

Department Appropriation Summary

Historical Data

Agency Request and Executive/Legislative Recommendation

Appropriation	2009-2010		2010-2011		2010-2011		2011-2012						2012-2013						
	Actual	Pos	Budget	Pos	Authorized	Pos	Agency	Pos	Executive	Pos	Legislative	Pos	Agency	Pos	Executive	Pos	Legislative	Pos	
2RD Administration Building Upkeep	0	0	227,500	0	227,500	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2RE Building and Land Acquisition	0	0	150,000	0	150,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0
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	26,000
2SA Rent of Buildings	0	0	48,354	0	48,354	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2SB Special Improvement District Taxes	0	0	500	0	500	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2SC Excess Unemploy Benefits/Expenses	2,198,833	0	10,878,035	0	10,878,035	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
2SD Operations	62,953,721	924	65,395,413	955	89,911,140	927	92,244,986	1,002	85,875,745	1,002	85,875,745	1,002	92,244,986	1,002	86,702,884	1,002	86,702,884	1,002	86,702,884
2SE Workforce Investment Act	42,658,259	0	35,595,894	0	82,459,948	0	73,500,000	0	63,500,000	0	63,500,000	0	72,500,000	0	62,500,000	0	62,500,000	0	62,500,000
2SF UI Trust Fund Loan Interest	81,354	0	3,000,001	0	3,000,001	0	28,000,000	0	28,000,000	0	28,000,000	0	28,000,000	0	28,000,000	0	28,000,000	0	28,000,000
35Q DWS Training Trust Fund	1,054,311	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	5,000,000
35R DWS Unemployment Insurance Fund	0	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	5,000,000
4KP TANF-IDA	868,379	0	1,700,000	0	1,700,000	0	1,700,000	0	1,700,000	0	1,700,000	0	1,700,000	0	1,700,000	0	1,700,000	0	1,700,000
4KQ TANF Block Grant Paying/New Hire Registry	13,884,450	49	39,501,053	51	106,200,000	0	100,000,000	0	64,501,053	0	64,501,053	0	100,000,000	0	64,501,053	0	64,501,053	0	64,501,053
56Z Workforce Investment	7,644	0	328,526	1	1,099,152	2	0	0	0	0	0	0	0	0	0	0	0	0	0
C27 Unemployment Benefits & Expenses - Cash	8,270,238	0	20,000,001	0	20,000,001	0	131,250,000	0	131,250,000	0	131,250,000	0	131,250,000	0	131,250,000	0	131,250,000	0	131,250,000
C28 Federal Employees Benefit-Cash	128,470,620	0	225,000,000	0	225,000,000	0	225,000,000	0	225,000,000	0	225,000,000	0	225,000,000	0	225,000,000	0	225,000,000	0	225,000,000
C29 U I Benefits - Taxable Employers - Cash	495,900,085	0	600,000,000	0	600,000,000	0	600,000,000	0	600,000,000	0	600,000,000	0	600,000,000	0	600,000,000	0	600,000,000	0	600,000,000
C30 U I Benefits-Reimb Employers - Cash	19,116,167	0	25,000,000	0	25,000,000	0	25,000,000	0	25,000,000	0	25,000,000	0	25,000,000	0	25,000,000	0	25,000,000	0	25,000,000
C31 Bldg Improvmt/Land-Reed Act	0	0	0	0	38,500,000	0	38,500,000	0	38,500,000	0	38,500,000	0	38,500,000	0	38,500,000	0	38,500,000	0	38,500,000
C48 Federal Employee Benefits-ARRA	425,286,074	0	363,880,000	0	363,880,000	0	200,000,000	0	200,000,000	0	200,000,000	0	100,000,000	0	100,000,000	0	100,000,000	0	100,000,000
C49 UI Modernization - ARRA*	50,374,239	0	9,595,103	0	59,969,332	0	9,595,093	0	9,595,093	0	9,595,093	0	9,595,093	0	9,595,093	0	9,595,093	0	9,595,093
C56 Loans to Local WIBs	0	0	0	0	0	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
NOT REQUESTED FOR THE BIENNIIUM																			
C45 Training Allow-ARRA	0	0	0	0	7,500,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0
C46 Payment to Participating Contractors-ARRA	0	0	0	0	3,750,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	1,251,124,374	973	1,410,326,380	1,007	1,649,299,963	929	1,547,620,468	1,002	1,495,752,280	1,002	1,495,752,280	1,002	1,446,620,468	1,002	1,395,579,419	1,002	1,395,579,419	1,002	1,395,579,419

Funding Sources		%		%		%		%		%		%		%		%		%
Fund Balance	4000005	22,283,968	1.7	30,039,906	2.1													
General Revenue	4000010	3,594,319	0.3	3,775,642	0.3													
Federal Revenue	4000020	1,245,151,994	97.2	1,383,277,689	96.5													
Stabilization Tax	4000033	6,836,732	0.5	10,000,000	0.7													
Advance Interest Funds	4000070	75,121	0.0	75,000	0.0													

Funding Sources		%		%		%		%		%		%		%		%	
Employer Penalties & Interest	4000225	4,117,362	0.3	7,165,184	0.5												
						7,165,184	0.5	7,165,184	0.5	7,165,184	0.5	7,165,184	0.5	7,165,184	0.5	7,165,184	0.5
Other	4000370	61,221	0.0	0	0.0												
						0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Transfer to DHS-DCO	4000612	(956,437)	(0.1)	(1,057,341)	(0.1)												
						(1,057,341)	(0.1)	(1,057,341)	(0.1)	(1,057,341)	(0.1)	(1,057,341)	(0.1)	(1,057,341)	(0.1)	(1,057,341)	(0.1)
Total Funds		1,281,164,280	100.0	1,433,276,080	100.0												
						1,565,348,765	100.0	1,513,480,577	100.0	1,513,480,577	100.0	1,459,127,362	100.0	1,408,086,313	100.0	1,408,086,313	100.0
Excess Appropriation/(Funding)		(30,039,906)		(22,949,700)													
						(17,728,297)		(17,728,297)		(17,728,297)		(12,506,894)		(12,506,894)		(12,506,894)	
Grand Total		1,251,124,374		1,410,326,380													
						1,547,620,468		1,495,752,280		1,495,752,280		1,446,620,468		1,395,579,419		1,395,579,419	

Budget Number of Positions may exceed Authorized Number in Operations (Appropriation 2SD) and TANF Block Grant Paying & New Hire Registry (Appropriation 4KQ) due to a transfer from the Miscellaneous Federal Grant Holding Account and a single salary section in appropriation act.

Analysis of Budget Request

Appropriation: 2RD - Administration Building Upkeep

Funding Sources: TZS - DWS Special Fund

The Administration Building Upkeep appropriation provides for maintenance, repairs, equipment, furnishing, and upkeep of the Administration Building and all other Agency owned buildings and the adjacent parking areas of these buildings. This appropriation is funded from the Department of Workforce Services Special Fund derived from penalties and interest assessed to Arkansas employers and delinquent tax contributions.

The Agency's Request provides to reallocate this appropriation to Excess Unemployment Benefits and Expenses (Appropriation 2SC) and to discontinue this appropriation.

The Executive Recommendation provides for the Agency Request.

The Legislative Recommendation concurs with the Executive Recommendation.

Appropriation Summary

Appropriation: 2RD - Administration Building Upkeep

Funding Sources: TZS - DWS Special Fund

Commitment Item	2009-2010	2010-2011	2010-2011	2011-2012			2012-2013		
	Actual	Budget	Authorized	Agency	Executive	Legislative	Agency	Executive	Legislative
Construction 5090005	0	227,500	227,500	0	0	0	0	0	0
Total	0	227,500	227,500	0	0	0	0	0	0
Funding Sources									
Employer Penalties & Interest 4000225	0	227,500		0	0	0	0	0	0
Total Funding	0	227,500		0	0	0	0	0	0
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	0	227,500		0	0	0	0	0	0

THIS APPROPRIATION NOT REQUESTED FOR THE 2011-2013 BIENNIUM.

Agency Request provides to reallocate this appropriation to Excess Unemployment Benefits & Expenses (Appropriation 2SC).

Analysis of Budget Request

Appropriation: 2RE - Building and Land Acquisition

Funding Sources: TZS - DWS Special Fund

The Building and Land Acquisition appropriation is utilized by the Department of Workforce Services for the acquisition of buildings and land, construction of buildings, and/or modification of existing buildings outside the Pulaski County area. This appropriation is funded from the Department of Workforce Services Special Fund derived from penalties and interest assessed to Arkansas employers and delinquent tax contributions.

The Agency's Request provides to reallocate this appropriation to Excess Unemployment Benefits and Expenses (Appropriation 2SC) and to discontinue this appropriation.

The Executive Recommendation provides for the Agency Request.

The Legislative Recommendation concurs with the Executive Recommendation.

Appropriation Summary

Appropriation: 2RE - Building and Land Acquisition

Funding Sources: TZS - DWS Special Fund

Commitment Item	2009-2010	2010-2011	2010-2011	2011-2012			2012-2013		
	Actual	Budget	Authorized	Agency	Executive	Legislative	Agency	Executive	Legislative
Construction 5090005	0	150,000	150,000	0	0	0	0	0	0
Total	0	150,000	150,000	0	0	0	0	0	0
Funding Sources									
Employer Penalties & Interest 4000225	0	150,000		0	0	0	0	0	0
Total Funding	0	150,000		0	0	0	0	0	0
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	0	150,000		0	0	0	0	0	0

THIS APPROPRIATION NOT REQUESTED FOR THE 2011-2013 BIENNIUM.

Agency Request provides to reallocate this appropriation to Excess Unemployment Benefits & Expenses (Appropriation 2SC).

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.

The Agency Request provides for Base Level for the 2011-2013 biennium.

The Executive Recommendation provides for the Agency Request.

The Legislative Recommendation concurs with the Executive Recommendation.

Appropriation Summary

Appropriation: 2RF - Annual Assessments

Funding Sources: TZS - DWS Special Fund

Commitment Item	2009-2010	2010-2011	2010-2011	2011-2012			2012-2013		
	Actual	Budget	Authorized	Agency	Executive	Legislative	Agency	Executive	Legislative
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: 2SA - Rent of Buildings

Funding Sources: TZS - DWS Special Fund

The Rent of Buildings appropriation allows the Department of Workforce Services to utilize the Department of Workforce Services Special Fund for the rent of buildings when the U.S. Department of Labor determines, for an unforeseen reason, that federal funds are not appropriate for rent on a particular facility. This appropriation is funded from the Department of Workforce Services Special Fund derived from penalties and interest assessed to Arkansas employers and delinquent tax contributions.

The Agency's Request provides to reallocate this appropriation to Excess Unemployment Benefits and Expenses (Appropriation 2SC) and to discontinue this appropriation.

The Executive Recommendation provides for the Agency Request.

The Legislative Recommendation concurs with the Executive Recommendation.

Appropriation Summary

Appropriation: 2SA - Rent of Buildings

Funding Sources: TZS - DWS Special Fund

Commitment Item	2009-2010	2010-2011	2010-2011	2011-2012			2012-2013		
	Actual	Budget	Authorized	Agency	Executive	Legislative	Agency	Executive	Legislative
Rent of Buildings 5900022	0	48,354	48,354	0	0	0	0	0	0
Total	0	48,354	48,354	0	0	0	0	0	0
Funding Sources									
Employer Penalties & Interest 4000225	0	48,354		0	0	0	0	0	0
Total Funding	0	48,354		0	0	0	0	0	0
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	0	48,354		0	0	0	0	0	0

THIS APPROPRIATION NOT REQUESTED FOR THE 2011-2013 BIENNIUM.

Agency Request provides to reallocate this appropriation to Excess Unemployment Benefits & Expenses (Appropriation 2SC).

Analysis of Budget Request

Appropriation: 2SB - Special Improvement District Taxes

Funding Sources: TZS - DWS Special Fund

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

The Agency's Request provides to reallocate this appropriation to Excess Unemployment Benefits and Expenses (Appropriation 2SC) and to discontinue this appropriation.

The Executive Recommendation provides for the Agency Request.

The Legislative Recommendation concurs with the Executive Recommendation.

Appropriation Summary

Appropriation: 2SB - Special Improvement District Taxes

Funding Sources: TZS - DWS Special Fund

Commitment Item	2009-2010	2010-2011	2010-2011	2011-2012			2012-2013		
	Actual	Budget	Authorized	Agency	Executive	Legislative	Agency	Executive	Legislative
Special Improvement District Taxes 5900046	0	500	500	0	0	0	0	0	0
Total	0	500	500	0	0	0	0	0	0
Funding Sources									
Employer Penalties & Interest 4000225	0	500		0	0	0	0	0	0
Total Funding	0	500		0	0	0	0	0	0
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	0	500		0	0	0	0	0	0

THIS APPROPRIATION NOT REQUESTED FOR THE 2011-2013 BIENNIUM.

Agency Request provides to reallocate this appropriation to Excess Unemployment Benefits & Expenses (Appropriation 2SC).

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.

The Agency's Change Level Request provides to reallocate Administration Building Upkeep (Appropriation 2RD), Building & Land Acquisition (Appropriation 2RE), Rent of Buildings (Appropriation 2SA), and Special Improvement District Taxes (Appropriation 2SB) to this appropriation. Each of these appropriations are funded from the Department of Workforce Services Special Fund. Combining them would merge these functions into a single program with no net increase in appropriation.

The Executive Recommendation provides for the Agency Request.

The Legislative Recommendation concurs with the Executive Recommendation.

Appropriation Summary

Appropriation: 2SC - Excess Unemploy Benefits/Expenses

Funding Sources: TZS - DWS Special Fund

Commitment Item		2009-2010	2010-2011	2010-2011	2011-2012			2012-2013		
		Actual	Budget	Authorized	Agency	Executive	Legislative	Agency	Executive	Legislative
Construction	5090005	0	0	0	377,500	377,500	377,500	377,500	377,500	377,500
Rent of Buildings	5900022	0	0	0	48,354	48,354	48,354	48,354	48,354	48,354
Payment/Expenses	5900046	2,198,833	10,878,035	10,878,035	10,878,535	10,878,535	10,878,535	10,878,535	10,878,535	10,878,535
Total		2,198,833	10,878,035	10,878,035	11,304,389	11,304,389	11,304,389	11,304,389	11,304,389	11,304,389
Funding Sources										
Fund Balance	4000005	10,577,086	12,495,615		8,330,410	8,330,410	8,330,410	4,165,205	4,165,205	4,165,205
Employer Penalties & Interest	4000225	4,117,362	6,712,830		7,139,184	7,139,184	7,139,184	7,139,184	7,139,184	7,139,184
Total Funding		14,694,448	19,208,445		15,469,594	15,469,594	15,469,594	11,304,389	11,304,389	11,304,389
Excess Appropriation/(Funding)		(12,495,615)	(8,330,410)		(4,165,205)	(4,165,205)	(4,165,205)	0	0	0
Grand Total		2,198,833	10,878,035		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. This program also receives federal funding from the American Recovery & Reinvestment Act of 2009 (ARRA).

Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Career Service Payments. The Base Level salary of unclassified positions reflects the FY11 line item maximum.

The Agency's Change Level Requests totaling \$34,303,816 each year reflect the following:

- Regular Salaries increases of \$4,254,850 and Personal Services Matching of \$1,573,824 each year to support the restoration of eighty-three (83) previously authorized positions that were not budgeted in FY2011, fifty-six (56) positions authorized by the Miscellaneous Federal Programs Act (including nine established under ARRA), and seventeen (17) positions authorized by Special Language in the Agency's appropriation act. Use of these positions is contingent on available funding.
- Reclassifications of seven (7) positions, including one (1) DWS Program Operations Manager (G127C/C120) to Agency Administrative Review Officer (G138C/C120); two (2) Agency Administrative Review Officers (G138C/C120) to DWS Program Operations Managers (G127C/C120); one (1) Database Analyst (D062C/C119) to Information Systems Coordination Specialist (D061C/C119); one (1) Grants Analyst (G180C/C117) to Legal Services Specialist (G179C/C117); one (1) Budget Specialist (R027C/C117) to Human Resources Specialist (R025C/C117); and one (1) Administrative Analyst (C037C/C115) to DWS UI Claim Technician (C032C/C115). These are title changes only, and will not result in any increase in salaries.
- Operating Expenses increases of \$21,943,353 each year to restore appropriation to the previously authorized level, including \$8,400,967 from previously authorized Data Processing due to the discontinued use of this commitment item, and a reallocation of \$222,394 from Workforce Investment (Appropriation 56Z) that the Agency proposes to merge with this appropriation. Depending on the state of the economy at any given time, the Agency can have significant shifts in needs over the course of a biennium. The Agency's request to restore previously authorized appropriation levels represents a "worst case" scenario.
- Conference and Travel Expenses increases of \$656,025 each year reflects the previously authorized appropriation level, plus a reallocation of \$24,092 from Workforce Investment (Appropriation 56Z).

- Professional Fees increases of \$159,549 each year represents a reallocation from Base Level Data Processing of \$129,549 due to the discontinuance of this commitment item and a \$30,000 from Workforce Investment (Appropriation 56Z).
- Data Processing reduction of (\$129,549) each year due to discontinued use of this commitment item.
- Capital Outlay of \$2,419,001 each year to restore the previously authorized appropriation level.
- ARRA 2009 of \$3,426,763 to provide for restoration of nine (9) positions established under authority of the Miscellaneous Federal Programs Act and \$3 million each year for grant funding from the American Recovery and Reinvestment Act of 2009 that may continue into FY2012 and FY2013. Expenditure of appropriation is contingent upon available funding.

The Executive Recommendation provides for the Agency Request with the exception of \$8 million in Operating Expenses each year.

The Legislative Recommendation concurs with the Executive Recommendation.

Appropriation Summary

Appropriation: 2SD - Operations

Funding Sources: TES - DWS Trust Fund

Commitment Item		2009-2010	2010-2011	2010-2011	2011-2012			2012-2013		
		Actual	Budget	Authorized	Agency	Executive	Legislative	Agency	Executive	Legislative
Regular Salaries	5010000	28,327,870	33,285,572	33,796,581	35,618,631	37,020,266	37,020,266	35,618,631	37,706,317	37,706,317
#Positions		924	955	927	1,002	1,002	1,002	1,002	1,002	1,002
Extra Help	5010001	4,465,942	4,093,000	4,093,000	4,093,000	4,093,000	4,093,000	4,093,000	4,093,000	4,093,000
#Extra Help		336	400	400	400	400	400	400	400	400
Personal Services Matching	5010003	9,160,409	10,654,683	11,323,377	12,415,448	12,640,090	12,640,090	12,415,448	12,778,334	12,778,334
Overtime	5010006	32,689	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000
Operating Expenses	5020002	11,875,728	9,778,552	23,098,544	31,721,905	23,721,905	23,721,905	31,721,905	23,721,905	23,721,905
Conference & Travel Expenses	5050009	123,769	49,560	681,493	705,585	705,585	705,585	705,585	705,585	705,585
Professional Fees	5060010	497,765	1,625,104	1,625,104	1,784,653	1,784,653	1,784,653	1,784,653	1,784,653	1,784,653
Data Processing	5090012	3,264,007	129,549	8,530,516	0	0	0	0	0	0
Capital Outlay	5120011	1,327,099	1,947,293	2,419,001	2,419,001	2,419,001	2,419,001	2,419,001	2,419,001	2,419,001
ARRA 2009	5900052	3,878,443	3,772,100	4,283,524	3,426,763	3,431,245	3,431,245	3,426,763	3,434,089	3,434,089
Total		62,953,721	65,395,413	89,911,140	92,244,986	85,875,745	85,875,745	92,244,986	86,702,884	86,702,884

Funding Sources										
Federal Revenue	4000020	62,953,721	65,395,413		92,244,986	85,875,745	85,875,745	92,244,986	86,702,884	86,702,884
Total Funding		62,953,721	65,395,413		92,244,986	85,875,745	85,875,745	92,244,986	86,702,884	86,702,884
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		62,953,721	65,395,413		92,244,986	85,875,745	85,875,745	92,244,986	86,702,884	86,702,884

The FY11 Budget Number of Positions exceeds Authorized due to a transfer from the Miscellaneous Federal Grant Holding Account.

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 and the American Recovery & Reinvestment Act of 2009.

The Agency's Change Level Request totaling \$45,604,106 each year provides for the following:

- Grants & Aid increases of \$42,104,106 to restore the previously authorized level. Expenditure of appropriation is contingent upon available federal funding.
- Restoration of ARRA 2009 of \$3,500,000 in FY2012 and \$2,500,000 in FY2013. While the formula grant funding will be expensed prior to June 30, 2011, there are still discretionary grants that the Agency can apply for. Funding for these awards will extend into the 2011-2013 Biennium.

The Executive Recommendation provides for the Agency Request with the exception of \$10 million each year in Grants & Aid.

The Legislative Recommendation concurs with the Executive Recommendation.

Appropriation Summary

Appropriation: 2SE - Workforce Investment Act

Funding Sources: FCG - Federal Funds

Commitment Item		2009-2010	2010-2011	2010-2011	2011-2012			2012-2013		
		Actual	Budget	Authorized	Agency	Executive	Legislative	Agency	Executive	Legislative
Grants and Aid	5100004	29,330,516	27,895,894	70,000,000	70,000,000	60,000,000	60,000,000	70,000,000	60,000,000	60,000,000
ARRA 2009	5900052	13,327,743	7,700,000	12,459,948	3,500,000	3,500,000	3,500,000	2,500,000	2,500,000	2,500,000
Total		42,658,259	35,595,894	82,459,948	73,500,000	63,500,000	63,500,000	72,500,000	62,500,000	62,500,000

Funding Sources										
Federal Revenue	4000020	42,658,259	35,595,894		73,500,000	63,500,000	63,500,000	72,500,000	62,500,000	62,500,000
Total Funding		42,658,259	35,595,894		73,500,000	63,500,000	63,500,000	72,500,000	62,500,000	62,500,000
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		42,658,259	35,595,894		73,500,000	63,500,000	63,500,000	72,500,000	62,500,000	62,500,000

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.

Arkansas was last in interest bearing loan status under Title XII of the Social Security Act from December 6, 1982 to April 19, 1983. Advances secured totaled \$118,075,000 which was paid in May 1984, with the balance of the interest bearing portion of the loan repaid in September 1984. Total interest in the amount of \$5,830,270 was paid on \$54,075,000 of the total loan amount. The balance of the repayments was made prior to the assessment of interest. The Advance Interest Tax has not been triggered "on" at any time since 1984.

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.

The Agency's Change Level Request provides for an increase of \$24,999,999 each year in Loan Interest. The American Recovery and Reinvestment Act of 2009 provided interest free advances to the states from the federal Unemployment Insurance Trust Fund until December 31, 2010. The state has currently taken \$330.8 million in advances since March 2009. Without subsequent federal legislation, these advances will begin bearing interest on January 1, 2011. The Department does not know whether the state will be required to begin repaying the advances during the 2011-2013 biennium, or whether the federal government will intervene. If these advances are required to be repaid on January 1, 2011, this will trigger the Advance Interest Tax until the balance these advances are repaid.

The Executive Recommendation provides for the Agency Request.

The Legislative Recommendation concurs with the Executive Recommendation.

Appropriation Summary

Appropriation: 2SF - UI Trust Fund Loan Interest

Funding Sources: TZR - Employment Security Advance Interest Trust Fund

Commitment Item		2009-2010	2010-2011	2010-2011	2011-2012			2012-2013		
		Actual	Budget	Authorized	Agency	Executive	Legislative	Agency	Executive	Legislative
Refunds/Investments/Transfers	5110020	81,354	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
Loan Interest	5900046	0	1	1	25,000,000	25,000,000	25,000,000	25,000,000	25,000,000	25,000,000
Total		81,354	3,000,001	3,000,001	28,000,000	28,000,000	28,000,000	28,000,000	28,000,000	28,000,000
Funding Sources										
Fund Balance	4000005	5,043,630	5,037,397		2,112,396	2,112,396	2,112,396	1,056,198	1,056,198	1,056,198
Advance Interest Funds	4000070	75,121	75,000		26,943,802	26,943,802	26,943,802	26,943,802	26,943,802	26,943,802
Total Funding		5,118,751	5,112,397		29,056,198	29,056,198	29,056,198	28,000,000	28,000,000	28,000,000
Excess Appropriation/(Funding)		(5,037,397)	(2,112,396)		(1,056,198)	(1,056,198)	(1,056,198)	0	0	0
Grand Total		81,354	3,000,001		28,000,000	28,000,000	28,000,000	28,000,000	28,000,000	28,000,000

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.

A.C.A. 11-10-106 (f)(1)(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.

The Agency's Request provides for Base Level for the 2011-2013 biennium.

The Executive Recommendation provides for the Agency Request.

The Legislative Recommendation concurs with the Executive Recommendation.

Appropriation Summary

Appropriation: 35Q - DWS Training Trust Fund

Funding Sources: TWT - DWS Training Trust Fund

Commitment Item	2009-2010	2010-2011	2010-2011	2011-2012			2012-2013		
	Actual	Budget	Authorized	Agency	Executive	Legislative	Agency	Executive	Legislative
Personal Services, Operating Expense 5900046	1,054,311	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	1,054,311	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	2,688,563	5,113,839		5,113,839	5,113,839	5,113,839	5,113,839	5,113,839	5,113,839
Stabilization Tax 4000033	3,418,366	5,000,000		5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Other 4000370	61,221	0		0	0	0	0	0	0
Total Funding	6,168,150	10,113,839		10,113,839	10,113,839	10,113,839	10,113,839	10,113,839	10,113,839
Excess Appropriation/(Funding)	(5,113,839)	(5,113,839)		(5,113,839)	(5,113,839)	(5,113,839)	(5,113,839)	(5,113,839)	(5,113,839)
Grand Total	1,054,311	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.

The Agency's Request provides for Base Level for the 2011-2013 biennium.

The Executive Recommendation provides for the Agency Request.

The Legislative Recommendation concurs with the Executive Recommendation.

Appropriation Summary

Appropriation: 35R - DWS Unemployment Insurance Fund

Funding Sources: MUI - DWS Unemployment Insurance Administration Fund

Commitment Item		2009-2010	2010-2011	2010-2011	2011-2012			2012-2013		
		Actual	Budget	Authorized	Agency	Executive	Legislative	Agency	Executive	Legislative
Operating Expenses	5900046	0	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Total		0	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Funding Sources										
Fund Balance	4000005	3,974,689	7,393,055		7,393,055	7,393,055	7,393,055	7,393,055	7,393,055	7,393,055
Stabilization Tax	4000033	3,418,366	5,000,000		5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Total Funding		7,393,055	12,393,055		12,393,055	12,393,055	12,393,055	12,393,055	12,393,055	12,393,055
Excess Appropriation/(Funding)		(7,393,055)	(7,393,055)		(7,393,055)	(7,393,055)	(7,393,055)	(7,393,055)	(7,393,055)	(7,393,055)
Grand Total		0	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).

The Agency's Request provides for Base Level for the 2011-2013 biennium.

The Executive Recommendation provides for the Agency Request.

The Legislative Recommendation concurs with the Executive Recommendation.

Appropriation Summary

Appropriation: 4KP - TANF-IDA

Funding Sources: TID - Individual Development Account

Commitment Item		2009-2010	2010-2011	2010-2011	2011-2012			2012-2013		
		Actual	Budget	Authorized	Agency	Executive	Legislative	Agency	Executive	Legislative
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	868,379	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	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		868,379	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000
Funding Sources										
Federal Revenue	4000020	868,379	1,700,000		1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000
Total Funding		868,379	1,700,000		1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		868,379	1,700,000		1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	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 revenues.

The Agency's Change Level Request provides for an increase in TANF/New Hire Registry of \$60,498,947 each year to restore this appropriation to the previously authorized level. Expenditure of appropriation is contingent upon available funding.

The Executive Recommendation provides for Base Level, with an increase of \$25 million each year in appropriation only for TANF/New Hire Registry.

The Legislative Recommendation concurs with the Executive Recommendation.

Appropriation Summary

Appropriation: 4KQ - TANF Block Grant Paying/New Hire Registry

Funding Sources: PWS - TANF Block Grant Paying

Commitment Item		2009-2010	2010-2011	2010-2011	2011-2012			2012-2013		
		Actual	Budget	Authorized	Agency	Executive	Legislative	Agency	Executive	Legislative
TANF/New Hire Registry	5900046	13,884,450	39,501,053	100,000,000	100,000,000	64,501,053	64,501,053	100,000,000	64,501,053	64,501,053
ARRA 2009	5900052	0	0	6,200,000	0	0	0	0	0	0
Total		13,884,450	39,501,053	106,200,000	100,000,000	64,501,053	64,501,053	100,000,000	64,501,053	64,501,053
Funding Sources										
General Revenue	4000010	3,594,319	3,775,642		3,775,642	3,775,642	3,775,642	3,775,642	3,775,642	3,775,642
Federal Revenue	4000020	11,246,568	36,782,752		97,281,699	61,782,752	61,782,752	97,281,699	61,782,752	61,782,752
Transfer to DHS-DCO	4000612	(956,437)	(1,057,341)		(1,057,341)	(1,057,341)	(1,057,341)	(1,057,341)	(1,057,341)	(1,057,341)
Total Funding		13,884,450	39,501,053		100,000,000	64,501,053	64,501,053	100,000,000	64,501,053	64,501,053
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		13,884,450	39,501,053		100,000,000	64,501,053	64,501,053	100,000,000	64,501,053	64,501,053

Analysis of Budget Request

Appropriation: 56Z - Workforce Investment

Funding Sources: FCG - DWS Workforce Investment Act

Public Law 105-220 created the federal Workforce Investment Act to promote and fund employment and training activities at the state level. Arkansas Code Annotated § 15-4-2204 established the Arkansas Workforce Investment Board to develop a state plan to provide workforce investment activities that increase employment, retention and earnings of participants and increases skill attainment thereby improving the quality of the workforce, reducing welfare dependency and enhancing productivity and competitiveness. The Board consists of 48 representatives of the Executive and Legislative branches of government and members of the business community. The Board is authorized to select from among its membership a maximum of 15 members to serve as the Executive Committee reporting to the Board quarterly. The Workforce Investment Board was merged with the Department of Workforce Services by Act 1487 of 2009.

The duties of the Board are to advise and assist the Governor and the General Assembly in the development of a state workforce development plan; develop and improve a system of activities through the one-stop career centers funded by federal workforce investment funds; designate local workforce investment areas; develop allocation formulas for distribution of funds to the local areas; develop and improve comprehensive state performance measures; prepare an annual report for submission to the U. S. Secretary of Labor; develop a statewide information management system; develop an application process for incentive grants; make recommendations on program consolidation or realignment; and evaluate the workforce investment system statewide and report to the Arkansas General Assembly prior to each regular session recommendations for statutory changes that would enhance workforce investment in Arkansas.

This appropriation is 100% federally funded through the federal Workforce Investment Act.

The Agency's Change Level Request provides to reallocate this appropriation to Operations (Appropriation 2SD). P.L. 105-220 does not require a separate appropriation for the operations of the Board. The Department will continue to be compliant with all federal operations requirements as a result of this reallocation.

The Executive Recommendation provides for the Agency Request.

The Legislative Recommendation concurs with the Executive Recommendation.

Appropriation Summary

Appropriation: 56Z - Workforce Investment

Funding Sources: FCG - DWS Workforce Investment Act

Commitment Item		2009-2010	2010-2011	2010-2011	2011-2012			2012-2013		
		Actual	Budget	Authorized	Agency	Executive	Legislative	Agency	Executive	Legislative
Regular Salaries	5010000	0	39,199	611,551	0	0	0	0	0	0
#Positions		0	1	2	0	0	0	0	0	0
Personal Services Matching	5010003	2,099	12,841	211,115	0	0	0	0	0	0
Operating Expenses	5020002	4,822	222,394	222,394	0	0	0	0	0	0
Conference & Travel Expenses	5050009	723	24,092	24,092	0	0	0	0	0	0
Professional Fees	5060010	0	30,000	30,000	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		7,644	328,526	1,099,152	0	0	0	0	0	0

Funding Sources										
Federal Revenue	4000020	7,644	328,526		0	0	0	0	0	0
Total Funding		7,644	328,526		0	0	0	0	0	0
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		7,644	328,526		0	0	0	0	0	0

THIS APPROPRIATION NOT REQUESTED FOR THE 2011-2013 BIENNIUM.

Agency Request provides to reallocate this appropriation to Operations (Appropriation 2SD).

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.

The Department has been notified by the U.S. Department of Labor that expansion of the Trade Adjustment Assistance program under the American Recovery and Reinvestment Act (ARRA) of 2009 will not revert at the conclusion of ARRA. Therefore, the Agency's Change Level Request totaling \$111,249,999 each year of the biennium provides for the following program increases:

- Training Allowances of \$7,500,000 each year. Training Allowances - ARRA (Appropriation C45) has been requested to be discontinued.
- Payments to Participating Contractors of \$3,750,000 each year. Payments to Participating Contractors - ARRA (Appropriation C46) has been requested to be discontinued.

Unemployment Insurance Advance Repayment of \$100 million each year. The American Recovery and Reinvestment Act of 2009 provided interest free advances to the states from the federal Unemployment Insurance Trust Fund until December 31, 2010. Arkansas has currently taken \$330.8 million in advances since March 2009. Without subsequent federal legislation, these advances will begin bearing interest on January 1, 2011. The Department does not know whether the state will be required to begin repaying the advances during the 2011-2013 biennium, or whether the federal government will intervene. Therefore, the Department requires this appropriation in the event the state is required to begin repayment.

The Executive Recommendation provides for the Agency Request.

The Legislative Recommendation concurs with the Executive Recommendation.

Appropriation Summary

Appropriation: C27 - Unemployment Benefits & Expenses - Cash

Funding Sources: 177 - DWS Cash

Commitment Item		2009-2010	2010-2011	2010-2011	2011-2012			2012-2013		
		Actual	Budget	Authorized	Agency	Executive	Legislative	Agency	Executive	Legislative
Grants and Aid	5100004	1,306	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	209,379	5,000,000	5,000,000	12,500,000	12,500,000	12,500,000	12,500,000	12,500,000	12,500,000
Payments to Part Contractors	5900047	8,059,553	10,000,000	10,000,000	13,750,000	13,750,000	13,750,000	13,750,000	13,750,000	13,750,000
UI Advance Repayment	5900048	0	1	1	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000
Total		8,270,238	20,000,001	20,000,001	131,250,000	131,250,000	131,250,000	131,250,000	131,250,000	131,250,000
Funding Sources										
Federal Revenue	4000020	8,270,238	20,000,001		131,250,000	131,250,000	131,250,000	131,250,000	131,250,000	131,250,000
Total Funding		8,270,238	20,000,001		131,250,000	131,250,000	131,250,000	131,250,000	131,250,000	131,250,000
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		8,270,238	20,000,001		131,250,000	131,250,000	131,250,000	131,250,000	131,250,000	131,250,000

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.

The Agency's Request provides for Base Level for the 2011-2013 biennium.

The Executive Recommendation provides for the Agency Request.

The Legislative Recommendation concurs with the Executive Recommendation.

Appropriation Summary

Appropriation: C28 - Federal Employees Benefit-Cash

Funding Sources: 177 - DWS Cash

Commitment Item		2009-2010	2010-2011	2010-2011	2011-2012			2012-2013		
		Actual	Budget	Authorized	Agency	Executive	Legislative	Agency	Executive	Legislative
Benefits-Non Employee	5100023	128,470,620	225,000,000	225,000,000	225,000,000	225,000,000	225,000,000	225,000,000	225,000,000	225,000,000
Total		128,470,620	225,000,000	225,000,000	225,000,000	225,000,000	225,000,000	225,000,000	225,000,000	225,000,000
Funding Sources										
Federal Revenue	4000020	128,470,620	225,000,000		225,000,000	225,000,000	225,000,000	225,000,000	225,000,000	225,000,000
Total Funding		128,470,620	225,000,000		225,000,000	225,000,000	225,000,000	225,000,000	225,000,000	225,000,000
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		128,470,620	225,000,000		225,000,000	225,000,000	225,000,000	225,000,000	225,000,000	225,000,000

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.

The Agency's Request provides for Base Level for the 2011-2013 biennium.

The Executive Recommendation provides for the Agency Request.

The Legislative Recommendation concurs with the Executive Recommendation.

Appropriation Summary

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

Funding Sources: 177 - DWS Cash

Commitment Item		2009-2010	2010-2011	2010-2011	2011-2012			2012-2013		
		Actual	Budget	Authorized	Agency	Executive	Legislative	Agency	Executive	Legislative
Benefits-Non Employee	5100023	495,900,085	600,000,000	600,000,000	600,000,000	600,000,000	600,000,000	600,000,000	600,000,000	600,000,000
Total		495,900,085	600,000,000	600,000,000	600,000,000	600,000,000	600,000,000	600,000,000	600,000,000	600,000,000

Funding Sources										
Federal Revenue	4000020	495,900,085	600,000,000		600,000,000	600,000,000	600,000,000	600,000,000	600,000,000	600,000,000
Total Funding		495,900,085	600,000,000		600,000,000	600,000,000	600,000,000	600,000,000	600,000,000	600,000,000
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		495,900,085	600,000,000		600,000,000	600,000,000	600,000,000	600,000,000	600,000,000	600,000,000

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.

The Agency Request provides for Base Level for the 2011-2013 biennium.

The Executive Recommendation provides for the Agency Request.

The Legislative Recommendation concurs with the Executive Recommendation.

Appropriation Summary

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

Funding Sources: 177 - DWS Cash

Commitment Item	2009-2010	2010-2011	2010-2011	2011-2012			2012-2013		
	Actual	Budget	Authorized	Agency	Executive	Legislative	Agency	Executive	Legislative
Benefits-Non Employee 5100023	19,116,167	25,000,000	25,000,000	25,000,000	25,000,000	25,000,000	25,000,000	25,000,000	25,000,000
Total	19,116,167	25,000,000	25,000,000	25,000,000	25,000,000	25,000,000	25,000,000	25,000,000	25,000,000
Funding Sources									
Federal Revenue 4000020	19,116,167	25,000,000		25,000,000	25,000,000	25,000,000	25,000,000	25,000,000	25,000,000
Total Funding	19,116,167	25,000,000		25,000,000	25,000,000	25,000,000	25,000,000	25,000,000	25,000,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	19,116,167	25,000,000		25,000,000	25,000,000	25,000,000	25,000,000	25,000,000	25,000,000

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.

The Agency's Change Level Request provides to restore the previously authorized level of \$38,500,000 each year in Reed Act Funds. The Agency does not anticipate any funding during the 2011-2013 biennium, but requests to maintain this appropriation in the event that funding becomes available.

The Executive Recommendation provides for the Agency Request.

The Legislative Recommendation concurs with the Executive Recommendation.

Appropriation Summary

Appropriation: C31 - Bldg Improvmt/Land-Reed Act

Funding Sources: 167 - DWS Cash - Reed Act

Commitment Item	2009-2010	2010-2011	2010-2011	2011-2012			2012-2013		
	Actual	Budget	Authorized	Agency	Executive	Legislative	Agency	Executive	Legislative
Reed Act Funds 5900046	0	0	38,500,000	38,500,000	38,500,000	38,500,000	38,500,000	38,500,000	38,500,000
Total	0	0	38,500,000	38,500,000	38,500,000	38,500,000	38,500,000	38,500,000	38,500,000
Funding Sources									
Federal Revenue 4000020	0	0		38,500,000	38,500,000	38,500,000	38,500,000	38,500,000	38,500,000
Total Funding	0	0		38,500,000	38,500,000	38,500,000	38,500,000	38,500,000	38,500,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	0	0		38,500,000	38,500,000	38,500,000	38,500,000	38,500,000	38,500,000

Analysis of Budget Request

Appropriation: C48 - Federal Employee Benefits-ARRA

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. Funding for this appropriation is provided by the American Recovery & Reinvestment Act of 2009.

The Agency's Change Level Request for increases of \$200,000,000 in FY12 and \$100,000,000 in FY13 in ARRA 2009 provides to restore some previously authorized appropriation in the event they continue to receive additional funding from the American Recovery and Reinvestment Act of 2009 into the 2011-2013 biennium for unemployment benefits.

The Executive Recommendation provides for the Agency Request.

The Legislative Recommendation concurs with the Executive Recommendation.

Appropriation Summary

Appropriation: C48 - Federal Employee Benefits-ARRA

Funding Sources: 177 - DWS Cash

Commitment Item		2009-2010	2010-2011	2010-2011	2011-2012			2012-2013		
		Actual	Budget	Authorized	Agency	Executive	Legislative	Agency	Executive	Legislative
ARRA 2009	5900052	425,286,074	363,880,000	363,880,000	200,000,000	200,000,000	200,000,000	100,000,000	100,000,000	100,000,000
Total		425,286,074	363,880,000	363,880,000	200,000,000	200,000,000	200,000,000	100,000,000	100,000,000	100,000,000

Funding Sources										
Federal Revenue	4000020	425,286,074	363,880,000		200,000,000	200,000,000	200,000,000	100,000,000	100,000,000	100,000,000
Total Funding		425,286,074	363,880,000		200,000,000	200,000,000	200,000,000	100,000,000	100,000,000	100,000,000
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		425,286,074	363,880,000		200,000,000	200,000,000	200,000,000	100,000,000	100,000,000	100,000,000

Analysis of Budget Request

Appropriation: C49 - UI Modernization - ARRA*

Funding Sources: 177 - DWS Cash*

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

This appropriation was established last biennium for Reed Act Funds provided by the American Recovery and Reinvestment Act of 2009 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. However, the Unemployment Insurance (UI) Modernization program was incorrectly identified as "Reed Act Funds - ARRA" because the federal formula to disburse the funds was based on the Reed Act formula. The unemployment insurance benefits have already been expensed, but the administrative component of these grant funds remains available to the Agency to be expensed.

The Agency has spent the initial grant award of \$50,374,239 for unemployment benefits. The remaining \$9,595,083 provides for the payment of salaries and related benefits and maintenance and general operation in support of administration of the Unemployment Insurance (UI) Modernization provisions adopted pursuant to ARRA. Expenditure of these funds are not subject to the two year requirements of ARRA.

The Agency's Change Level Request provides for the following:

- Title change and fund change for this appropriation from "Reed Act Funds - ARRA" to "UI Modernization - ARRA" to properly classify the purpose of this appropriation.
- Restore \$9,595,093 each year in ARRA 2009 to match remaining funding.

The Executive Recommendation provides for the Agency Request.

The Legislative Recommendation concurs with the Executive Recommendation.

Appropriation Summary

Appropriation: C49 - UI Modernization - ARRA*

Funding Sources: 177 - DWS Cash*

Commitment Item		2009-2010	2010-2011	2010-2011	2011-2012			2012-2013		
		Actual	Budget	Authorized	Agency	Executive	Legislative	Agency	Executive	Legislative
ARRA 2009	5900052	50,374,239	9,595,103	59,969,332	9,595,093	9,595,093	9,595,093	9,595,093	9,595,093	9,595,093
Total		50,374,239	9,595,103	59,969,332	9,595,093	9,595,093	9,595,093	9,595,093	9,595,093	9,595,093

Funding Sources										
Federal Revenue	4000020	50,374,239	9,595,103		9,595,093	9,595,093	9,595,093	9,595,093	9,595,093	9,595,093
Total Funding		50,374,239	9,595,103		9,595,093	9,595,093	9,595,093	9,595,093	9,595,093	9,595,093
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		50,374,239	9,595,103		9,595,093	9,595,093	9,595,093	9,595,093	9,595,093	9,595,093

*The Agency requests an appropriation title and fund change from "Reed Act Funds - ARRA" to "UI Modernization - ARRA" to properly describe the purpose of this appropriation.

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).

The Agency's Change Level Request provides to establish an appropriation for Loans of \$1,500,000 each year for local WIB transfers. The State Treasury currently does not allow agencies to either send or receive same-day wire transfers. This new appropriation will allow the Agency to request a deposit from DOL for wire transfer to the local WIB office. Funds will be transferred through this appropriation only in the event that delays occur, such as due to inclement weather.

The Executive Recommendation provides for the Agency Request.

The Legislative Recommendation concurs with the Executive Recommendation.

Appropriation Summary

Appropriation: C56 - Loans to Local WIBs

Funding Sources: 177 - DWS - Cash

Commitment Item	2009-2010	2010-2011	2010-2011	2011-2012			2012-2013		
	Actual	Budget	Authorized	Agency	Executive	Legislative	Agency	Executive	Legislative
Loans 5120029	0	0	0	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Total	0	0	0	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Funding Sources									
Federal Revenue 4000020	0	0		1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Total Funding	0	0		1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	0	0		1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000