186,106	3.3			223,200	4.1	223,200	4.1	223,200	4.1	223,200	4.2	223,200	4.4	223,200	4.4
Total Funds	5,692,452	100.0	5,679,356	100.0			5,410,856	100.0	5,410,856	100.0	5,410,856	100.0	5,370,977	100.0	5,092,858	100.0	5,101,201	100.0
Excess Appropriation/(Funding)	(2,962,769)		(2,656,656)				(2,393,671)		(2,115,552)		(2,123,895)		(2,352,444)		(1,826,990)		(1,843,676)	
Grand Total	2,729,683		3,022,700				3,017,185		3,295,304		3,286,961		3,018,533		3,265,868		3,257,525	

Variance in Fund Balance due to unfunded appropriation in 58J - Scholar Loans.

Agency Position Usage Report

FY2012 - 2013						FY2013 - 2014						FY2014 - 2015					
Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused
	Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total	
27	27	0	27	0	0.00 %	27	26	1	27	0	3.70 %	27	26	1	27	0	3.70 %

Analysis of Budget Request

Appropriation: 286 - Board of Nursing-Operations

Funding Sources: SBN - State Board of Nursing Fund

The State Board of Nursing is funded from the receipt of fees charged by the Agency, as authorized by Arkansas Code Annotated §17-87-306. The mission of the Board is to protect the public and act as their advocate by effectively regulating the practice of nursing.

Base Level Regular Salaries and Personal Services Matching include the continuation of the previously authorized 2015 1% Cost of Living Adjustment and Career Service Payments for eligible employees. Personal Services Matching also includes a $10 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of $420 per month. Base Level salaries and matching do not include appropriation for Merit Pay Increases. The Base Level request for Regular Salaries includes board member stipend payments. The Base Level salary of unclassified positions reflects the FY15 line item maximum plus the previously authorized 2015 1% Cost of Living Adjustment.

This is the operations appropriation for the Board of Nursing and Base Level supports 27 full-time positions as well as maintenance and operation expenses totaling $2,588,744 in FY16 and $2,590,092 in FY17.

The Agency Change Level request totals $242,369 in FY16 and $211,585 in FY17 and includes the following increases:

- Regular Salaries and Personal Services Matching totaling $107,820 each year to support two (2) positions: one (1) ASBN Program Coordinator (C126), and one (1) ASBN Reinstatement Investigator (C115), and to reclassify one (1) Licensing Coordinator position to a Computer Operator (C114). These positions will be used to conduct investigations and process disciplinary proceedings in a timely manner.
- Operating Expenses totaling $74,588 in FY16 and $79,865 in FY17 to provide for a rent increase of $17,339 in FY16 and $22,616 in FY17; $27,249 each year for enforcement investigation expenses; and $30,000 each year to convert agency documents into digital images. This change is compliant with the Agency's Information Technology (IT) Plan (page 17).
- Conference & Travel Expenses totaling $1,400 each year to provide for additional airfare and conference related travel expenses.
- Capital Outlay totaling $27,711 in FY16 to replace the agency vehicle as needed due to high mileage and/or maintenance costs. The vehicle will be used to conduct agency business and provide continuing education statewide.
- Technology related Capital Outlay totaling $30,850 in FY16 and $22,500 in FY17 to replace as needed a data server and scanner. This equipment provides critical support to agency operations.

The Technology related requests are documented in the Agency's Information Technology (IT) Plan (page 17).

The Executive Recommendation provides for Agency Request with following exceptions:

- The ASBN Program Coordinator (C126) position is recommended as a Regulatory Board Chief Investigator (C123).
- The ASBN Reinstatement Investigator (C115) position is recommended as an Administrative Analyst (C115).

The Executive Recommendation also provides for the Agency Request for Capital Outlay to replace aging, high mileage vehicles in accordance with A.C.A. §22-8-201 et seq., Automobile and Pickup Truck Acquisition Act, which establishes guidelines for automobile replacement.

Appropriation Summary

Appropriation: 286 - Board of Nursing-Operations

Funding Sources: SBN - State Board of Nursing Fund

		Historical Data			Agency Request and Executive Recommendation					
		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	1,361,802	1,404,188	1,407,772	1,417,997	1,497,804	1,490,992	1,419,097	1,498,904	1,492,092
#Positions		**27**	**27**	**27**	**27**	**29**	**29**	**27**	**29**	**29**
Personal Services Matching	5010003	436,517	443,976	438,414	451,147	479,160	477,629	451,395	479,408	477,877
Operating Expenses	5020002	595,574	632,075	632,075	632,075	706,663	706,663	632,075	711,940	711,940
Conference & Travel Expenses	5050009	20,413	29,048	29,048	29,048	30,448	30,448	29,048	30,448	30,448
Professional Fees	5060010	11,800	57,477	57,477	57,477	57,477	57,477	57,477	57,477	57,477
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Refunds/Reimbursements	5110014	852	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Capital Outlay	5120011	16,058	26,495	26,495	0	58,561	58,561	0	22,500	22,500
Total		2,443,016	2,594,259	2,592,281	2,588,744	2,831,113	2,822,770	2,590,092	2,801,677	2,793,334
Funding Sources										
Fund Balance	4000005	2,611,463	2,691,270		2,627,492	2,627,492	2,627,492	2,569,748	2,327,379	2,335,722
Special Revenue	4000030	2,522,823	2,530,481		2,531,000	2,531,000	2,531,000	2,531,000	2,531,000	2,531,000
Total Funding		5,134,286	5,221,751		5,158,492	5,158,492	5,158,492	5,100,748	4,858,379	4,866,722
Excess Appropriation/(Funding)		(2,691,270)	(2,627,492)		(2,569,748)	(2,327,379)	(2,335,722)	(2,510,656)	(2,056,702)	(2,073,388)
Grand Total		2,443,016	2,594,259		2,588,744	2,831,113	2,822,770	2,590,092	2,801,677	2,793,334

FY15 Budget amount in Personal Services Matching exceeds the authorized amount due to matching rate adjustments during the 2013-2015 Biennium.

Change Level by Appropriation

Appropriation: 286 - Board of Nursing-Operations
Funding Sources: SBN - State Board of Nursing Fund

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**2,588,744**	**27**	**2,588,744**	**100.0**	**2,590,092**	**27**	**2,590,092**	**100.0**
C01	Existing Program	180,874	2	2,769,618	107.0	158,440	2	2,748,532	106.1
C08	Technology	60,850	0	2,830,468	109.3	52,500	0	2,801,032	108.1
C10	Reclass	645	0	2,831,113	109.4	645	0	2,801,677	108.2

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**2,588,744**	**27**	**2,588,744**	**100.0**	**2,590,092**	**27**	**2,590,092**	**100.0**
C01	Existing Program	172,531	2	2,761,275	106.7	150,097	2	2,740,189	105.8
C08	Technology	60,850	0	2,822,125	109.0	52,500	0	2,792,689	107.8
C10	Reclass	645	0	2,822,770	109.0	645	0	2,793,334	107.8
C14	Title Change	0	0	2,822,770	109.0	0	0	2,793,334	107.8

Justification	
C01	The Board requests two positions an ASBN Reinstatement Investigator C115, and an ASBN Program Coordinator C126. The number of investigations has doubled since 2008, and the need for additional disciplinary staff to support the work load is required to process investigations in a timely manner. The Arkansas State Board of Nursing requests appropriation in the amount of $73,699 in FY16 and $51,265 in FY17 to cover projected increases in investigation expenses, building rent, airfare, and to replace the agency vehicle which is more than 11 years old is becoming unreliable and expensive to maintain.
C08	IT related expenses of $60,850 in FY2016 and $52,500 in FY2017 is requested by the Board to cover expenses of IT equipment and to scan prior year documents into digital images. The IT equipment request is to add a scanner, a server and to replace IT equipment that has become obsolete. This request is included in the agency's IT Plan.
C10	ASBN requests the title and grade for the Licensing Coordinator C113 be changed to Computer Operator C114 to allow ASBN to attract qualified personnel when advertising for the position since the current job description does not match the function of the position.
C14	ASBN Reinstatement Investigator position is recommended as an Administrative Analyst.

Analysis of Budget Request

Appropriation: 2MA - Nursing Education Workshops

Funding Sources: NNB - Cash in Treasury

The Board conducts Continuing Education Workshops as mandated by A.C.A. §17-87-207. Currently, the Board is conducting onsite workshops as well as online courses for nurses. Funding for this appropriation is from registration fees.

The Board is requesting Base Level appropriation of $35,000 each year of the 2015-2017 Biennium.

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

Appropriation Summary

Appropriation: 2MA - Nursing Education Workshops
Funding Sources: NNB - Cash in Treasury

Commitment Item		Historical Data 2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	Agency Request and Executive Recommendation 2015-2016 Base Level	2015-2016 Agency	2015-2016 Executive	2016-2017 Base Level	2016-2017 Agency	2016-2017 Executive
Operating Expenses	5020002	19,942	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
Conference & Travel Expenses	5050009	0	0	0	0	0	0	0	0	0
Professional Fees	5060010	1,100	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Total		21,042	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000
Funding Sources										
Fund Balance	4000005	42,168	31,279		21,279	21,279	21,279	11,279	11,279	11,279
Cash Fund	4000045	10,153	25,000		25,000	25,000	25,000	25,000	25,000	25,000
Total Funding		52,321	56,279		46,279	46,279	46,279	36,279	36,279	36,279
Excess Appropriation/(Funding)		(31,279)	(21,279)		(11,279)	(11,279)	(11,279)	(1,279)	(1,279)	(1,279)
Grand Total		21,042	35,000		35,000	35,000	35,000	35,000	35,000	35,000

Analysis of Budget Request

Appropriation: 56K - Background Check Fee

Funding Sources: NNB - Cash in Treasury

The appropriation allows the Board to continue online criminal background check services provided by Information Network of Arkansas (INA). The INA bills the Board $22 for each state criminal background check and $16.50 for each federal background check conducted online.

The Board is requesting Base Level appropriation of $156,750 each year of the 2015-2017 Biennium.

The Agency's Change Level Request of $35,750 each year is requested to process additional background checks as needed.

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

Appropriation Summary

Appropriation: 56K - Background Check Fee
Funding Sources: NNB - Cash in Treasury

Commitment Item		Historical Data 2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	Agency Request and Executive Recommendation 2015-2016 Base Level	2015-2016 Agency	2015-2016 Executive	2016-2017 Base Level	2016-2017 Agency	2016-2017 Executive
Operating Expenses	5020002	195,525	156,750	156,750	156,750	192,500	192,500	156,750	192,500	192,500
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		195,525	156,750	156,750	156,750	192,500	192,500	156,750	192,500	192,500
Funding Sources										
Fund Balance	4000005	14,692	1,287		0	0	0	35,750	0	0
Cash Fund	4000045	182,120	155,463		192,500	192,500	192,500	192,500	192,500	192,500
Total Funding		196,812	156,750		192,500	192,500	192,500	228,250	192,500	192,500
Excess Appropriation/(Funding)		(1,287)	0		(35,750)	0	0	(71,500)	0	0
Grand Total		195,525	156,750		156,750	192,500	192,500	156,750	192,500	192,500

Change Level by Appropriation

Appropriation: 56K - Background Check Fee
Funding Sources: NNB - Cash in Treasury

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**156,750**	**0**	**156,750**	**100.0**	**156,750**	**0**	**156,750**	**100.0**
C01	Existing Program	35,750	0	192,500	122.8	35,750	0	192,500	122.8

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**156,750**	**0**	**156,750**	**100.0**	**156,750**	**0**	**156,750**	**100.0**
C01	Existing Program	35,750	0	192,500	122.8	35,750	0	192,500	122.8

Justification	
C01	In FY14 ASBN started making available examination and endorsement applications online. The criminal background checks are part of these applications. In the past, applicants could make payments for their criminal background checks thru their school. Now that the process is online, all those application fees are no longer going thru their school, but are now coming to ASBN. As we have phased out paper applications for online applications, the number of criminal background check applications coming to ASBN has increased dramatically. ASBN is requesting an increase in the appropriation for FY16 and FY17 to be able to reimburse Information Network of Arkansas (INA) for the fees now being processed thru ASBN.

Analysis of Budget Request

Appropriation: 58J - Scholar Loans

Funding Sources: NNB - Cash In Treasury

This appropriation is used by the Board to provide loans to persons studying to become a registered or licensed practical nurse and nurse educator. In FY10, Act 656 of 2009 authorized the transfer of funds from the State Board of Nursing Fund and the Nursing Student Loan Revolving Fund for the loan program. The Board contracts with the Department of Higher Education to review applications.

The Board is requesting Base Level appropriation of $236,691 each year of the 2015-2017 Biennium.

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

Appropriation Summary

Appropriation: 58J - Scholar Loans

Funding Sources: NNB - Cash In Treasury

	Historical Data			Agency Request and Executive Recommendation					
	2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item	**Actual**	**Budget**	**Authorized**	**Base Level**	**Agency**	**Executive**	**Base Level**	**Agency**	**Executive**
Nursing Student Loan Program 5900046	70,100	236,691	387,065	236,691	236,691	236,691	236,691	236,691	236,691
Total	70,100	236,691	387,065	236,691	236,691	236,691	236,691	236,691	236,691
Funding Sources									
Fund Balance 4000005	293,540	238,933		7,885	7,885	7,885	0	0	0
Cash Fund 4000045	15,493	5,643		5,700	5,700	5,700	5,700	5,700	5,700
Total Funding	309,033	244,576		13,585	13,585	13,585	5,700	5,700	5,700
Excess Appropriation/(Funding)	(238,933)	(7,885)		223,106	223,106	223,106	230,991	230,991	230,991
Grand Total	70,100	236,691		236,691	236,691	236,691	236,691	236,691	236,691

Expenditure of appropriation is contingent upon available funding.

AR PUBLIC EMPLOYEE RETIREMENT SYSTEM

Enabling Laws

Public Employees Retirement System:
Act 139 of 2014
A.C.A. §24-1-101 through §24-2-704; §24-4-101 through §24-4-1109; §24-7-501; §24-7-1001 through §24-7-1101; §24-8-901 through § 24-8-904; §24-12-126

State Police Retirement System:
A.C.A. §24-2-101 through §24-2-704; §24-2-401 through §24-2-704; §24-6-101 through §24-6-508

Judicial Retirement System:
A.C.A. §24-2-401 through §24-2-704; §24-8-201 through §24-8-228; §24-8-701 through §24-8-717

District Judges Retirement System:
A.C.A. §24-8-801 through §24-8-824 (Abolished and transferred to Public Employees Retirement System by Act 177 of 2007).

History and Organization

ARKANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM:

General - The Arkansas Public Employees Retirement System (APERS) administers a statewide public employee retirement program for certain state (including members of the General Assembly and State Constitutional Officers), municipal, school district employees (cafeteria workers, bus drivers, and janitors enrolled before July 1, 1989) and all county employees (including county constitutional officers). A nine member Board of Trustees appointed by the Governor controls APERS.

The Executive Director also serves as State Social Security Administrator and is responsible for coverage-related issues for state and local government employers.

Mission Statement - The mission of the Agency is to play an integral role in the future financial security of the APERS, Arkansas State Police Retirement System (ASPRS), and Arkansas Judicial Retirement System (AJRS) members by promptly and courteously delivering quality benefits and information which members value and trust through professional plan administration and prudent management of System assets.

Retirement Programs - Retirement Programs provide coverage and benefits under both "contributory" and "non-contributory" provisions.

Act 177 of 1956, as amended, established APERS as a contributory plan.

Act 793 of 1977, as amended, established the "non-contributory" provisions for APERS. Additionally, this Act provided for a "list of permissible investments" for the System. The investment provision was later amended by Act 412 of 1985, which replaced the "permissible list" with the Prudent Investor Rule.

Act 653 of 1989 places all newly hired after July 1, 1989, school district employees in the AR Teacher Retirement System.

Act 339 of 2003 allowed the Board of Trustees to consider implementation of a new contributory plan for covered employees hired after July 1, 2005.

Act 2084 of 2005 established a new contributory plan for all members first hired on or after July 1, 2005, or returning members with a break in service of over six months. Members are required to contribute 5% of pretax earnings.

Act 558 of 2011 requires participating employers to pay matching on retired members who have returned to work under §24-4-520, as well as members who have entered the Deferred Retirement Option Plan (DROP) under §24-4-802(d). The rate(s) of percentage are set by the board as provided for by §24-2-701.

Act 288 of 2013 requires municipal or county elected officials first elected on or after January 1, 2014 to be contributory and the employer and the employee must both contribute an additional 2.5% of the employee's gross pay to APERS. The employee is required to contribute 7.5% (5.0% + 2.5%) and the employer would contribute the normal rate (currently 14.76%) plus 2.5%.

ARKANSAS STATE POLICE RETIREMENT SYSTEM:

Act 311 of 1951, as amended, established the "contributory" provisions of the Arkansas State Police Retirement System and provides for the retirement of uniformed troopers of the Arkansas State Police. A seven member Board of Trustees consists of an active vested member enrolled in the Tier 1 benefit program, the Chief Fiscal Officer of the State, one state police commissioner and three citizens at large who shall be appointed by the governor.

Act 647 of 1969 transferred the administration of the Arkansas State Police Retirement System (ASPRS) on July 1, 1969, to the Executive Director and staff of APERS.

Act 793 of 1977, as amended, established the "non-contributory" provisions for the State Police Retirement System. Additionally, this Act provided for a "list of permissible investments" for the System. The investment provision was later amended by Act 412 of 1985, which replaced the "permissible list" with the Prudent Investor Rule.

Act 1071 of 1997 established a Tier II Plan for State Police Retirement.

ARKANSAS JUDICIAL RETIREMENT SYSTEM:

Act 365 of 1953 created the Arkansas Judicial Retirement System, which provides for the retirement of all Chancery, Circuit, Court of Appeals Judges and Supreme Court Justices. A five member Board of Trustees appointed by the Arkansas Judicial Council controls AJRS.

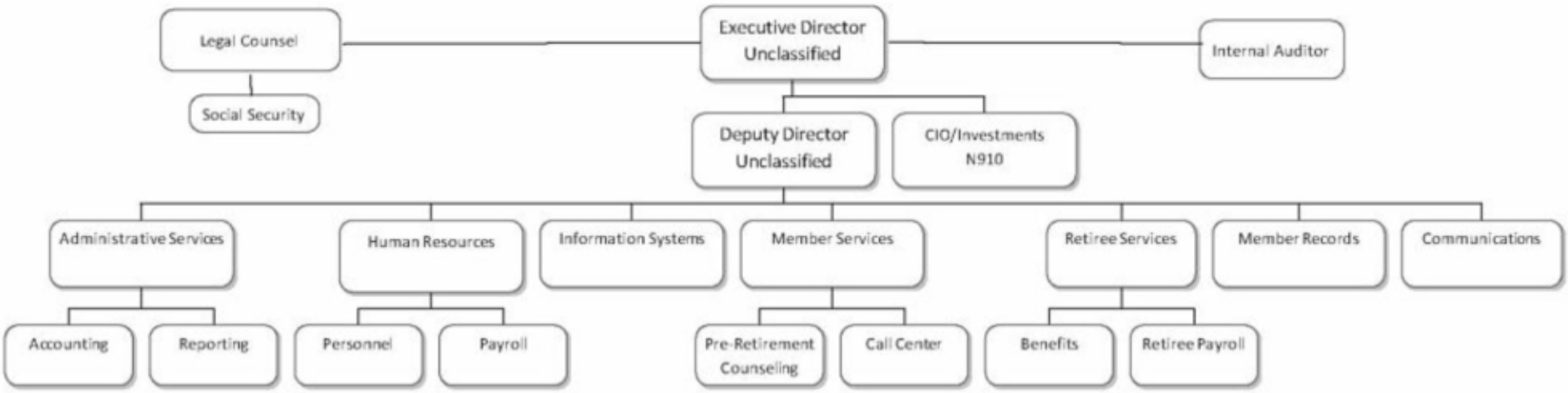
Act 922 of 1983 transferred the administration of the Arkansas Judicial Retirement System (AJRS) on July 1, 1983, to the Executive Director and staff of APERS.

Act 399 of 1999 established a Tier II Plan for Judicial Retirement.

ARKANSAS DISTRICT JUDGES RETIREMENT SYSTEM:

Act 1374 of 2003 created the Arkansas District Judge Retirement System, which provides for the retirement of all district judges. The same act closed the Municipal Judges and Clerks Retirement System. A five member Board of Trustees controls ADJRS. The trustees are appointed as follows: Two members are appointed by the Arkansas District Judges Council; Three members are appointed by the Governor, one of whom must not have previous service in the judicial system.

Act 177 of 2007 abolished the Arkansas District Judge Retirement System and transferred all powers, duties and plan liabilities to the Arkansas Public Employees Retirement System via a type 3 transfer as prescribed in A.C.A. §25-2-106.



Agency Commentary

APERS Budget Requests (2016 - 2017 Biennium)

APERS' active membership is approximately 65% contributory, with 29,786 contributory members out of a total of 46,079 active members as of 4/30/14. Mandatory contributory participation was effective for all new members as of July 1, 2005.

We are on track to be making benefit payments to approximately 31,000 retirees and beneficiaries by 2016. The retiree total as of 6/1/14 is 28,118, with an additional 600 to be added as of 7/1/14. As of the 6/30/13 actuarial valuation by Gabriel Roeder Smith & Company (GRS), there are 1,753 members who are 65 years or over with at least 5 years of service, 1,046 members who are 60-64 years and 4,180 members who are 45-59 years with 20 or more years of service. This means that at various times within the next 8 years, a total of 6,979 members will be eligible to retire.

C01 Request - New Position Request (2QR/CI 501:00:00)
C10 Request - Reclassification of 4 Positions (2QR/CI 501:00:00)

APERS faces a major loss of institutional knowledge during the next two to five years, as the current Executive Director, Deputy Director, Investment Operations Manager, and Administrative Services Manager will all be eligible for retirement during that time frame. The current Executive Director and Deputy Director were seasoned APERS staff members when appointed to their positions. If the next Executive Director and Deputy Director were to be appointees from outside of the agency, it would be imperative to have an executive management team in place to provide continuity in our mission of providing quality retirement services to our membership and to provide insight to the new appointees.

A high-level organizational chart depicting the proposed new executive management team, which would include the current CIO (N910) and CFO (N906), and the following one new position (APERS Chief Counsel/Legislative Liaison) and three reclassifications (APERS Director of Benefits Administration, APERS Director of Operations, and APERS Director of Information Technology) appears at the end of this narrative. All of these positions are requested at an N906 grade with a base level pay of $79,082.

Current Title	Current Class Code/Grade	Proposed Class Title	Proposed Class Code/Grade
New	New	APERS Chief Counsel -Legislative Liaison	New/N906
Retirement Section Manager	A034C/C123	APERS Director of Benefits Administration	New/N906
Administrative Services Manager	G076C/C124	APERS Director of Operations	New/N906
Information Systems Manager	D007C/C128	APERS Director of Information Technology	New/N906

One part of the concept behind these requests is to broaden the responsibilities and authority of the proposed executive staff to conduct the daily operation of their assigned functions more autonomously. When implemented in 2017, the new pension administration system will allow members greater access to their retirement information and online access for requests that must currently be submitted on paper. While current section managers have some autonomy in managing their functions, the executive staff will be expected to manage and revise their operations, resolve issues, and provide assistance with prior review and approval by the Executive Director and/or Deputy Director reserved for only the most unusual or complex issues.

This organizational structure will also provide a permanent solution for succession planning. A leadership talent pool of current staff members with required core competencies and technical competencies can be identified and those staff members can be mentored to be eligible to compete for those positions upon the resignation or retirement of key agency personnel.

In a review of surrounding states with comparable size retirement systems, the Oklahoma Public Employees Retirement System, the Public Employees Retirement System of Mississippi, and the Louisiana State Employees Retirement System have comparable organizational compositions for executive-level staff. Within Arkansas, the AR Teacher Retirement System also has a comparable number of executive level staff positions.

APERS Chief Counsel/Legislative Liaison (N906) (New Position)

The Chief Counsel would take the lead in drafting new retirement legislation, reviewing proposed retirement legislation, making recommendations, and ensuring that current retirement code is up-to-date. This position would also analyze retirement bills filed during the legislative sessions and attend retirement committee meetings. In addition, the Chief Counsel would provide analysis and assistance on all legal matters for APERS, including securities litigation, and provide oversight of the Social Security 218 Agreement function.

APERS Director of Operations (N906) (Reclassification)

The Director of Operations would oversee all agency operational functions, including disbursing officer, purchasing and asset management, human resource management, payroll, biennial and annual budget development and monitoring, and serve as the AASIS Security Liaison for the agency.

APERS Director of Benefits Administration (N906) (Reclassification)

The Director of Benefits Administration would direct the counseling, member outreach (includes the call center and communications functions), and retiree services sections. The services provided by these areas are: individual counseling, group seminars, benefit estimates, call center, publications, APERS website, social media information, retiree payroll, death-in-service benefits, and disability benefits.

APERS Director of Information Technology (N906) (Reclassification)

The Director of Information Technology would be responsible for the operation and development of the pension administration system, the agency network, the purchase and maintenance of information technology infrastructure and peripherals for staff, and the management of the VOIP telephone system.

These four positions, in concert with the Executive Director, Deputy Director, current CFO and CIO, will comprise the executive team at APERS.

Accountant I (C116) (Reclassification)

This Accountant I position is currently downgraded to perform lower level accounting duties. APERS requests a permanent downgrade for this in-family position:

Position #	Current Class Title	Current Class Code/Grade	Proposed Class Title	Proposed Class Code/Grade
2214-2783	Accountant II	A082C/C117	Accountant I	A089C/C116

C04 Request - Reallocation Request (2QR/CI 506:00:10)

APERS requests that $1,600,000 be transferred from the Professional Fees G/L line item to the Data Processing G/L line item to accommodate increased mainframe costs associated with the current pension administration system during the 16/17 biennium.

C08 Request - Capital Outlay Request (2QR/CI 512:00:11)

APERS requests $15,000 for FY16 to be used for the purchase of high capacity scanning equipment and/or high capacity printing equipment to accommodate new processes in conjunction with the new COMPASS pension administration system.

C01 Request - Refunds/Reimbursements Paid Via Warrant (2QR/CI 511:00:14): APERS requests an increase of $10,000,000 in both fiscal years of the biennium to accommodate refunds and lump sum pay outs to members and beneficiaries.

C01 Request - Cash Fund (Benefits) (C22/CI 510:00:23): APERS requests an increase of $50,000,000 in both fiscal years of the biennium to accommodate payment of retiree benefits via direct deposit.

AR State Police Retirement System (ASPRS) Budget Requests (2016 - 2017 Biennium)

C01 Request - Cash Fund (Benefits) (C23/CI 510:00:23): ASPRS requests an increase of $5,000,000 in both fiscal years of the biennium to accommodate payment of retiree benefits via direct deposit.

C01 Request - Refunds/Reimbursements Paid Via Warrant (2QS/CI 511:00:14): ASPRS requests an increase of $5,000,000 in both fiscal years of the biennium to accommodate refunds and lump sum pay outs to members and beneficiaries.

AR Judicial Retirement System (AJRS) Budget Requests (2016 - 2017 Biennium)

C01 Request - Benefits Paid Via Warrant (2QT/CI 510:10:23): AJRS requests an increase of $250,000 in both fiscal years of the biennium to accommodate retiree benefit payments.

C01 Request - Refunds/Reimbursements Paid Via Warrant (2QT/CI 511:00:14): AJRS requests an increase of $250,000 in both fiscal years of the biennium to accommodate refunds and lump sum pay outs to members and beneficiaries.

C01 Request - Cash Fund (Benefits) (C24/CI 510:00:23): AJRS requests an increase of $1,000,000 in both fiscal years of the biennium to accommodate payment of retiree benefits via direct deposit.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
ARKANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM

FOR THE YEAR ENDED JUNE 30, 2013

Findings	Recommendations
None	None

State Contracts Over $50,000 Awarded To Minority Owned Businesses Fiscal Year 2014

None

Employment Summary

	Male	Female	Total	%
White Employees	16	21	37	53 %
Black Employees	3	27	30	43 %
Other Racial Minorities	1	2	3	4 %
Total Minorities			33	47 %
Total Employees			70	100 %

Cash Fund Balance Description as of June 30, 2014

Fund Account	Balance	Type	Location
1310100	$15,179,836	Checking/Direct Deposit Account (Trust Fund revenue)	Bank of America-Little Rock, AR

Statutory/Other Restrictions on use:

Payment of monthly annuities to retirees via direct deposit.

Statutory Provisions for Fees, Fines, Penalties:

None

Revenue Receipts Cycle:

None

Fund Balance Utilization:

Issue manual checks to retirees whose direct deposit fails.

Fund Account	Balance	Type	Location
1310200	$893,009	Checking/Direct Deposit Account (Trust Fund revenue)	Bank of America-Little Rock, AR

Statutory/Other Restrictions on use:

Payment of monthly annuities to retirees via direct deposit.

Statutory Provisions for Fees, Fines, Penalties:

None

Revenue Receipts Cycle:

None

Fund Balance Utilization:

Issue manual checks to retirees whose direct deposit fails.

Fund Account	Balance	Type	Location
1310300	$0	Checking/Direct Deposit Account (Trust Fund revenue)	Bank of America-Little Rock, AR

Statutory/Other Restrictions on use:

Payment of monthly annuities to retirees via direct deposit.

Statutory Provisions for Fees, Fines, Penalties:

None

Revenue Receipts Cycle:

None

Fund Balance Utilization:

Issue manual checks to retirees whose direct deposit fails.

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				
Annual Financial Report-AJRS	N	N	N	75	Ordinary prudence requires that financial disclosure be made to participating employers and state officials.	0	0.00
Annual Financial Report-APERS	N	N	N	100	Ordinary prudence requires that financial disclosure be made to participating employers and state officials.	0	0.00

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				
Annual Financial Report-ASPRS	N	N	N	100	Ordinary prudence requires that financial disclosure be made to participating employers and state officials.	0	0.00
APERSpective Newsletter-Active/Retired Members	N	N	N	75,000	Published and mailed biannually to all active/retired members.	0	0.00
APERSpective Newsletter-Employers	N	N	N	1,000	Published and mailed biannually to all active/retired members.	0	0.00
Employer Guide-APERS	N	N	N	1,000	Published when significant legislative changes to retirement statutes and/or procedures occur.	0	0.00
Member Handbook-AJRS	N	N	N	275	Published when significant legislative changes to retirement statutes occur.	0	0.00
Member Handbook-APERS	N	N	N	10,000	Published when significant legislative changes to retirement statutes occur.	0	0.00
Member Handbook-ASPRS	N	N	N	500	Published when significant legislative changes to retirement statutes occur.	0	0.00

Department Appropriation Summary

Historical Data | **Agency Request and Executive Recommendation**

Appropriation	2013-2014		2014-2015		2014-2015		2015-2016						2016-2017					
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
2QR Public Employee Retirement-Operations	73,978,221	81	132,222,090	82	132,222,090	82	132,307,499	82	142,461,635	83	142,461,635	83	132,309,622	82	142,448,758	83	142,448,758	83
2QS St Police Retirement-Operations	15,325,327	0	30,343,560	0	30,343,560	0	30,343,560	0	35,343,560	0	35,343,560	0	30,343,560	0	35,343,560	0	35,343,560	0
2QT Judicial Retirement-Operations	4,166,628	0	10,163,389	0	10,163,389	0	10,163,389	0	10,663,389	0	10,663,389	0	10,163,389	0	10,663,389	0	10,663,389	0
C22 Public Employee Retirement-Cash	358,807,209	0	450,000,000	0	450,000,000	0	450,000,000	0	500,000,000	0	500,000,000	0	450,000,000	0	500,000,000	0	500,000,000	0
C23 St Police Retirement-Cash	17,670,440	0	30,000,000	0	30,000,000	0	30,000,000	0	35,000,000	0	35,000,000	0	30,000,000	0	35,000,000	0	35,000,000	0
C24 Judicial Retirement-Cash	9,654,722	0	20,000,000	0	20,000,000	0	20,000,000	0	21,000,000	0	21,000,000	0	20,000,000	0	21,000,000	0	21,000,000	0
F73 APERS Pension Administration System	5,033,130	0	10,000,000	0	21,000,000	0	10,000,000	0	21,000,000	0	21,000,000	0	10,000,000	0	21,000,000	0	21,000,000	0
Total	484,635,677	81	682,729,039	82	693,729,039	82	682,814,448	82	765,468,584	83	765,468,584	83	682,816,571	82	765,455,707	83	765,455,707	83
Funding Sources		%		%				%		%		%		%		%		%
Trust Fund 4000050	484,635,677	100.0	682,729,039	100.0			682,814,448	100.0	765,468,584	100.0	765,468,584	100.0	682,816,571	100.0	765,455,707	100.0	765,455,707	100.0
Total Funds	484,635,677	100.0	682,729,039	100.0			682,814,448	100.0	765,468,584	100.0	765,468,584	100.0	682,816,571	100.0	765,455,707	100.0	765,455,707	100.0
Excess Appropriation/(Funding)	0		0				0		0		0		0		0		0	
Grand Total	484,635,677		682,729,039				682,814,448		765,468,584		765,468,584		682,816,571		765,455,707		765,455,707	

Agency Position Usage Report

FY2012 - 2013						FY2013 - 2014						FY2014 - 2015					
Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused
	Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total	
82	70	12	82	0	14.63 %	82	73	9	82	0	10.98 %	82	73	9	82	0	10.98 %

Analysis of Budget Request

Appropriation: 2QR - Public Employee Retirement-Operations

Funding Sources: TSR-APERS Fund

The Administration Program of the Arkansas Public Employees Retirement System (APERS) administers the Public Employees Retirement System, the State Police Retirement System, the Judicial Retirement System, and the District Judges Retirement System. Each retirement system has a separate Board of Trustees. The Public Employees Retirement System and the State Police Retirement System have both contributory and non-contributory provisions. The Judicial Retirement System is a contributory system.

The main goal of this Program is to provide members and retirees with the highest level of benefits, customer service and accurate, timely information.

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

The Base Level salary of unclassified positions reflects the FY15 line item maximum plus the previously authorized 2015 1% Cost of Living Adjustment.

The Agency Change Level requests of $10,154,136 in FY16 and $10,139,136 in FY17 reflects the following:

- Regular Salaries of $108,992 and $30,144 in Personal Services Matching for an APERS Chief Counsel/Legislative Liaison position (Grade N906); reclassification of the Information Systems Manager (Grade C128) position to an APERS Director of Information Technology (Grade N906) position; the reclassification of one (1) Retirement Section Manager (Grade C123) to an APERS Director of Benefits Management (Grade N906) position; the reclassification of one (1) Administrative Services Manager (Grade C124) to one (1) APERS Director of Operations (Grade N906); and the reclassification of an Accountant II (Grade C117) position to an Accountant I (Grade C116).
- Refunds/Reimbursements of $10,000,000 to pay refunds and lump sum payouts to members and beneficiaries.
- Transfer of $1,600,000 in both fiscal years of the Biennium to reallocate in Professional Fees to accommodate increased DIS mainframe costs with the current pension administration costs.
- Increase in Capital Outlay of $15,000 in FY16 only for the purchase high capacity scanning and/or printing equipment.

The Executive Recommendation provides for Agency Request with the exception of the reclassification of an Accountant II (Grade 117) position to an Accountant I (Grade 116) position.

Appropriation Summary

Appropriation: 2QR - Public Employee Retirement-Operations

Funding Sources: TSR-APERS Fund

		Historical Data			Agency Request and Executive Recommendation					
		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item		**Actual**	**Budget**	**Authorized**	**Base Level**	**Agency**	**Executive**	**Base Level**	**Agency**	**Executive**
Regular Salaries	5010000	3,107,516	3,697,010	3,697,010	3,735,166	3,844,158	3,844,158	3,736,666	3,845,658	3,845,658
#Positions		**81**	**82**	**82**	**82**	**83**	**83**	**82**	**83**	**83**
Extra Help	5010001	20,518	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000
#Extra Help		**3**	**6**	**6**	**6**	**6**	**6**	**6**	**6**	**6**
Personal Services Matching	5010003	1,110,656	1,216,462	1,216,462	1,263,715	1,293,859	1,293,859	1,264,338	1,294,482	1,294,482
Operating Expenses	5020002	1,554,505	1,607,473	1,607,473	1,607,473	1,607,473	1,607,473	1,607,473	1,607,473	1,607,473
Conference & Travel Expenses	5050009	15,861	42,500	42,500	42,500	42,500	42,500	42,500	42,500	42,500
Professional Fees	5060010	1,218,769	10,583,645	10,583,645	10,583,645	10,583,645	10,583,645	10,583,645	10,583,645	10,583,645
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Benefits-Non Employee	5100023	25,246,076	40,000,000	40,000,000	40,000,000	40,000,000	40,000,000	40,000,000	40,000,000	40,000,000
Refunds/Reimbursements	5110014	41,684,901	75,000,000	75,000,000	75,000,000	85,000,000	85,000,000	75,000,000	85,000,000	85,000,000
Capital Outlay	5120011	19,419	0	0	0	15,000	15,000	0	0	0
Total		73,978,221	132,222,090	132,222,090	132,307,499	142,461,635	142,461,635	132,309,622	142,448,758	142,448,758
Funding Sources										
Trust Fund	4000050	73,978,221	132,222,090		132,307,499	142,461,635	142,461,635	132,309,622	142,448,758	142,448,758
Total Funding		73,978,221	132,222,090		132,307,499	142,461,635	142,461,635	132,309,622	142,448,758	142,448,758
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		73,978,221	132,222,090		132,307,499	142,461,635	142,461,635	132,309,622	142,448,758	142,448,758

Change Level by Appropriation

Appropriation: 2QR - Public Employee Retirement-Operations
Funding Sources: TSR-APERS Fund

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**132,307,499**	**82**	**132,307,499**	**100.0**	**132,309,622**	**82**	**132,309,622**	**100.0**
C01	Existing Program	10,102,090	1	142,409,589	107.6	10,102,090	1	142,411,712	107.6
C04	Reallocation	0	0	142,409,589	107.6	0	0	142,411,712	107.6
C08	Technology	15,000	0	142,424,589	107.6	0	0	142,411,712	107.6
C10	Reclass	37,046	0	142,461,635	107.7	37,046	0	142,448,758	107.7

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**132,307,499**	**82**	**132,307,499**	**100.0**	**132,309,622**	**82**	**132,309,622**	**100.0**
C01	Existing Program	10,102,090	1	142,409,589	107.6	10,102,090	1	142,411,712	107.6
C04	Reallocation	0	0	142,409,589	107.6	0	0	142,411,712	107.6
C08	Technology	15,000	0	142,424,589	107.6	0	0	142,411,712	107.6
C10	Reclass	37,046	0	142,461,635	107.7	37,046	0	142,448,758	107.7
C11	Upgrade/Downgrade	0	0	142,461,635	107.7	0	0	142,448,758	107.7

Justification	
C01	Request $102,090 in salary/matching for new position (APERS Chief Counsel/Legislative Liaison); Request $10,000,000 in both fiscal years of the biennium to accommodate refunds and lump sum payouts to members and beneficiaries via state warrant.
C04	Request to transfer $1,600,000 in both fiscal years of the biennium from the Professional Fees G/L line item to the Data Processing G/L line item (within the Professional Fees commitment item) to accommodate increased DIS mainframe costs with the current pension administration system.
C08	Request $15,000 in Capital Outlay for fiscal year 2016 to purchase high capacity scanning and/or printing equipment to accommodate new processes in conjunction with the new COMPASS pension administration system.
C10	Request reclass of four existing positions Salary/Matching: $37,046

Analysis of Budget Request

Appropriation: 2QS - St Police Retirement-Operations

Funding Sources: TMR - State Police Retirement Fund

The Arkansas Public Employees Retirement System (APERS) administers the Arkansas State Police Retirement System (ASPRS) under the authority of A.C.A. §24-6-204. The administration, management, and control of the System are the responsibility of the Board of Trustees of the State Police Retirement System. The Board meets at least once each quarter and consists of eleven members: the Chairman of the Arkansas State Police Commission, the Director of the Department of Arkansas State Police, the Director of the Arkansas Department of Finance and Administration or the Director's designee from that department, five members of the SPRS to be elected by the members of the system with at least two holding the rank of trooper, trooper first class or corporal, at least one holding a rank higher than the rank of corporal, and at least one whose retirement eligibility is covered under the Tier Two Benefit Plan of the ASPRS.

Agency Change Level Request reflects an increase of $5,000,000 in both years of the 2015-17 Biennium to accommodate payment of retiree benefits via direct deposit.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 2QS - St Police Retirement-Operations

Funding Sources: TMR - State Police Retirement Fund

		Historical Data			Agency Request and Executive Recommendation					
		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	33,758	77,610	77,610	77,610	77,610	77,610	77,610	77,610	77,610
Conference & Travel Expenses	5050009	0	0	0	0	0	0	0	0	0
Professional Fees	5060010	2,051	265,950	265,950	265,950	265,950	265,950	265,950	265,950	265,950
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Benefits-Non Employee	5100023	1,862,351	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000
Refunds/Reimbursements	5110014	13,427,167	20,000,000	20,000,000	20,000,000	25,000,000	25,000,000	20,000,000	25,000,000	25,000,000
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Total		15,325,327	30,343,560	30,343,560	30,343,560	35,343,560	35,343,560	30,343,560	35,343,560	35,343,560
Funding Sources										
Trust Fund	4000050	15,325,327	30,343,560		30,343,560	35,343,560	35,343,560	30,343,560	35,343,560	35,343,560
Total Funding		15,325,327	30,343,560		30,343,560	35,343,560	35,343,560	30,343,560	35,343,560	35,343,560
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		15,325,327	30,343,560		30,343,560	35,343,560	35,343,560	30,343,560	35,343,560	35,343,560

Change Level by Appropriation

Appropriation: 2QS - St Police Retirement-Operations
Funding Sources: TMR - State Police Retirement Fund

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**30,343,560**	**0**	**30,343,560**	**100.0**	**30,343,560**	**0**	**30,343,560**	**100.0**
C01	Existing Program	5,000,000	0	35,343,560	116.5	5,000,000	0	35,343,560	116.5

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**30,343,560**	**0**	**30,343,560**	**100.0**	**30,343,560**	**0**	**30,343,560**	**100.0**
C01	Existing Program	5,000,000	0	35,343,560	116.5	5,000,000	0	35,343,560	116.5

Justification	
C01	Request $5,000,000 in both fiscal year of the biennium to accommodate refunds and lump sum payouts to members and beneficiaries via state warrant.

Analysis of Budget Request

Appropriation: 2QT - Judicial Retirement-Operations

Funding Sources: TAR - Judges Retirement Fund

The Arkansas Public Employees Retirement System (APERS) administers the Judicial Retirement System (JRS) under the authority of A.C.A. § 24-8-204. The administration and control of the JRS is the responsibility of the Board of Trustees of the Judicial Retirement System. The Board meets at least once each quarter and consists of five members appointed by the Arkansas Judicial Council. These members serve at the pleasure of the Council and one member is elected by the Board to serve as Chairman.

Pursuant to A.C.A. §24-8-207(a), all chancery judges, circuit judges, judges of the Arkansas Court of Appeals, and justices of the Arkansas Supreme Court, whether elected or appointed to office, shall participate in the Arkansas Judicial Retirement System (AJRS).

The Agency's Change Level Request reflects $250,000 in Benefits-Non Employee and $250,000 in Refunds/Reimbursements for each year of the 2015-17 Biennium to provide for disbursements of retiree benefits via state warrant.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 2QT - Judicial Retirement-Operations

Funding Sources: TAR - Judges Retirement Fund

		Historical Data			Agency Request and Executive Recommendation					
		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	22,513	40,510	40,510	40,510	40,510	40,510	40,510	40,510	40,510
Conference & Travel Expenses	5050009	0	0	0	0	0	0	0	0	0
Professional Fees	5060010	52,360	122,879	122,879	122,879	122,879	122,879	122,879	122,879	122,879
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Benefits-Non Employee	5100023	315,954	4,000,000	4,000,000	4,000,000	4,250,000	4,250,000	4,000,000	4,250,000	4,250,000
Refunds/Reimbursements	5110014	3,775,801	6,000,000	6,000,000	6,000,000	6,250,000	6,250,000	6,000,000	6,250,000	6,250,000
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Total		4,166,628	10,163,389	10,163,389	10,163,389	10,663,389	10,663,389	10,163,389	10,663,389	10,663,389
Funding Sources										
Trust Fund	4000050	4,166,628	10,163,389		10,163,389	10,663,389	10,663,389	10,163,389	10,663,389	10,663,389
Total Funding		4,166,628	10,163,389		10,163,389	10,663,389	10,663,389	10,163,389	10,663,389	10,663,389
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		4,166,628	10,163,389		10,163,389	10,663,389	10,663,389	10,163,389	10,663,389	10,663,389

Change Level by Appropriation

Appropriation: 2QT - Judicial Retirement-Operations
Funding Sources: TAR - Judges Retirement Fund

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**10,163,389**	**0**	**10,163,389**	**100.0**	**10,163,389**	**0**	**10,163,389**	**100.0**
C01	Existing Program	500,000	0	10,663,389	104.9	500,000	0	10,663,389	104.9

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**10,163,389**	**0**	**10,163,389**	**100.0**	**10,163,389**	**0**	**10,163,389**	**100.0**
C01	Existing Program	500,000	0	10,663,389	104.9	500,000	0	10,663,389	104.9

Justification	
C01	Request $500,000 in both fiscal years to accommodate payment of retiree benefits, refunds and lump sum pay outs to members and beneficiaries via state warrant.

Analysis of Budget Request

Appropriation: C22 - Public Employee Retirement-Cash

Funding Sources: 131 - Arkansas Public Employees Retirement System-Cash

The Arkansas Public Employees Retirement System cash fund is utilized for payments to beneficiaries by check or wire transfer.

In addition to Base Level of $450,000,000 each year, the Agency is requesting an increase of $50,000,000 in both years of the 2015-17 Biennium to accommodate payment of retiree benefits via direct deposit.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: C22 - Public Employee Retirement-Cash

Funding Sources: 131 - Arkansas Public Employees Retirement System-Cash

	Historical Data			Agency Request and Executive Recommendation					
	2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Benefits-Non Employee 5100023	358,807,209	450,000,000	450,000,000	450,000,000	500,000,000	500,000,000	450,000,000	500,000,000	500,000,000
Total	358,807,209	450,000,000	450,000,000	450,000,000	500,000,000	500,000,000	450,000,000	500,000,000	500,000,000
Funding Sources									
Trust Fund 4000050	358,807,209	450,000,000		450,000,000	500,000,000	500,000,000	450,000,000	500,000,000	500,000,000
Total Funding	358,807,209	450,000,000		450,000,000	500,000,000	500,000,000	450,000,000	500,000,000	500,000,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	358,807,209	450,000,000		450,000,000	500,000,000	500,000,000	450,000,000	500,000,000	500,000,000

Change Level by Appropriation

Appropriation: C22 - Public Employee Retirement-Cash
Funding Sources: 131 - Arkansas Public Employees Retirement System-Cash

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**450,000,000**	**0**	**450,000,000**	**100.0**	**450,000,000**	**0**	**450,000,000**	**100.0**
C01	Existing Program	50,000,000	0	500,000,000	111.1	50,000,000	0	500,000,000	111.1

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**450,000,000**	**0**	**450,000,000**	**100.0**	**450,000,000**	**0**	**450,000,000**	**100.0**
C01	Existing Program	50,000,000	0	500,000,000	111.1	50,000,000	0	500,000,000	111.1

Justification	
C01	Request $50,000,000 in both fiscal years to accommodate payment of retiree benefits via direct deposit.

Analysis of Budget Request

Appropriation: C23 - St Police Retirement-Cash

Funding Sources: 131 - Arkansas State Police Retirement-Cash

The Arkansas State Police Retirement cash fund is utilized for payments to beneficiaries of the State Police Retirement System by wire transfer.

The Agency Change Level Request provides for an increase of $5,000,000 in each year of the 2015-17 Biennium in order to make lump sum payouts to members and beneficiaries.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: C23 - St Police Retirement-Cash

Funding Sources: 131 - Arkansas State Police Retirement-Cash

	Historical Data			Agency Request and Executive Recommendation					
	2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Benefits-Non Employee 5100023	17,670,440	30,000,000	30,000,000	30,000,000	35,000,000	35,000,000	30,000,000	35,000,000	35,000,000
Total	17,670,440	30,000,000	30,000,000	30,000,000	35,000,000	35,000,000	30,000,000	35,000,000	35,000,000
Funding Sources									
Trust Fund 4000050	17,670,440	30,000,000		30,000,000	35,000,000	35,000,000	30,000,000	35,000,000	35,000,000
Total Funding	17,670,440	30,000,000		30,000,000	35,000,000	35,000,000	30,000,000	35,000,000	35,000,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	17,670,440	30,000,000		30,000,000	35,000,000	35,000,000	30,000,000	35,000,000	35,000,000

Change Level by Appropriation

Appropriation: C23 - St Police Retirement-Cash
Funding Sources: 131 - Arkansas State Police Retirement-Cash

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**30,000,000**	**0**	**30,000,000**	**100.0**	**30,000,000**	**0**	**30,000,000**	**100.0**
C01	Existing Program	5,000,000	0	35,000,000	116.7	5,000,000	0	35,000,000	116.7

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**30,000,000**	**0**	**30,000,000**	**100.0**	**30,000,000**	**0**	**30,000,000**	**100.0**
C01	Existing Program	5,000,000	0	35,000,000	116.7	5,000,000	0	35,000,000	116.7

Justification	
C01	Request $5,000,000 in both fiscal years to accommodate payment of retiree benefits via direct deposit.

Analysis of Budget Request

Appropriation: C24 - Judicial Retirement-Cash

Funding Sources: 131 - Arkansas Judicial Retirement-Cash

The Arkansas Judicial Retirement cash fund is utilized for payments to beneficiaries of the Judicial Retirement System by direct deposit.

The Agency Change Level Request provides for an increase of $1,000,000 Benefits-Non Employee for both years of the 2015-17 Biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: C24 - Judicial Retirement-Cash

Funding Sources: 131 - Arkansas Judicial Retirement-Cash

	Historical Data			Agency Request and Executive Recommendation					
	2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Benefits-Non Employee 5100023	9,654,722	20,000,000	20,000,000	20,000,000	21,000,000	21,000,000	20,000,000	21,000,000	21,000,000
Total	9,654,722	20,000,000	20,000,000	20,000,000	21,000,000	21,000,000	20,000,000	21,000,000	21,000,000
Funding Sources									
Trust Fund 4000050	9,654,722	20,000,000		20,000,000	21,000,000	21,000,000	20,000,000	21,000,000	21,000,000
Total Funding	9,654,722	20,000,000		20,000,000	21,000,000	21,000,000	20,000,000	21,000,000	21,000,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	9,654,722	20,000,000		20,000,000	21,000,000	21,000,000	20,000,000	21,000,000	21,000,000

Change Level by Appropriation

Appropriation: C24 - Judicial Retirement-Cash
Funding Sources: 131 - Arkansas Judicial Retirement-Cash

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**20,000,000**	**0**	**20,000,000**	**100.0**	**20,000,000**	**0**	**20,000,000**	**100.0**
C01	Existing Program	1,000,000	0	21,000,000	105.0	1,000,000	0	21,000,000	105.0

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**20,000,000**	**0**	**20,000,000**	**100.0**	**20,000,000**	**0**	**20,000,000**	**100.0**
C01	Existing Program	1,000,000	0	21,000,000	105.0	1,000,000	0	21,000,000	105.0

Justification	
C01	Request $1,000,000 in both fiscal years to accommodate payment of retiree benefits via direct deposit.

Analysis of Budget Request

Appropriation: F73 - APERS Pension Administration System

Funding Sources: TSR - Arkansas Public Employees' Retirement System Fund

The APERS Pension Administration System is an ongoing project to overhaul the APERS Customer Relations Management (CRM) software for the first time in several decades.

Base Level is $10,000,000 each year of the 2015-17 Biennium.

The Agency Change Level Request is $11,000,000 each year to restore appropriation to previously authorized levels.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: F73 - APERS Pension Administration System

Funding Sources: TSR - Arkansas Public Employees' Retirement System Fund

	Historical Data			Agency Request and Executive Recommendation					
	2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
COMPASS Pension Project 5900046	5,033,130	10,000,000	21,000,000	10,000,000	21,000,000	21,000,000	10,000,000	21,000,000	21,000,000
Total	5,033,130	10,000,000	21,000,000	10,000,000	21,000,000	21,000,000	10,000,000	21,000,000	21,000,000
Funding Sources									
Trust Fund 4000050	5,033,130	10,000,000		10,000,000	21,000,000	21,000,000	10,000,000	21,000,000	21,000,000
Total Funding	5,033,130	10,000,000		10,000,000	21,000,000	21,000,000	10,000,000	21,000,000	21,000,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	5,033,130	10,000,000		10,000,000	21,000,000	21,000,000	10,000,000	21,000,000	21,000,000

Change Level by Appropriation

Appropriation: F73 - APERS Pension Administration System
Funding Sources: TSR - Arkansas Public Employees' Retirement System Fund

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**10,000,000**	**0**	**10,000,000**	**100.0**	**10,000,000**	**0**	**10,000,000**	**100.0**
C01	Existing Program	11,000,000	0	21,000,000	210.0	11,000,000	0	21,000,000	210.0

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**10,000,000**	**0**	**10,000,000**	**100.0**	**10,000,000**	**0**	**10,000,000**	**100.0**
C01	Existing Program	11,000,000	0	21,000,000	210.0	11,000,000	0	21,000,000	210.0

Justification	
C01	The APERS Pension Administration System is an ongoing project to overhaul the APERS Customer Relations Management (CRM) software for the first time in several decades. Base Level is $10,000,000 each year of the 2015-17 Biennium. The Agency Change Level Request is $11,000,000 each year to restore appropriation to the previously authorized levels.

ARKANSAS TEACHER RETIREMENT SYSTEM

Enabling Laws

Act 55 of 2014
A.C.A. §24-7-101 et seq.

History and Organization

MISSION:

The Arkansas Teacher Retirement System (ATRS) is a cost sharing, multiple-employer, combination contributory/non-contributory defined benefit pension plan. ATRS provides age and service retirement benefits, Teacher Deferred Retirement Option Plan benefits, disability retirement benefits, survivor benefits, and lump sum death benefits for public school teachers and other educationally related employees as defined by Act 427 of 1973, as amended. ATRS is committed to providing high quality member services (including education and counseling), effectively and prudently managing the investment of the assets of the System, and making accurate and timely benefit payments to retired members or beneficiaries.

As of June 30, 2013, ATRS had 70,660 active members; 36,254 retired members and beneficiaries receiving benefits; 4,265 T-DROP participants; and 13,099 terminated plan members entitled to but not yet receiving benefits. The monthly benefits payroll averaged over $65,000,000. The System had 337 participating employers. As of June 30, 2013, total assets were over $13,600,000,000 with net assets available for benefits of over $12,800,000,000. The System's revenue sources consist of employer and employee contributions and investment earnings.

HISTORY OF THE AGENCY:

The Teacher Retirement System of the State of Arkansas was established by authority of the Arkansas General Assembly on March 17, 1937 pursuant to Act 266 of 1937. Numerous changes were made to the teacher retirement laws over the next 20 years. Act 93 of 1957 combined the existing laws and made further refinements. Act 93 of 1957 was superseded by Act 42 of 1971, which included the changes made since 1957. The teacher retirement laws were rewritten in entirety by Act 427 of 1973. Subsequent changes have been made in the form of amendments to Act 427. Statutes covering the Teacher Retirement System are primarily located in Title 24 of the Arkansas Code, particularly Chapter 7.

Act 541 of 1977 placed the system on the level-percent of payroll funding method and for the first time provided that the employer contribution rate is determined by the most recent actuarial valuation of the System. Act 472 of 1989 exercised the General Assembly's prerogative to set the employer contribution rate. Act 1446 of 2013 authorized the ATRS Board of Trustees to set the employer contribution rate beginning July 1, 2015 subject to legislative mandates. The current employer contribution rate is set at 14% of active member payroll.

On July 1, 2001, the Board of Trustees raised the multipliers for contributory and non-contributory service to 2.15% and 1.39% respectively under the provisions of Act 396 of 1999. Beginning in 1997, ATRS is prohibited by various statutes from implementing any benefit enhancement if (1) it would cause ATRS' unfunded actuarial accrued liabilities to exceed a thirty-year amortization or (2) ATRS has unfunded actuarial accrued liabilities being amortized over a period exceeding thirty years until the unfunded actuarial accrued liability is reduced.

Act 504 of 1985 established a non-contributory plan for members of the system in addition to the contributory plan. Act 93 of 2007, effective July 1, 2007, provides that beginning July 1, 2007, and each July 1 thereafter, active noncontributory members may make an irrevocable election to become contributory; inactive members may make an irrevocable election to become contributory at the time of reemployment regardless of a previous noncontributory status; new members who are not under contract or are contracted less than 181 days enter the system as non-contributory but may make an irrevocable election to become contributory.

Act 653 of 1989 provided that any person employed full-time by a school district after July 1, 1989, must become a member of the Teacher Retirement System. Act 43 of 1991 removed the right of a part-time employee to be excluded from membership in the Teacher Retirement System. Act 974 of 2011 required members to earn 160 days in a fiscal year to obtain one year of credited service.

Act 1096 of 1995 established the Teacher Deferred Retirement Option Plan (T-DROP), which allows members to defer receipt of benefit payments, and to continue to work in a position covered by Teacher Retirement. In order to make T-DROP more cost neutral, Acts 991 and 992 of 2003 made changes in the methods for calculating T-DROP deposits for new members in the T-DROP on or after September 1, 2003. Act 298 of 2007, effective July 1, 2007, changes the date for entering T-DROP to July 1; provides for the extension of employer contribution requirement for post and pre-September 2003 T-DROP members beyond July 1, 2011. Act 743 of 2009 causes T-DROP employer contributions to be the same as the regular employer contribution rate after July 1, 2009.

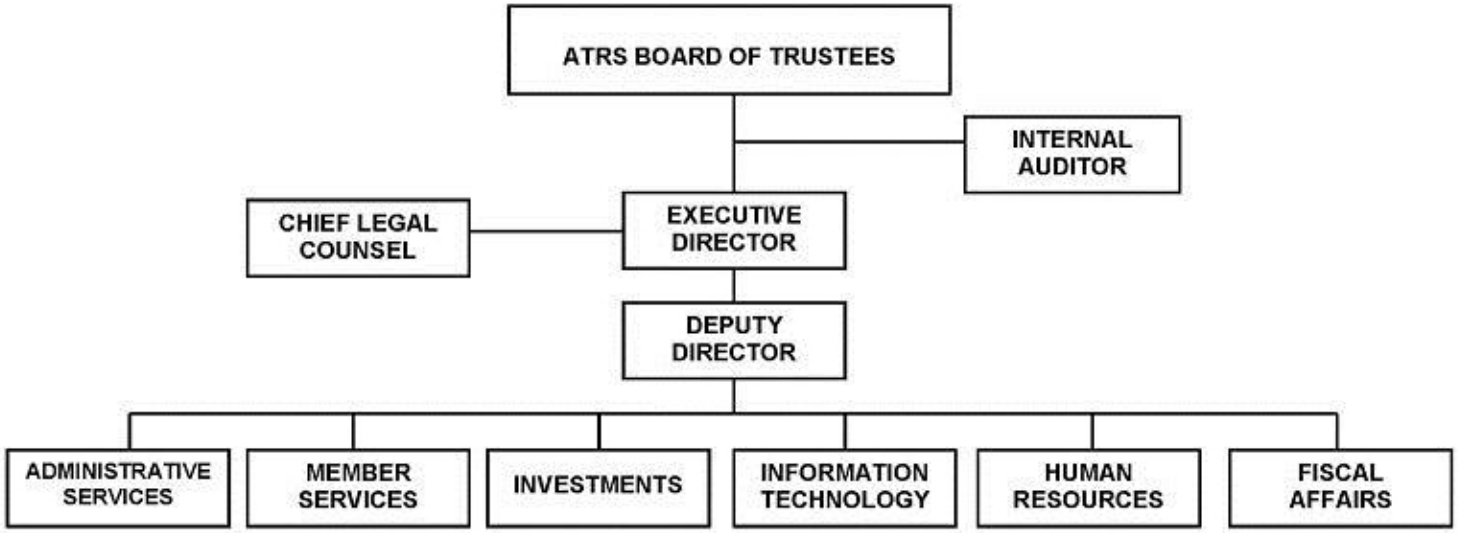
Act 461 of 2001 defined "Normal Retirement Age" as age 65, thus allowing members who reach that age to apply for retirement benefits without termination of employment. Act 45 of 2011 also designates that members under age 65 must terminate employment for a minimum of 1 month to be eligible for retirement benefits.

ADMINISTRATION:

The general administration and responsibility for the proper operation of the system and for making effective the provisions of the teacher retirement laws is vested in the 15-member Board of Trustees. The State Bank Commissioner, State Treasurer, State Auditor and the

Commissioner of the Department of Education serve as ex-officio members on the Board. Eleven (11) members are elected to the Board; eight (8) are active members and three (3) represent retirees. The Board believes that its paramount purpose is to provide an adequate and equitable retirement plan for the members of the System, to protect its members in the event of total and permanent disability, and to provide in part for their dependents upon their deaths.

The trustees serve without compensation except reimbursement for any necessary expenses incurred in attending meetings of the Board or in performing other official duties as defined by the Board. The Board appoints the Executive Director for the system as well as an actuarial firm to serve as technical advisor on matters regarding the operation of the system on an actuarial basis. The Board has the authority to employ professional investment counsel and to appoint a medical board to advise the Board on disability claims. The Board meets at least quarterly and must have eight (8) members present for a quorum. At least eight (8) concurring votes are needed to reach a decision.



Agency Commentary

During the last biennium, ATRS assets have increased $3.7 billion, our membership has increased by 3,000, and our monthly benefit payroll has grown to $70 million. This growth has resulted in greater complexity of our investments and higher demand for member services. In addition, compliance with IRS regulations, tax laws, and new Government Accounting Standards Board (GASB) rules have added time and complexity to ATRS operations.

It is imperative that ATRS be adequately staffed, trained, and prepared to provide the high quality services that our members have come to expect and to fulfill our fiduciary duty to safeguard and properly account for ATRS assets. From providing exact benefit estimates to members to maintaining proper accounting records, it is incumbent upon ATRS to ensure knowledgeable, accurate, and timely information for our members, Board of Trustees, and the general public to use in their decision-making processes.

Through fiscal responsibility, ATRS has remained a strong, stable pension system during tough economic times. The ATRS budget request was created to meet the challenges presented by System growth and provide ever improving services to our members, while remaining true to our fiscally conservative nature.

C01 - Regular Salaries and Staffing

ATRS requests 6 positions for the 2015-2017 Biennium (Regular Salaries $263,733; Personal Services Matching $87,497).

FISCAL YEAR 2016 PERSONNEL REQUESTS:

(1) ATRS Assistant Chief Fiscal Officer (N904). The ATRS Accounting Department is responsible for all fiscal operations of ATRS, paying monthly benefits and refunds to members, properly assessing and collecting retirement contributions, and maintaining accounting records in accordance with Government Accounting Standards. Currently, the ATRS Associate Director for Fiscal Affairs is the only Certified Public Accountant in the Accounting Department. This position is being requested to provide for another Certified Public Accountant to assist the Associate Director in overseeing the Accounting Department's 29 employees, preparing the ATRS Annual Financial Report in accordance with professional standards, safeguarding assets through the maintenance of proper records and procedures, reporting to the Internal Revenue Service, and ensuring uninterrupted service to members. This position will also provide for proper succession planning by ATRS.

(1) Attorney Specialist (C126). This position is being requested to keep pace with increased legal needs due to an increase in the amount and complexity of ATRS investments. This position will also fill a void left by the military service of one of our attorneys who has been deployed for over a year, with a recent extension of that deployment. Additionally, this position is expected to allow less reliance on more costly outside legal counsel.

(1) Assistant Controller (C124). This position is needed to keep pace with system growth and ensure the timely and accurate payment of benefits and Internal Revenue Service reporting. The Assistant Controller will provide assistance in supervision of staff, member service, maintenance of benefit payroll records, the proper reporting of income to retirees, and the filing of required reports with the Internal Revenue Service.

(2) Retirement Counselors (C117). In August, 2014, ATRS will launch a new interactive membership website to better serve our members. Research indicates that ATRS can anticipate a 30% increase in call volume due to increased member web information. These positions are being requested for our call center so that we may continue to provide our members with timely, accurate responses to facilitate decisions related to their retirement needs and benefits.

(1) Scanning Department Manager (C116). This position is needed to oversee the scanning department due to the continuous increase in membership and the number of programs available to ATRS members. With the addition of programs, new forms are developed and implemented, which requires additional training for scanning staff. This position is necessary to oversee all processes of the department to ensure accurate and timely processing of information to member files.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
ARKANSAS TEACHER RETIREMENT SYSTEM

FOR THE YEAR ENDED JUNE 30, 2013

Findings	Recommendations
None	None

State Contracts Over $50,000 Awarded To Minority Owned Businesses Fiscal Year 2014

None

Employment Summary

	Male	Female	Total	%
White Employees	21	50	71	82 %
Black Employees	4	7	11	13 %
Other Racial Minorities	1	4	5	5 %
Total Minorities			16	18 %
Total Employees			87	100 %

Cash Fund Balance Description as of June 30, 2014

Fund Account	Balance	Type	Location
3750000	$0	Checking	First Security Bank

Statutory/Other Restrictions on use:

ACA 1-4-801

Statutory Provisions for Fees, Fines, Penalties:

ACA 1-4-801 establishes that the agency may use a cash fund. ACA 24-7-403 restricts the use to benefits, refunds, and other disbursements in accordance with ACA 24-7 et seq.

Revenue Receipts Cycle:

Monthly

Fund Balance Utilization:

Fund balance is returned to the Trust Fund at the end of the year.

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				
Agency Comprehensive Annual Financial Report	24-7-305(e)(1), 24-2-702	Y	Y	50	Reports on the financial health of ATRS; provides necessary information to ATRS board; required by GFOA and other entities	0	0.00

Department Appropriation Summary

Appropriation	2013-2014		2014-2015		2014-2015		2015-2016						2016-2017					
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
2QV Property Management	0	0	500,000	0	500,000	0	500,000	0	500,000	0	500,000	0	500,000	0	500,000	0	500,000	0
2QW Teacher Retirement System-Operations	138,840,493	95	453,434,311	98	453,907,612	104	453,440,386	98	453,791,616	104	453,594,897	101	453,444,442	98	453,795,672	104	453,598,953	101
C26 Teacher Retirement System-Cash	788,511,892	0	906,000,000	0	906,000,000	0	906,000,000	0	906,000,000	0	906,000,000	0	906,000,000	0	906,000,000	0	906,000,000	0
Total	927,352,385	95	1,359,934,311	98	1,360,407,612	104	1,359,940,386	98	1,360,291,616	104	1,360,094,897	101	1,359,944,442	98	1,360,295,672	104	1,360,098,953	101
Funding Sources		%		%				%		%		%		%		%		%
Cash Fund 4000045	788,511,892	85.0	906,000,000	66.6			906,000,000	66.6	906,000,000	66.6	906,000,000	66.6	906,000,000	66.6	906,000,000	66.6	906,000,000	66.6
Trust Fund 4000050	138,840,493	15.0	453,934,311	33.4			453,940,386	33.4	454,291,616	33.4	454,094,897	33.4	453,944,442	33.4	454,295,672	33.4	454,098,953	33.4
Total Funds	927,352,385	100.0	1,359,934,311	100.0			1,359,940,386	100.0	1,360,291,616	100.0	1,360,094,897	100.0	1,359,944,442	100.0	1,360,295,672	100.0	1,360,098,953	100.0
Excess Appropriation/(Funding)	0		0				0		0		0		0		0		0	
Grand Total	927,352,385		1,359,934,311				1,359,940,386		1,360,291,616		1,360,094,897		1,359,944,442		1,360,295,672		1,360,098,953	

Historical Data

Agency Request and Executive Recommendation

Agency Position Usage Report

FY2012 - 2013						FY2013 - 2014						FY2014 - 2015					
Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused
	Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total	
92	78	14	92	0	15.22 %	101	89	6	95	6	11.88 %	104	87	11	98	6	16.35 %

Analysis of Budget Request

Appropriation: 2QV - Property Management

Funding Sources: TER - Teacher Retirement Fund

The Property Management Program of the Arkansas Teacher Retirement System pays for the necessary expenses to maintain properties that the System holds as investments. These expenses include, but are not limited to, attorney fees, foreclosure expenses, selling expenses, audit costs, appraisal expenses, property management fees, property rehabilitation costs, travel expenses related to property management, property repairs, property maintenance, advertising expenses, and property operating expenses.

The Agency Request is for Base Level of $500,000 each year of the 2015-17 Biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 2QV - Property Management
Funding Sources: TER - Teacher Retirement Fund

	Historical Data			Agency Request and Executive Recommendation					
	2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Property Management 5900046	0	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Total	0	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Funding Sources									
Trust Fund 4000050	0	500,000		500,000	500,000	500,000	500,000	500,000	500,000
Total Funding	0	500,000		500,000	500,000	500,000	500,000	500,000	500,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	0	500,000		500,000	500,000	500,000	500,000	500,000	500,000

Analysis of Budget Request

Appropriation: 2QW - Teacher Retirement System-Operations

Funding Sources: TER - Teacher Retirement Fund

The Arkansas Teacher Retirement System provides age, service, survivor, and disability benefits for public school teachers and other covered employees. This appropriation is funded by trust funds of the Teacher Retirement System.

Base Level Regular Salaries and Personal Services Matching include the continuation of the previously authorized 2015 1% Cost of Living Adjustment and Career Service Payments for eligible employees. Personal Services Matching also includes a $10 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of $420 per month. Base Level salaries and matching do not include appropriation for Merit Pay Increases. The Base Level salary of unclassified positions reflects the FY15 line item maximum plus the previously authorized 2015 1% Cost of Living Adjustment.

In addition to Base Level of $453,440,386 in FY16 and $453,444,442 in FY17, the Agency Change Level requests of $351,230 in each year of the biennium reflect the following:

- Regular Salaries and Personal Services Matching of $351,230 in each year of the biennium to support six (6) new positions: one (1) Assistant Chief Fiscal Officer (Grade N904), one (1) Attorney Specialist (Grade C126), two (2) Retirement Counselors (Grade C117), one (1) Assistant Controller (Grade C124) and one (1) Scanning Department Manager (Grade C116). These positions will be used to provide high quality member services to an increasing number of retirees.

- Reclassification of six (6) positions: one (1) Retirement Section Manager (Grade C123) to one (1) Fiscal Support Manager (Grade C123); one (1) Retirement Investment Specialist (Grade C119) to one (1) Retirement Coordinator; one (1) Internal Auditor (Grade C119) to one (1) Retirement Investment Specialist (Grade C119); one (1) Information Systems Analyst (Grade C117) to one (1) Computer Support Specialist (C117); and two (2) Accountant I (Grade C116) positions to two (2) Retirement Analyst (Grade C116) positions.

The Executive Recommendation provides for the Agency Request, with the exception of the new Assistant Chief Fiscal Officer, Assistant Controller, and the Scanning Department Manager positions.

Appropriation Summary

Appropriation: 2QW - Teacher Retirement System-Operations

Funding Sources: TER - Teacher Retirement Fund

		Historical Data			Agency Request and Executive Recommendation					
		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item		**Actual**	**Budget**	**Authorized**	**Base Level**	**Agency**	**Executive**	**Base Level**	**Agency**	**Executive**
Regular Salaries	5010000	3,844,520	4,373,155	4,575,092	4,365,962	4,629,695	4,480,489	4,369,062	4,632,795	4,483,589
#Positions		**95**	**98**	**104**	**98**	**104**	**101**	**98**	**104**	**101**
Extra Help	5010001	176,328	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
#Extra Help		**14**	**16**	**16**	**16**	**16**	**16**	**16**	**16**	**16**
Personal Services Matching	5010003	1,357,490	1,450,612	1,721,976	1,463,880	1,551,377	1,503,864	1,464,836	1,552,333	1,504,820
Overtime	5010006	0	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Operating Expenses	5020002	1,843,472	2,934,889	2,934,889	2,934,889	2,934,889	2,934,889	2,934,889	2,934,889	2,934,889
Conference & Travel Expenses	5050009	13,701	30,759	30,759	30,759	30,759	30,759	30,759	30,759	30,759
Professional Fees	5060010	256,228	558,115	558,115	558,115	558,115	558,115	558,115	558,115	558,115
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Benefits-Non Employee	5100023	120,425,813	344,000,000	344,000,000	344,000,000	344,000,000	344,000,000	344,000,000	344,000,000	344,000,000
Refunds/Reimbursements	5110014	8,569,405	20,086,781	20,086,781	20,086,781	20,086,781	20,086,781	20,086,781	20,086,781	20,086,781
Capital Outlay	5120011	52,286	0	0	0	0	0	0	0	0
Professional Sevices	5900043	0	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
Data Processing Services	5900044	0	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Investment Counsel	5900046	2,301,250	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
Discount Buyout Plan	5900047	0	75,000,000	75,000,000	75,000,000	75,000,000	75,000,000	75,000,000	75,000,000	75,000,000
Total		138,840,493	453,434,311	453,907,612	453,440,386	453,791,616	453,594,897	453,444,442	453,795,672	453,598,953
Funding Sources										
Trust Fund	4000050	138,840,493	453,434,311		453,440,386	453,791,616	453,594,897	453,444,442	453,795,672	453,598,953
Total Funding		138,840,493	453,434,311		453,440,386	453,791,616	453,594,897	453,444,442	453,795,672	453,598,953
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		138,840,493	453,434,311		453,440,386	453,791,616	453,594,897	453,444,442	453,795,672	453,598,953

Change Level by Appropriation

Appropriation: 2QW - Teacher Retirement System-Operations
Funding Sources: TER - Teacher Retirement Fund

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**453,440,386**	**98**	**453,440,386**	**100.0**	**453,444,442**	**98**	**453,444,442**	**100.0**
C01	Existing Program	351,230	6	453,791,616	100.1	351,230	6	453,795,672	100.1
C10	Reclass	0	0	453,791,616	100.1	0	0	453,795,672	100.1

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	**Base Level**	**453,440,386**	**98**	**453,440,386**	**100.0**	**453,444,442**	**98**	**453,444,442**	**100.0**
C01	Existing Program	202,024	3	453,642,410	100.0	202,024	3	453,646,466	100.0
C10	Reclass	0	0	453,642,410	100.0	0	0	453,646,466	100.0
C13	Not Recommended	(47,513)	0	453,594,897	100.0	(47,513)	0	453,598,953	100.0

Justification	
C01	Increases of $263,733 in Regular Salaries and $87,497 in Personal Services Matching are requested for the addition of six (6) new positions. The Attorney Specialist position is requested in order to fill existing demand and avoid the high cost of outside counsel. The ATRS Assistant Chief Fiscal Officer position to safeguard assets, manage employees, develop the ATRS Annual Financial report in accordance with existing standards, and provide increased accounting expertise to the agency. The Assistant Controller position will ensure compliance with all relevant state and federal tax laws, and ensure that continuity of service keeps pace with growing demand. The Scanning Departent Manager is requested to fill the gap between staff and the steadily increasing work load. Two (2) Retirement Counselor positions are requested due to a thirty (30) percent increase in call volume.
C10	Agency requests the reclassification of a Senior Auditor position to Accounting Supervisor II in order to establish internal controls, ensure compliance, and monitor ongoing accounting activities. The Agency requests the reclassification of a Retirement Section Manager to a Fiscal Support Manager in order to restructure agency sections and assign additional duties to the position. Agency requests the reclassification of an Informational Systems Analyst position to a Computer Support Analyst in order to better suit the needs of the Data Processing Section and align duties with typical functions of the position. Agency requests the reclassification of two (2) Accountant I positions to two (2) Retirement Analyst positions to provide assistance with delinquent services issues, researching and documenting employee history, providing contribution calculations, and maintaining fiscal reporting methods. Agency requests the reclassification of a vacant Retirement Investment Specialist position to a Retirement Coordinator position to be utilized in the Accounting department.

Analysis of Budget Request

Appropriation: C26 - Teacher Retirement System-Cash

Funding Sources: 375 - Arkansas Teacher Retirement Fund-Cash

The Arkansas Teacher Retirement System cash fund allows the Agency to make payments to beneficiaries by check or direct deposit.

The Agency Request is for Base Level of $906,000,000 in both years of the the 2015-17 Biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: C26 - Teacher Retirement System-Cash

Funding Sources: 375 - Arkansas Teacher Retirement Fund-Cash

		Historical Data			Agency Request and Executive Recommendation					
		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
Commitment Item		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Benefits-Non Employee	5100023	786,601,954	900,000,000	900,000,000	900,000,000	900,000,000	900,000,000	900,000,000	900,000,000	900,000,000
Refunds/Reimbursements	5110014	1,909,938	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000
Total		788,511,892	906,000,000	906,000,000	906,000,000	906,000,000	906,000,000	906,000,000	906,000,000	906,000,000
Funding Sources										
Cash Fund	4000045	788,511,892	906,000,000		906,000,000	906,000,000	906,000,000	906,000,000	906,000,000	906,000,000
Total Funding		788,511,892	906,000,000		906,000,000	906,000,000	906,000,000	906,000,000	906,000,000	906,000,000
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		788,511,892	906,000,000		906,000,000	906,000,000	906,000,000	906,000,000	906,000,000	906,000,000

DEPARTMENT OF WORKFORCE SERVICES

Enabling Laws

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

History and Organization

History and Organization

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

Act 391 of 1941 was enacted to conform to the state law requirements of the Federal Unemployment Tax Act (26 USCA 3301-3310), Title IX of the Social Security Act (42 USCA 501-504) and the Wagner-Peyser Act (29 USCA 49). The Workforce Investment Act was enacted by Congress as Public Law 105-220 of 1998 to replace the Job Training Partnership Act with new workforce investment systems to induce local businesses to participate in the delivery of Workforce Development Services. In addition,the Workforce Investment Act also created WIA Boards which are chaired by private sector members in the local community. Other state acts which govern the operations of the Department include Act 35 of 1971, as amended; Act 1205 of 1975 (Extended Session of 1976); and Act 173 of 1935.

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

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

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

ADMINISTRATION

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

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

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

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

APPEAL TRIBUNAL

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

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

BOARD OF REVIEW

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

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

ADVISORY COUNCIL

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

UNEMPLOYMENT INSURANCE

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

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

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

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

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

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

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

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

EMPLOYMENT ASSISTANCE

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

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

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

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

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

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

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

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

Furthermore, DWS:

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

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

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

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

- The BLS is responsible for developing methods and procedures for federal-state programs. The Bureau is authorized to collect labor market information and reimburse SWA's to provide national statistical information. More specifically, BLS is responsible for funding, administering, and providing technical guidance for the Current Employment Statistics (CES), Local Area Unemployment Statistics (LAUS), Occupational Employment Statistics (OES), Quarterly Census of Employment and Wages (QCEW) programs.

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

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

- Occupational employment projections, employment supply and demand data, labor force statistics on employment and unemployment, and employment estimates by industry are produced for the state and many of its labor market areas. This information, with other Labor Market Information (LMI) is available via Internet through LMI's web portal. Through this portal, the DWS/LMI is able to provide instant industry, occupational, career, and workforce information to its many customers including counselors, employers, planners, job seekers, and others needing occupational, career, and workforce information.

- A computerized delivery of educational training provider services provided is found in the Arkansas Consumer Reporting System (ACRS). This system is designed for two different but complimentary purposes. First, it is intended to be a reference for any Arkansan wishing to pursue post-secondary education. Secondly, it is intended to assist in the automation of applications submitted by education providers who wish to become or remain eligible training providers under the Workforce Investment Act. DWS has attempted to include all Arkansas postsecondary educational institutions, as well as out-of-state post-secondary educational institutions that are certified by the Arkansas Board of Private Career Education.

- A computerized Lifestyle Budget Calculator program that serves as a learning tool for students and job seekers. It shows how education impacts earnings, how living expenses add up, and which careers can support a preferred type of lifestyle. The site uses Labor Market Information data from the Occupational Employment Statistics (OES) Wage survey and the Short and Long Term Projections Programs. It also uses information from the American Chamber of Commerce Researchers Association Cost of Living Index, and Department of Labor's America's Career Info Net.

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

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

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

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

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

WORKFORCE INVESTMENT BOARD

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

TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF)

The TANF Division provides assistance to TEA and Work Pays participants in preparing them for gainful employment through skills assessment, career counseling, work search techniques, job training, and provides supportive services. TANF contracts with various community and faith-based providers in Arkansas for services to low-income families to assist them in reaching self-sufficiency.
TANF provides technical assistance related to the delivery of TANF program services to agency staff in the statewide network of Arkansas Workforce Centers and DWS Local Offices. TANF Division staff also provides technical assistance to the community and faith-based contractors across the state.

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

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

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

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

NEW HIRE REGISTRY

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

FIELD OPERATIONS

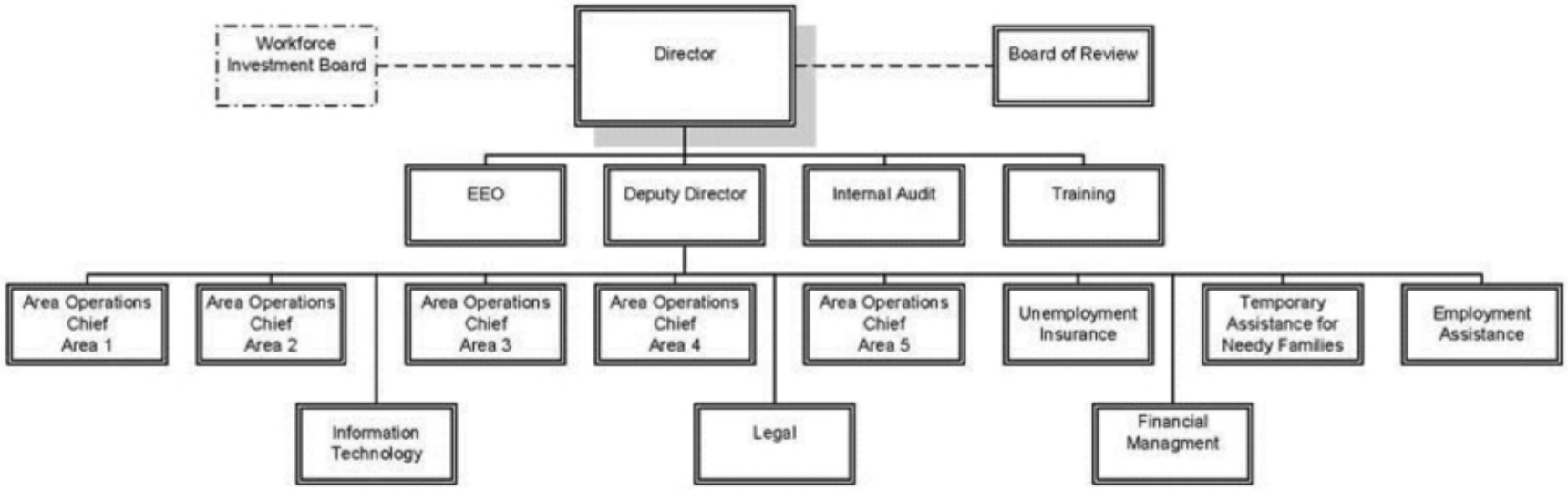
Field Operations, overseen by the Deputy Director, is responsible for the delivery of services to the public through 30 local workforce centers, 13 satellite offices, and six mobile offices. These services include: 1) job placement assistance to job seekers; 2) recruiting and screening assistance to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

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

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

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

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



Agency Commentary

Agency Commentary

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

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

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

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

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

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

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

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

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

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
ARKANSAS DEPARTMENT OF WORKFORCE SERVICES

FOR THE YEAR ENDED JUNE 30, 2013

Findings	Recommendations
None	None

Employment Summary

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

Cash Fund Balance Description as of June 30, 2014

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

Statutory/Other Restrictions on use:

Act 280 provides for this appropriation from FCG0100

Statutory Provisions for Fees, Fines, Penalties:

Approved by Legislative Council for State Fiscal Years 2014 and 2015

Revenue Receipts Cycle:

Federal Revenue deposited as needed.

Fund Balance Utilization:

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

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

Statutory/Other Restrictions on use:

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

Statutory Provisions for Fees, Fines, Penalties:

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

Revenue Receipts Cycle:

Federal Revenue deposited as needed.

Fund Balance Utilization:

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

Publications

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

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

ARKANSAS PLANNING BUDGETING & ADMINISTRATIVE SYSTEM

STATE CONTRACTS OVER $50,000 AWARDED TO MINORITY OWNED BUSINESSES

Fiscal Year 2016

Required by A.C.A. 25-36-104

AGENCY: 0810 DEPARTMENT OF WORKFORCE SERVICES

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

TOTAL NUMBER OF MINORITY CONTRACTS AWARDED 3

TOTAL EXPENDITURES FOR CONTRACTS AWARDED $8,171,505

% OF MINORITY CONTRACTS AWARDED 3.98 %

Department Appropriation Summary

Appropriation		2013-2014 Actual	Pos	2014-2015 Budget	Pos	2014-2015 Authorized	Pos	2015-2016 Base Level	Pos	2015-2016 Agency	Pos	2015-2016 Executive	Pos	2016-2017 Base Level	Pos	2016-2017 Agency	Pos	2016-2017 Executive	Pos
		Historical Data						**Agency Request and Executive Recommendation**											
2RF	Annual Assessments	0	0	26,000	0	26,000	0	26,000	0	26,000	0	26,000	0	26,000	0	26,000	0	26,000	0
2SC	Excess Unemploy Benefits/Expenses	4,290,111	0	11,304,389	0	11,304,389	0	11,304,389	0	11,304,389	0	11,304,389	0	11,304,389	0	11,304,389	0	11,304,389	0
2SD	Operations	56,676,992	868	61,529,090	916	81,605,322	934	61,271,335	916	78,184,629	934	78,184,629	934	61,311,104	916	78,224,398	934	78,224,398	934
2SE	Workforce Investment Act	20,252,480	0	21,849,540	0	60,000,000	0	21,849,540	0	60,000,000	0	60,000,000	0	21,849,540	0	60,000,000	0	60,000,000	0
2SF	UI Trust Fund Loan Interest	5,716,085	0	24,000,000	0	24,000,000	0	24,000,000	0	3,000,001	0	3,000,001	0	24,000,000	0	3,000,001	0	3,000,001	0
35Q	DWS Training Trust Fund	2,440,759	0	5,000,000	0	5,000,000	0	5,000,000	0	5,000,000	0	5,000,000	0	5,000,000	0	5,000,000	0	5,000,000	0
35R	DWS Unemployment Insurance Fund	3,328,350	0	5,000,000	0	5,000,000	0	5,000,000	0	5,000,000	0	5,000,000	0	5,000,000	0	5,000,000	0	5,000,000	0
4KP	TANF-IDA	546,073	0	850,000	0	1,700,000	0	850,000	0	1,700,000	0	1,700,000	0	850,000	0	1,700,000	0	1,700,000	0
4KQ	TANF Block Grant Paying/New Hire Registry	9,593,555	47	34,420,979	44	40,000,000	44	34,442,725	44	40,000,000	44	40,000,000	44	34,445,921	44	40,000,000	44	40,000,000	44
C27	Unemployment Benefits & Expenses - Cash	61,182,447	0	62,000,000	0	62,000,000	0	62,000,000	0	20,000,001	0	20,000,001	0	62,000,000	0	20,000,001	0	20,000,001	0
C28	Federal Employees Benefit-Cash	79,540,247	0	175,000,000	0	175,000,000	0	175,000,000	0	175,000,000	0	175,000,000	0	175,000,000	0	175,000,000	0	175,000,000	0
C29	U I Benefits - Taxable Employers - Cash	259,093,166	0	464,226,951	0	600,000,000	0	464,226,951	0	600,000,000	0	600,000,000	0	464,226,951	0	600,000,000	0	600,000,000	0
C30	U I Benefits-Reimb Employers - Cash	14,287,735	0	30,000,000	0	30,000,000	0	30,000,000	0	30,000,000	0	30,000,000	0	30,000,000	0	30,000,000	0	30,000,000	0
C31	Bldg Improvmnt/Land–Reed Act	0	0	0	0	38,500,000	0	0	0	38,500,000	0	38,500,000	0	0	0	38,500,000	0	38,500,000	0
C56	Loans to Local WIBs	579,764	0	500,000	0	1,500,000	0	500,000	0	1,500,000	0	1,500,000	0	500,000	0	1,500,000	0	1,500,000	0
Total		517,527,764	915	895,706,949	960	1,135,635,711	978	895,470,940	960	1,069,215,020	978	1,069,215,020	978	895,513,905	960	1,069,254,789	978	1,069,254,789	978
Funding Sources			%		%				%		%		%		%		%		%
Fund Balance	4000005	66,537,035	11.0	85,835,153	8.9			67,134,679	7.1	67,134,679	7.0	67,134,679	7.0	52,906,862	5.8	52,906,862	5.6	52,906,862	5.6
General Revenue	4000010	3,901,924	0.6	3,902,163	0.4			3,902,163	0.4	3,902,163	0.4	3,902,163	0.4	3,902,163	0.4	3,902,163	0.4	3,902,163	0.4
Federal Revenue	4000020	498,850,535	82.7	847,274,397	88.0			845,787,165	89.5	884,287,165	91.9	884,287,165	91.9	835,021,400	90.8	873,521,400	93.2	873,521,400	93.2
Stabilization Tax	4000033	5,097,606	0.8	4,016,577	0.4			4,000,000	0.4	4,000,000	0.4	4,000,000	0.4	4,000,000	0.4	4,000,000	0.4	4,000,000	0.4
Advance Interest Funds	4000070	26,642,575	4.4	19,087,338	2.0			21,000,000	2.2	1	0.0	1	0.0	21,000,000	2.3	1	0.0	1	0.0
Employer Penalties & Interest	4000225	3,333,242	0.6	3,526,000	0.4			3,526,000	0.4	3,526,000	0.4	3,526,000	0.4	3,526,000	0.4	3,526,000	0.4	3,526,000	0.4
Transfer to DHS-DCO	4000612	(1,000,000)	(0.2)	(800,000)	(0.1)			(800,000)	(0.1)	(800,000)	(0.1)	(800,000)	(0.1)	(800,000)	(0.1)	(800,000)	(0.1)	(800,000)	(0.1)
Total Funds		603,362,917	100.0	962,841,628	100.0			944,550,007	100.0	962,050,008	100.0	962,050,008	100.0	919,556,425	100.0	937,056,426	100.0	937,056,426	100.0
Excess Appropriation/(Funding)		(85,835,153)		(67,134,679)				(49,079,067)		107,165,012		107,165,012		(24,042,520)		132,198,363		132,198,363	
Grand Total		517,527,764		895,706,949				895,470,940		1,069,215,020		1,069,215,020		895,513,905		1,069,254,789		1,069,254,789	

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

Agency Position Usage Report

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

Analysis of Budget Request

Appropriation: 2RF - Annual Assessments

Funding Sources: TZS - DWS Special Fund

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

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

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

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

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

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

Analysis of Budget Request

Appropriation: 2SC - Excess Unemploy Benefits/Expenses

Funding Sources: TZS - DWS Special Fund

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

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

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

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 2SC - Excess Unemploy Benefits/Expenses
Funding Sources: TZS - DWS Special Fund

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

Analysis of Budget Request

Appropriation: 2SD - Operations

Funding Sources: TES - DWS Trust Fund

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

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

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

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

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

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

Appropriation Summary

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

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

Change Level by Appropriation

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

Agency Request

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

Executive Recommendation

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

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

Analysis of Budget Request

Appropriation: 2SE - Workforce Investment Act

Funding Sources: FCG - Federal Funds

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

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

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

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

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

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

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

Change Level by Appropriation

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

Agency Request

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

Executive Recommendation

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

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

Analysis of Budget Request

Appropriation: 2SF - UI Trust Fund Loan Interest

Funding Sources: TZR - Employment Security Advance Interest Trust Fund

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

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

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

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

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

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

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

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

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

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

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

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

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 2SF - UI Trust Fund Loan Interest

Funding Sources: TZR - Employment Security Advance Interest Trust Fund

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

Change Level by Appropriation

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

Agency Request

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

Executive Recommendation

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

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

Analysis of Budget Request

Appropriation: 35Q - DWS Training Trust Fund

Funding Sources: TWT - DWS Training Trust Fund

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

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

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

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 35Q - DWS Training Trust Fund
Funding Sources: TWT - DWS Training Trust Fund

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

Analysis of Budget Request

Appropriation: 35R - DWS Unemployment Insurance Fund

Funding Sources: MUI - DWS Unemployment Insurance Administration Fund

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

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

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

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

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 35R - DWS Unemployment Insurance Fund

Funding Sources: MUI - DWS Unemployment Insurance Administration Fund

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

Analysis of Budget Request

Appropriation: 4KP - TANF-IDA

Funding Sources: TID - Individual Development Account

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

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

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

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

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

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 4KP - TANF-IDA

Funding Sources: TID - Individual Development Account

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

Change Level by Appropriation

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

Agency Request

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

Executive Recommendation

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

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

Analysis of Budget Request

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

Funding Sources: PWS - TANF Block Grant Paying

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

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

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

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

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

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

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

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

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

Appropriation Summary

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

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

Change Level by Appropriation

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

Agency Request

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

Executive Recommendation

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

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

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

Agency: Workforce Services Department

Program: TANF Block Grant Paying/New Hire Registry

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

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

Accounting Information:

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

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

Justification for carry forward of fund balance:

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

Actual Funding Carry Forward Amount $ 111,289.34

Current status of carry forward funding:

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

Artee Williams — Director

08-26-2014 — Date

Analysis of Budget Request

Appropriation: C27 - Unemployment Benefits & Expenses - Cash

Funding Sources: 177 - DWS Cash

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

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

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

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

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

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

The Executive Recommendations provides for the Agency Request.

Appropriation Summary

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

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

Change Level by Appropriation

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

Agency Request

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

Executive Recommendation

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

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

Analysis of Budget Request

Appropriation: C28 - Federal Employees Benefit-Cash

Funding Sources: 177 - DWS Cash

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

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

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

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: C28 - Federal Employees Benefit-Cash
Funding Sources: 177 - DWS Cash

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

Analysis of Budget Request

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

Funding Sources: 177 - DWS Cash

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

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

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

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

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

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

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

Change Level by Appropriation

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

Agency Request

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

Executive Recommendation

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

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

Analysis of Budget Request

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

Funding Sources: 177 - DWS Cash

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

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

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

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: C30 - U I Benefits-Reimb Employers - Cash
Funding Sources: 177 - DWS Cash

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

Analysis of Budget Request

Appropriation: C31 - Bldg Improvmnt/Land–Reed Act

Funding Sources: 167 - DWS Cash - Reed Act

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

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

1. Limit the use of funds appropriated exclusively for Employment Security purposes, and;

2. Must specify the purpose of the funds being appropriated.

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

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

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

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

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

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

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

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

Change Level by Appropriation

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

Agency Request

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

Executive Recommendation

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

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

Analysis of Budget Request

Appropriation: C56 - Loans to Local WIBs

Funding Sources: 177 - DWS - Cash

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

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

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

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

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

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

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

Change Level by Appropriation

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

Agency Request

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

Executive Recommendation

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

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