REPORT OF THE
HOSPITAL, MEDICAID, AND DEVELOPMENTAL DISABILITIES
STUDY SUBCOMMITTEE
OF THE
LEGISLATIVE COUNCIL

November 20, 2026

Senator Justin Boyd and Representative Les D. Eaves, Co-Chairs:

The Hospital, Medicaid, and Developmental Disabilities Study Subcommittee met Monday, November 16, 2026, at 10:00 a.m. in Room A, Multi Agency Complex, Little Rock, Arkansas. The Subcommittee heard testimony on the following items:

1. Update on Reimbursement Rates Under the Living Choices Assisted Living Waiver by DHS; and
2. Presentation of the Arkansas EARNS Final Report by WorkED Consulting.

After the presentation, Representative Beck made a motion to adopt the Arkansas EARNS final report. The motion was seconded by Senator Irvin and carried by voice vote. The report is attached.

Respectfully submitted,

Senator Jane English and Representative Mary Bentley

WorkED. CONSULTING

LEGISLATIVE STUDY | ACT 145 OF 2025

Arkansas EARNS

WORKFORCE REFORM AND INTEGRATION RECOMMENDATIONS

Prepared for the Hospital, Medicaid, and Developmental Disabilities Study Subcommittee

November 2026

THREE INTEGRATED STRATEGIES, ONE ORGANIZATIONAL SHIFT

01

Integrated Administrative Structure

02

Integrated Service Delivery

03

Integrated Financial Management

Prepared by WorkED Consulting, LLC

Mason Bishop, Principal

WORKED. CONSULTING

ARKANSAS EARNS: Workforce Reform and Integration Recommendations

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Introduction

Act 145 of 2025 requires the completion of a legislative study on ways that Arkansas's workforce and social services programs can be reformed. In support of the study and development of legislative recommendations, the Hospital, Medicaid, and Developmental Disabilities Study Subcommittee (Subcommittee) contracted with WorkED Consulting, LLC (WorkED) and convened an Advisory Group to gather data and provide viewpoints to shape and inform recommendations for the Legislature.

WorkED builds on the Alliance for Opportunity's (A4O) initial findings published in January 2026, *Coordination of Workforce Development and Social Services Programs in Arkansas: Informational Study* (*Informational Study*),[1] while gathering and analyzing additional agency information to develop the recommendations contained herein for the Subcommittee's consideration. These recommendations fall within three broad structural categories: Integrated Administrative Structure, Integrated Service Delivery, and Integrated Financial Management. Each of these categories is described in more detail below, including specific areas of focus, followed by supporting data and high-level suggestions for next steps to ensure any areas of reform are well understood, and consequences are thoroughly considered and integrated within the initial planning phase.

Background Informing Arkansas EARNS Recommendations

Arkansas has been laying the foundation for workforce system reform for several years, and federal policy is now moving in the same direction. This combination of state action and federal openness to innovation presents the state with a unique opportunity for substantial improvements in service delivery, leading to cost efficiencies and alignment with state job growth strategies. This section describes the federal, state, and local conditions that make action both urgent and likely to be successful if undertaken thoughtfully.

The federal timeline makes coordinated action valuable now. Specifically, legislation offering selected states broad authority to restructure employment, training, and social services delivery passed the U.S. House with bipartisan support in 2024 and was nearly enacted into law through a House-Senate agreed-to package as part of omnibus appropriations negotiations. While needed federal legislation did not ultimately become law, states have continued the momentum and by developing solutions and passing proactive state legislation.

> *"The combination of state action and federal openness to innovation presents Arkansas with a unique opportunity for substantial improvements in service delivery.*

Concurrently, the U.S. Department of Labor (USDOL) has signaled flexibility. Training and Employment Guidance Letter No. 05-25 encourages states to maximize innovation in

[1]Alliance for Opportunity, "Coordination of Workforce Development and Social Services Programs in Arkansas: Informational Study," January 30, 2026.

Workforce Innovation and Opportunity Act (WIOA) programs, and Arkansas has already secured a substantial waiver package consistent with that guidance. At the same time, the One Big Beautiful Bill Act of 2025 expanded SNAP work requirements, established Medicaid community engagement requirements, and attached penalties to SNAP payment error rates above six percent. These requirements mean that states must immediately implement strategies and processes that promote work, careers, and better connections between labor demand and supply.

ARKANSAS'S WORKFORCE CONTEXT

Arkansas's seasonally adjusted unemployment rate was 3.9 percent in September 2026, better than the national rate of 4.4 percent, but that figure is misleading. The official measure counts only those working or actively seeking work during a single reference week; it excludes discouraged workers and others who have looked for work in the past year but not in the past four weeks, and it counts as fully employed those working part time who want full-time work.

The measures that capture those Arkansans tell a different story. The State's labor force participation rate is 58.5 percent, among the lowest in the nation. Among prime-working-age men, ages 25 to 54, 13.3 percent were not engaged in the labor force in 2024, against a national figure of 10.7 percent. Applying a labor under-utilization metric to Current Population Survey microdata, the Georgia Center for Opportunity estimates that approximately 202,000 prime-working-age Arkansans were unemployed or not engaged in the labor force in 2024 — nearly four times the official unemployment count of 53,533.[2]

BY THE NUMBERS

58.5%
Labor force participation rate, among the lowest in the nation

~202,000
Prime-working-age Arkansans unemployed or out of the labor force (2024)

47th
Arkansas's rank among the 50 states and D.C. in youth disconnection

Across every level of educational attainment, Arkansas's labor force participation rate lags behind national rates: among Arkansans ages 25 to 64, the rate is 55.7 percent for those without a high school diploma (national: 63.7 percent), 67.5 percent for high school graduates (national: 73.7 percent), 77.3 percent for those with some college or an associate degree (national: 80.7 percent), and 86.1 percent for those holding a bachelor's degree or higher (national: 88.3 percent).[3] Because this gap persists across all four tiers, education alone does not explain it. Structural discouragement, inadequate supportive services, and geographic mismatch between workers and jobs also contribute, and each is a problem an integrated service delivery system is positioned to address.

[2] U.S. Bureau of Labor Statistics, Local Area Unemployment Statistics, September 2025; Georgia Center for Opportunity labor under-utilization metric derived from Current Population Survey microdata, 2024.
[3] U.S. Census Bureau, American Community Survey, 1-Year Estimates, 2024, Table B23006.

While the LEARNS Act has positively impacted in-school Arkansas youth and their educational and career pathways, Arkansas continues to rank 47th among the 50 states and the District of Columbia in youth disconnection, defined as the share of young people ages 16 to 24 who are neither working nor in school.[4] With 22.7 percent of the State's population under age 18, youth are a key talent pipeline for the next decade of labor force growth.

COORDINATION BETWEEN WORKFORCE AND HUMAN SERVICES

Drawing on program data, agency interviews, and site visits to Arkansas Workforce Centers and Division of County Operations (DCO) offices, the A4O *Informational Study* reached four findings:

- **Labor force participation is low**, and the official unemployment rate conceals how low.
- **Customers who need workforce support are stuck in silos**, navigating separate doors, separate eligibility processes, and separate caseworkers for services that address a single set of needs.
- **The human services approach does not focus on work.** Individuals entering the system are not given a holistic employment or training plan.
- **The system carries significant inherent inefficiencies**, including duplicated intake, duplicated income verification, duplicated physical infrastructure, and incompatible administrative cost methodologies.

Site visit findings provided important context to those conclusions. Workforce Center career advisors reported no visibility into what social services a customer might be receiving and had no reliable referral pathway to the Department of Human Services (DHS) absent a personal relationship. DCO caseworkers, who pull cases from a statewide queue, reported searching the internet to identify local resources in counties they do not serve. Fewer than one percent of Arkansans enrolled in the Supplemental Nutrition Assistance Program (SNAP) participate in Employment and Training (SNAP E&T) services. Programs that were designed to move people toward work are, in practice, operating only as benefit administration.

Building on that framework, WorkED gathered and analyzed additional agency information, including staffing, physical locations, technology inventories, reporting requirements, and cost allocation methodologies, from DHS, Arkansas Workforce Connections, the Department of Education, the Department of Health, and Community Action Agencies. The findings from that analysis appear alongside each recommendation in the section that follows.

ESTABLISHED REFORM FOUNDATIONS

Arkansas is not starting from a blank page. Over the past decade, the State has built much of the legal, technological, and administrative foundation that an integrated workforce and human

[4] Kristen Lewis et al., Broad Recovery, Persistent Inequity: Youth Disconnection in America (Measure of America, Social Science Research Council, 2024).

services system requires. What Arkansas has not yet done is bring those pieces together under a single administrative structure, a single service delivery architecture, and a single financial management approach.

SHARED ADMINISTRATIVE SERVICES

The Department of Shared Administrative Services (SAS), established in 2019 and updated as part of Act 205 in 2025, has begun coordinating with individual agencies to streamline shared needs and offers a working blueprint for further consolidation. Additionally, three hundred (300) agencies, boards, and commissions have been consolidated into fifteen (15) departments with centralized administrative services. Two particular areas of SAS oversight support an effective integrated system: statewide data and technology structure and the State's physical resource alignment.

Data and Technology Governance

Arkansas has been dismantling data silos since the Open Data Transparency Taskforce was created by Senate Bill 983 in 2015, work that produced the Arkansas Data Hub. Act 480 of 2025 and Executive Order 25-10 completed the governance architecture: the Office of State Technology (OST), within SAS, now holds statutory authority to administer statewide IT, set and enforce standards, and operate a centralized IT governance model.[5] Department chief information officers (CIOs), formerly independent, now report to the state CIO. Any new technology or procurement project must now clear IT governance review — a structural safeguard against the creation of new silos. Integration of eligibility systems through the Data Hub, supported by a master person index, is currently being implemented.

> *"The State has built much of the legal, technological, and administrative foundation that an integrated workforce and human services system requires.*

Shared Administrative Services and the Physical Footprint

SAS is working with executive branch agencies to identify opportunities to consolidate physical service delivery locations — not only for workforce and human services, but across revenue and broader state government service delivery. This effort is directly relevant to the recommendations below and should be treated as a vehicle for physical resource integration.

WORKFORCE GOVERNANCE AND PROGRAM ALIGNMENT

Executive Order 23-16 established the Governor's Workforce Cabinet and the Chief Workforce Officer in 2023,[6] and the Cabinet has pursued a multiyear roadmap to streamline intake, case management, and outcome measurement. In the same year, the Department of Commerce reorganized the former Division of Workforce Services into three divisions — Arkansas

[5] Act 480 of 2025; Executive Order 25-10, "Modernizing and Enhancing Efficiency, Security, and Oversight of Statewide Information Technology (IT) Services," June 11, 2025.
[6] Executive Order 23-16, "Executive Order to Create the Governor's Workforce Cabinet and the Chief Workforce Officer," February 9, 2023.

Workforce Connections, Reemployment, and Workforce Policy and Innovation — while Temporary Assistance for Needy Families (TANF) administration moved to DHS.

Planning Program Alignment

In August 2026, USDOL approved Arkansas's request for a substantial package of WIOA waivers.[7] Of particular importance for restructuring service delivery in Arkansas is the allowance of the state workforce development board to function as the local workforce development board for all workforce areas. This waiver provides flexibility to move to a more consistent "franchise model" whereby the state has authority to operationalize service delivery throughout the state, ensuring a consistent approach to serving customers while allowing for appropriate regional variation. Arkansas Workforce Connections estimates $6 million in savings upon full implementation of the full waiver package.

Most recently, Arkansas received approval of a combined WIOA and Perkins state plan built around a coordinated approach, shared case management, and a consistent service delivery model. This is the clearest signal yet that the operational direction of the executive branch and the structural direction of these recommendations are consistent.

Integrated Intake, Case Management, and Job Matching

Three platforms currently support the State's integration work. CiviForm, an open-source common intake portal, is being implemented across departments to replace redundant application processes; its ongoing cost is roughly $500 per month against approximately $2 million annually for the legacy systems it is intended to supersede. Arkansas LAUNCH, the State's workforce and job-matching platform, is replacing the Arkansas JobLink system and is being built to national interoperability standards. Hope Hub, launched through the Governor's 10:33 Initiative in late 2025, provides a collaborative case management tool connecting government agencies, faith-based organizations, and community providers on a shared platform.[8]

The State is actively developing a prioritized set of integrations among Hope Hub, Arkansas LAUNCH, and CiviForm to deliver a more seamless service experience. The components of an integrated intake and case management system therefore exist; what remains is to connect them and to place them under an administrative structure that gives every frontline worker access to all three.

EDUCATION AND CAREER PATHWAYS

The LEARNS Act of 2023 established a foundation for Arkansas's youth career pathways,[9] creating flexibility for students to pursue internships and apprenticeships, aligning career and technical programs to high-demand occupations, and identifying twenty-two high-wage, high-demand pathways. Arkansas has since increased the Workforce Challenge Scholarship to $3,000 per year, expanded eligibility to private providers, and started rebalancing the Perkins

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[7] August 26, 2026, letter to Governor Sarah Huckabee Sanders, U.S. Department of Labor, Employment and Training Administration.
[8] Arkansas Governor's Office, "Sanders Announces the Launch of the 10:33 Initiative Pilot Program," October 6, 2025.
[9] Act 1 of 2023 (Literacy, Empowerment, Accountability, Readiness, Networking, and School Safety Act).

secondary–postsecondary split toward postsecondary institutions. Relatedly, Arkansas LAUNCH has been building out intentional career pathways that include a full range of identified stackable credentials and education and training opportunities. These tools were initially built for K–12 students' postsecondary and career planning; extending them to adults would help the State re-engage Arkansans who are disconnected from the workforce and ensure that all adults can identify and access upskilling opportunities that lead to upward mobility.

THE OPPORTUNITY

Arkansas has the legal authority for statewide IT governance, an operating integrated data platform, an approved waiver package, a combined state plan oriented toward integration, three technology platforms in active deployment, a physical consolidation effort, and a federal environment that rewards state innovation. The missing element is structural: the programs remain distributed across departments whose staffing, cost allocation methodologies, reporting obligations, and case management practices were never designed to work as one system.

FOUNDATIONS ALREADY IN PLACE

- ✓ Statewide IT governance authority (Act 480; EO 25-10)
- ✓ Operating integrated data platform (Arkansas Data Hub)
- ✓ Approved WIOA waiver package (August 2026)
- ✓ Combined WIOA and Perkins state plan built for integration
- ✓ CiviForm, Hope Hub, and Arkansas LAUNCH in active deployment
- ✓ Physical consolidation effort underway through SAS

The missing piece: ***A structure that makes these assets work as one system.***

Integration lets Arkansas redirect dollars from administrative duplication to direct services — particularly training and supportive services that address the childcare, transportation, and benefits-cliff barriers frontline staff identify most often. It gives employers a single point of contact instead of a maze of agencies and subgrantees, gives every Arkansan entering the system, through any door, an academic and career development plan first rather than a benefit determination, and allows the Legislature to align appropriations with outcomes because, for the first time, outcomes would be measured consistently across programs.

> *"Integration lets Arkansas redirect dollars from administrative duplication to direct services.*

Structure of the Workforce Reform Advisory Group Activities

WorkED and the Workforce Reform Advisory Group began exploring recommendations for workforce system reform with the following vision and five goals as guides.

Arkansas should modernize and transform its workforce development and human services system through an integrated administrative and service delivery model that streamlines state and local program administration, improves both the quality of and access to services and supports, and promotes fiscal integrity and resource efficiency for the benefit of Arkansas residents and employers.

Goals:

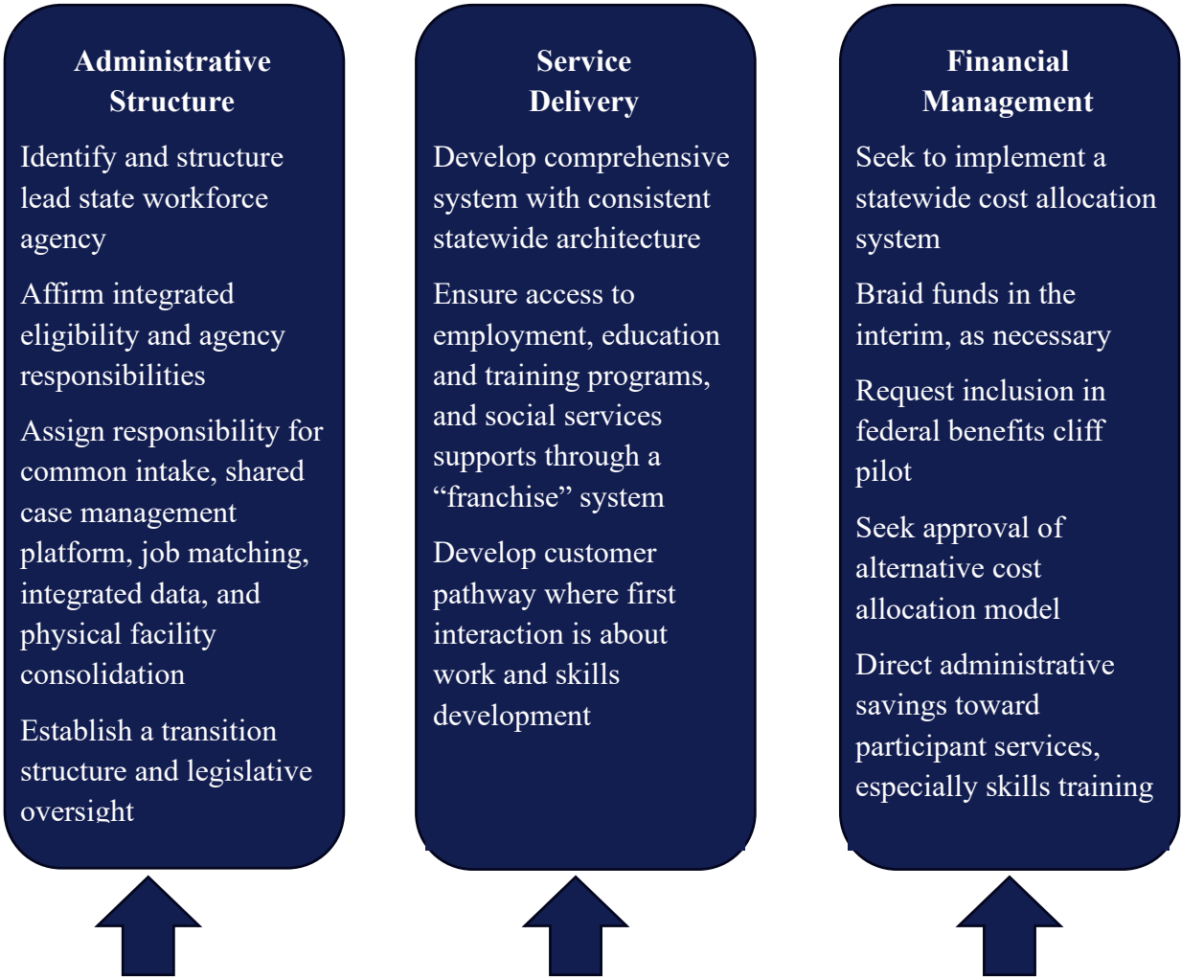
1. Promote upward mobility and increased wages for families
2. Provide greater access to services that promote longer-term employment and labor force attachment
3. Maintain a strategic approach to helping employers access sources of talent for well-paying jobs
4. Create efficiencies that promote effective government services, outcomes, and impact
5. Innovate to meet rapid changes in employment, labor markets, skills needed for jobs, and deployment of technology

The Advisory Group's deliberations also produced a set of design principles that shaped the recommendations:

- **Person-centric, not program-centric.** The system should be organized around what an individual needs, not around which funding stream a worker happens to be paid from.
- **Work first.** An employment or training plan should precede, and then inform, the eligibility determination.
- **Statewide consistency with regional flexibility.** Services should be delivered the same way in every part of Arkansas, with room to tailor to local economic conditions.
- **Results-based and publicly accountable.** Outcomes — employment, wages, credential attainment, and sustained labor force attachment — should be measured consistently and reported to the Legislature.
- **Informed decisions and bold action.** Foundational improvements often take difficult decisions, which must be made with the best information and data available.

Recommendations

The recommendations below fall within three structural categories: **Integrated Administrative Structure, Integrated Service Delivery,** and **Integrated Financial Management**, with an **organizational shift** serving as the foundation for the structural recommendations. Each is addressed in turn below.



ORGANIZATIONAL SHIFT

Establish the system with three foundational entities, each of which has clear authority over one aspect of the overall system:

- **The Office of Workforce Solutions (OWS)** within the Arkansas Department of Commerce is the workforce agency and the front door. It owns the academic and career development plan, the workforce programs and supportive services information, newly redefined and integrated Arkansas Workforce Centers, and the employer relationship.
- **The Department of Human Services** is the statewide eligibility authority. The Arkansas Integrated Eligibility System (ARIES) remains the system of record, expanded in scope, with eligibility sequenced behind the academic and career development plan for work-capable customers.
- **The Department of Shared Administrative Services** is the integration layer. It owns the platforms that enable common intake (CiviForm), shared case management (Hope Hub), and job matching (Arkansas LAUNCH), as well as the Arkansas Data Hub and master person index and statewide IT governance.

  Placing lead integration responsibility with SAS gives the shared intake and case management approach a neutral owner with existing statutory authority,[10] and it prevents integration from becoming a question of conflicting agency policies and priorities.

This organizational shift provides flexibility by structuring a system that is not completely housed in a single cabinet-level agency. This also aligns with three key factors:

- **The workforce consolidation requires no new federal permission.** On August 26, 2026, USDOL approved a package of WIOA waivers, including authority under WIOA Section 107(b) for the State Workforce Development Board to carry out the roles and responsibilities of the local boards.[11] The Employment and Training Administration (ETA) within USDOL further determined that a separate waiver allowing the combined state plan to serve as a regional planning framework was unnecessary in each local area where the State Board assumes the local board role. Arkansas, therefore, now holds the federal authority to govern its workforce programs as one statewide system and can execute the first phase of reform with the approvals it holds today. Two features of that approval shape everything that follows: the waivers expire June 30, 2028, and the local workforce development areas remain intact as formula allocation units.

[10] Act 480 of 2025; Executive Order 25-10, June 11, 2025.
[11] August 26, 2026, letter to Governor Sarah Huckabee Sanders, U.S. Department of Labor, Employment and Training Administration.

- **Moving eligibility would put Arkansas's strongest asset at risk.** Medicaid and SNAP each require a designated single state agency under federal regulation.[12] Transferring those designations out of DHS would trigger review by the Centers for Medicare & Medicaid Services (CMS) and the Food and Nutrition Service and would place ARIES, the most mature integration asset the State owns, in the middle of a federal approval process. The better course is to leave the eligibility functionality housed at DHS and realign customer flow and pathways.
- **"Work first" is a sequencing change, not an ownership change.** What makes an integrated system work-focused is consolidated physical and virtual access in which academic and career development planning occurs before the benefit determination, so that services can be better targeted to each participant's circumstances and needs. (For instance, a recently laid-off worker may have a different path than a single parent with children who has no work history.) That outcome can be achieved with eligibility in DHS, provided the statutory duty and the shared case record exist.

RECOMMENDATION 1: INTEGRATED ADMINISTRATIVE STRUCTURE

Consolidate Arkansas's workforce programs into a single state workforce agency, centralize eligibility for various workforce and social services programs, sequence workforce planning and eligibility appropriately, and give the Legislature a defined transition to oversee.

1.1	Establish OWS as Arkansas's single state workforce agency, consolidating all federal and state employment, training, and reemployment programs under one administrative authority.
1.2	Codify statewide workforce governance in statute, including the State Workforce Development Board carrying out local board functions and assuring equitable regional fiscal allocations, and begin the waiver renewal process well in advance of the June 30, 2028, expiration.
1.3	Confirm DHS as Arkansas's statewide integrated eligibility authority, confirm ARIES as the integrated eligibility system, and impose a statutory requirement that an individualized academic and career development plan precede or accompany the eligibility determination for every work-capable customer.
1.4	Assign responsibility for common intake, shared case management, job matching, integrated data, and physical facility consolidation to SAS, with a statutory mandate to serve both OWS and DHS.

[12] 42 CFR § 431.10 requires a state to designate a single state agency to administer or supervise the administration of the Medicaid state plan. 7 C.F.R. § 271.4 makes a comparable designation for SNAP. Both permit delegation of functions but restrict transfer of the designation itself without federal review and approval.

1.5	Establish a transition structure with an effective date of July 1, 2027, including a transition office, subject-matter work groups, and defined reporting milestones to the Arkansas Legislature.
1.6	Align appropriations to the new structure, transferring program appropriations and federal fund authority to OWS while preserving DHS appropriations for eligibility operations.

RECOMMENDATION 1.1

Establish OWS as Arkansas's single state workforce agency, consolidating all federal and state employment, training, and reemployment programs under one administrative authority.

Programs consolidated into OWS should include WIOA Title I Adult, Dislocated Worker, and Youth; WIOA Title II Adult Education and Literacy; WIOA Title III Wagner-Peyser Employment Services; WIOA Title IV Vocational Rehabilitation and Services for the Blind; Unemployment Insurance and Reemployment Services; the Office of Skills Development; the Career Pathways Initiative (CPI); the funding for subsidized childcare from TANF and the Child Care and Development Fund (CCDF); and the employment and training components of Transitional Employment Assistance (TEA) and SNAP E&T.

An important distinction regarding TANF, CCDF, TEA, and SNAP E&T transitions should be stated plainly in legislation. OWS receives responsibility for *operating* childcare participant enrollment, TEA work activities, and SNAP E&T, including the case management, training, employer connection, and outcome tracking components. DHS is responsible for *determining eligibility* for TANF, CCDF, TEA, and SNAP E&T participants while the Department of Education maintains childcare provider eligibility determination and reimbursements for TANF and CCDF. This is the arrangement that lets Arkansas make its work programs work without disturbing its federal designations.

ONE WORKFORCE CENTER, BY THE NUMBERS

14	**~6**	**~$2M**
Career advisors on staff	Customers served per month	Annual operating budget, drawn largely from WIOA Title I

Key Findings Supporting This Recommendation

- **The workforce functions are already fragmented across three departments.** Arkansas Workforce Connections sits in the Department of Commerce; workforce training programming sits in the Department of Education; TEA and SNAP E&T program operations sit in DHS. No single entity is accountable for whether an Arkansan seeking work gets to work.

- **This is a realignment that better defines agency responsibilities while promoting a franchise concept for service delivery.** This action does not create a new cabinet-level agency, which state officials agree they do not want to do. Rather, it takes scattered workforce functions and integrates them into a purpose-built agency with clear accountability for outcomes.
- **Service capacity is badly underused.** One Arkansas Workforce Center visited during the Informational Study's research employed 14 career advisors and estimated it served approximately six customers per month, roughly 75 per year, on an operating budget of about $2 million, drawn largely from WIOA Title I.[13] Staff at the Workforce Centers visited reported no visibility into what social services their customers were receiving and no reliable referral path absent a personal relationship with a DHS worker.
- **Fewer than one percent of SNAP enrollees participate in SNAP E&T.** Participation is voluntary, and frontline staff report that encouraging it is difficult. A work program housed apart from the workforce agency, with no shared case record, produces exactly this result.
- **The Career Pathways Initiative is a working model already inside the system.** CPI operates at 22 Arkansas community colleges and two university campuses with a director and case manager at each site — 45 full-time and four part-time college staff plus a three-person state office. FY25 salary and fringe costs were $3,576,071 at the colleges and $307,304 for the state office. The program is funded entirely by DHS through TANF and distributed to colleges on a performance-based formula. Having OWS take over administrative oversight would emphasize the employment and self-sufficiency philosophy and intent of the program and bolster the relationship between OWS and the community colleges.

RECOMMENDATION 1.2

Codify statewide workforce governance in statute, including the State Workforce Development Board carrying out local board functions and assuring equitable regional fiscal allocations, and begin the waiver renewal process well in advance of the June 30, 2028, expiration.

The August 2026 WIOA waiver approvals give Arkansas this authority administratively, but only through June 30, 2028. State statute makes the governance structure durable and gives the Legislature a place to attach regional funding assurances that promote rural service delivery. Arkansas should treat waiver renewal (or the pursuit of permanent authority through WIOA reauthorization or a state innovation waiver) as a distinct workstream with its own timeline and owner.

One key consideration for the Legislature taking up this recommendation is that the waiver does not consolidate or eliminate Arkansas's local workforce development areas. It permits the State

[13] Alliance for Opportunity, Informational Study.

Board to conduct local board functions within the existing local areas, while continuing to solicit local input, allocate funding by formula to the local areas for which the State Board is carrying out those functions, and assume all other local board responsibilities described in WIOA Section 107(d).

THE AUGUST 2026 WAIVERS AT A GLANCE

6	$6M	6/30/28
WIOA waivers approved by USDOL on August 26, 2026	Anticipated shift from administrative costs to direct participant services	Expiration date — renewal must be prepared during the transition

Key Findings Supporting This Recommendation

- **Six WIOA waivers were approved by USDOL**, five through June 30, 2028, and one for program years 2026 and 2027[14]:
  - WIOA Section 107(b) — the State Board carrying out the roles and responsibilities of local boards
  - WIOA Sections 128(c)(3) and 133(c)(3) — reallocation of recaptured funds among local areas under State-developed criteria
- WIOA Section 121(e) and 20 CFR 678.300(c) — relief from maintaining a comprehensive American Job Center in each local area
- 20 CFR 680.210(c), 680.230, and 680.910 — discretion to apply WIOA Adult and Dislocated Worker funds before establishing that other assistance is unavailable or insufficient, with participant self-attestation
  - WIOA Section 101(b)(1) and (c) and 20 CFR 679.110(b)–(c) — alternative State Board membership requirements, approved with a condition
  - WIOA Section 129(c)(2) and 20 CFR 681.460 — relief from making all 14 youth program elements available, approved for PYs 2026 and 2027
- **The State Board membership waiver is the approval most directly tied to this recommendation.** Arkansas sought alternative membership requirements to streamline board size, increase coordination between employers and state government, and improve board accountability. USDOL approved it on the condition that the State supply quantifiable projected outcomes and a projected structure identifying which membership categories will be seated. Because that same board now carries local board functions

[14] A seventh request was found unnecessary rather than denied. Arkansas requested a waiver of WIOA Sections 106(c) and 106(a)(2) and the corresponding regulations to allow the combined state plan to function as a regional planning framework. USDOL determined that the State Board waiver made it unnecessary in each local area where the State Board assumes the local board role — a favorable outcome, but one that leaves the regional planning framework resting on the State Board waiver rather than standing on its own.

across the state, its composition is a substantive governance question, and state statute is the right place to define it.

- **Arkansas has committed to measurable outcomes that USDOL will assess.** The approval cites an anticipated $6 million redirected from administrative costs to direct participant services, resulting in an additional 200 participants served, a centrally directed business outreach strategy through Arkansas Industry Connect, and more seamless integration of WIOA Title I and Wagner-Peyser Employment Services.
- **Arkansas currently operates 10 local workforce development areas.** Only the Central and Little Rock areas have been designated by the Governor to operate as a planning region. Under the waiver, the local areas remain the units to which funding is targeted by formula.
- **The recently approved combined WIOA and Perkins state plan already assumes this model.** The plan is built on a coordinated approach, shared case management, and consistent statewide service delivery. Statute would align the State's legal framework with the operating plan it has already committed to the federal government.
- **Existing regional partnerships are economic, not service-access, relationships.** Workforce Connections' eight memoranda of understanding (MOUs) are with six regional Planning and Development Districts. None are with DHS, the Department of Health, or the Department of Education, meaning the current regional structure does not connect a customer to the services they need.

RECOMMENDATION 1.3

Confirm DHS as Arkansas's statewide integrated eligibility authority, confirm ARIES as the integrated eligibility system, and impose a statutory requirement that an individualized academic and career development plan precede or accompany the eligibility determination for every work-capable customer.

This recommendation deliberately leaves eligibility where it is, but it changes the order of operations and the visibility of the result. Under Arkansas's current practice, a customer's first substantive interaction with the system is a benefit determination. Under this recommendation, the first substantive interaction would be an assessment of what stands between that person and family-sustaining employment, ultimately producing an academic and career development plan that addresses immediate barriers to employment and education as well as long-term self-sufficiency goals. That plan is recorded in the shared case record and visible to both OWS and DHS staff. The eligibility determination then follows and supports that plan. For customers who are not work-capable, such as individuals with qualifying health conditions or disabilities and those under working age, the eligibility process proceeds as it does today.

ELIGIBILITY INFRASTRUCTURE ALREADY AT SCALE

400,000+	81	$161M
Applications processed through ARIES each year	DCO county offices serving 1.49 million people in SFY 2024	Documented annual cost of ARIES, the State's largest technology asset

Key Findings Supporting This Recommendation

- **ARIES is a valuable integration asset and should not be disturbed.** ARIES is the eligibility and benefits system of record for Medicaid, SNAP, TANF, and Summer EBT, and processes more than 400,000 applications annually. Further, it is already integrated with the Arkansas Administrative Statewide Information System (AASIS) and the Office of Child Support Enforcement. Its documented annual cost of approximately $161 million dwarfs every other technology cost across the agencies reviewed, which makes it the technical anchor of any integration effort rather than a peer system.
- **ARIES only partially integrates eligibility.** ARIES currently does not cover workforce programs such as WIOA or work-support programs such as Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) food packages (administered by the Department of Health), subsidized childcare and the Child Care Assistance Program (administered by the Department of Education, which maintains no physical offices where clients can apply), the Low Income Home Energy Assistance Program, or LIHEAP (administered through 15 subcontracted community-based organizations, with no formal DCO referral process), housing, or Supplemental Security Income. Expanding ARIES to cover the work-support programs is a higher-value step than relocating administrative responsibility.
- **Childcare support as part of an employment and self-sufficiency goal remains fragmented.** A parent meeting TANF work requirements and a parent seeking childcare assistance currently go through two separate agencies with two separate eligibility processes, even though childcare is the support most often needed to satisfy the work requirement.
- **Eligibility processing is already statewide and queue-based.** DCO operates 81 county offices and served 1,487,628 people in state fiscal year 2024 on an operating budget of approximately $237 million, exclusive of Medicaid expenditures.[15] Caseworkers pull cases from a statewide work queue and process four to six applications daily. The infrastructure for a dedicated, remote-capable eligibility division exists; it does not need to be rebuilt in a new agency.
- **Caseworkers cannot currently see what customers need.** Because they pull cases statewide, DCO caseworkers routinely handle applications from counties whose local

[15] Arkansas Department of Human Services, 2024 Statistical Report.

resources they do not know and report searching the internet to identify referrals. There are no standardized referral tools. DCO management has expressed a need to expand electronic referrals to external agencies.

- **Federal work requirements raise the stakes.** Expanded SNAP work requirements and Medicaid community engagement requirements under the One Big Beautiful Bill Act, together with penalties for SNAP payment error rates above six percent, now mean Arkansas needs employment plans and outcome tracking attached to eligibility cases as a matter of federal compliance, not only good practice.

RECOMMENDATION 1.4

Assign responsibility for common intake, shared case management, job matching, integrated data, and physical facility consolidation to SAS, with a statutory mandate to serve both OWS and DHS.

Three platforms, a shared data layer, and one facilities effort constitute the connective tissue of the integrated system. All five should sit with SAS, which already holds the statutory authority and the neutrality to operate them on behalf of both operating agencies.[16]

- **CiviForm** — the common intake portal, targeted for broad implementation and intended to replace ACCESS AR.
- **Hope Hub** — the shared case management platform, launched through the Governor's 10:33 Initiative.
- **Arkansas LAUNCH** — the career pathways planning, job matching, and labor exchange platform replacing Arkansas JobLink.
- **Arkansas Data Hub and master person index** — the shared data layer and the identifier that lets a single customer record follow a person across both agencies.
- **Physical footprint consolidation** — the statewide effort now underway across workforce, human services, revenue, and broader government service delivery.

Key Findings Supporting This Recommendation

- **The Department of Shared Administrative Services already holds the authority.** Act 480 of 2025 and Executive Order 25-10 gave the Office of State Technology within SAS statutory charge to administer statewide IT, set and enforce standards, and operate a centralized IT governance model. Department chief information officers now report to the state CIO, and any new technology or procurement project must clear IT governance review — a structural safeguard against creating new silos during the transition.

[16] It is important to note that while the state's existing and developing platforms are named here, it is the existence of shared platforms and not these specific platforms themselves that is essential to a successful integrated workforce system.

- **The integration work has already started.** The State is developing a prioritized list of integrations among Hope Hub, Arkansas LAUNCH, and CiviForm. This recommendation formalizes and funds work that is underway rather than initiating it.
- **The cost case is favorable.** CiviForm carries an ongoing cost of approximately $500 per month against roughly $2 million annually for the legacy systems it is intended to supersede.

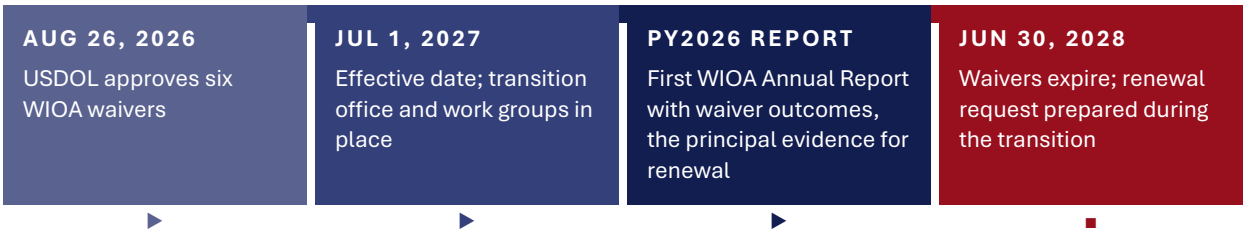
RECOMMENDATION 1.5

Establish a transition structure with an effective date of July 1, 2027, including a transition office, subject-matter work groups, and defined reporting milestones to the Arkansas Legislature.

A July 1, 2027, effective date aligns with the Arkansas state fiscal year and provides a transition period sufficient to develop a statewide roadmap and timeline for integration activities that include completing data collection, standing up work groups, and sequencing the federal filings described in Recommendation 3: Integrated Financial Management. Work groups should cover, at minimum: program and staff transition; physical location consolidation; technology and data integration; eligibility sequencing and ARIES scope expansion; cost allocation and federal filings; and performance measurement.

The Legislature should require reporting against defined milestones throughout the transition rather than at the end. Milestone reporting gives the Legislature and the Governor's office the ability to intervene while intervention is still useful. To support the effort this transition will require, a dedicated project manager who is empowered to drive change and coordinate with state agency leaders should be designated.

KEY DATES FOR THE TRANSITION



Federal Commitments to Incorporate into the Transition Plan

The August 2026 waiver approval carries obligations that should be written into the transition plan rather than tracked separately by the Department of Commerce. Several are prerequisites to implementation.

- **Planning milestones and policies owed to USDOL before implementation.** Arkansas indicated it was in the planning phase with the State Board chairman to establish a board transition committee. USDOL requested any additional planning milestones developed by that committee, along with any subsequent policies detailing how the State intends to execute the waiver, prior to implementation.

- **A structured 10-month transition process.** USDOL cited this as part of the rationale for approval. The transition calendar should reflect it.
- **A WIOA-first funding policy, with monitoring.** The State must develop a policy outlining when the WIOA-first funding approach is appropriate and must monitor to prevent unnecessary substitution of WIOA funds where State-funded training funds or Federal Pell Grants are available and sufficient. This obligation will interact directly with Workforce Pell as it scales up over the next year.
- **Notification when an American Job Center converts to an affiliate site.** This should be sequenced with the physical consolidation work in Recommendation 2.2, below, so that facility decisions and federal notifications move together.
- **Board membership structure and projected outcomes** are required as a condition of the State Board membership WIOA waiver.
- **Waiver outcome reporting through the WIOA Annual Report.** USDOL will use this information to assess continued waiver approval and to identify practices for wider adoption.
- **Nondiscrimination compliance.** USDOL reminded the State that WIOA Title I waivers may not be used for any discriminatory purpose and that all activities and waiver plan provisions must comply with WIOA Section 188 and 29 CFR Part 38.

One timing issue deserves attention. **A July 1, 2027, effective date leaves twelve months before the waivers expire on June 30, 2028.** Therefore, a waiver renewal request should be prepared during the transition rather than after it, and the WIOA Annual Report covering PY2026 — the first report carrying waiver outcomes — becomes the State's principal evidence for renewal.

RECOMMENDATION 1.6

Align appropriations to the new structure, transferring program appropriations and federal fund authority to OWS while preserving DHS appropriations for eligibility operations.

Appropriations should follow programs, and the transition process can further refine the cost allocation methodology recommended below, under Recommendation 3: Integrated Financial Management. Ongoing reports to the Legislature should contain updated information on appropriations alignment and cost allocation.

RECOMMENDATION 2: INTEGRATED SERVICE DELIVERY

> Build a comprehensive system in which all employment, education, training, and social services programs that support employment are accessed and tailored through a consistent statewide "franchise model" architecture.

2.1	Operationalize service delivery consistently across all regions of the state while allowing for regional innovation and tailoring, with resource allocation assurances for rural areas (franchise model).
2.2	Consolidate physical and virtual infrastructure, using the statewide service-location consolidation effort already underway as the vehicle, and beginning with counties where agencies already operate in the same community.
2.3	Establish a single work-first intake process in which every work-capable customer, regardless of which program they enter, receives an academic and career development plan that is recorded in the shared case record and managed by OWS, which precedes the eligibility determination for individual programs.
2.4	Consolidate eligibility functions into a dedicated division within DHS capable of supporting customers remotely as well as from physical locations and expand its scope to the work-support programs currently administered separately.
2.5	Implement integrated case management on a shared platform, separating case management from eligibility determination and giving every case manager visibility into the full array of services a customer is receiving.
2.6	Establish a single regional point of contact for employers, supported by a shared customer relationship management system across OWS, DHS, and the community and technical colleges.
2.7	Adopt a common performance and accountability framework built on outcomes rather than inputs, with a defined reporting relationship to the Legislature.

RECOMMENDATION 2.1

Operationalize service delivery consistently across all regions of the state while allowing for regional innovation and tailoring, with resource allocation assurances for rural areas (franchise model).

All individual and employer customers should expect a consistent service experience that does not depend on which office someone enters or in what part of the state someone lives. A "franchise model" of service delivery means that the state can ensure a foundational experience exists for individual and employer customers while permitting appropriate regional flexibility to adapt to local labor markets or economic conditions.

Key Findings Supporting This Recommendation

- **Workforce Center funding is narrow, and costs are not shared.** WIOA Title I and Wagner-Peyser funding consistently carry the Workforce Center infrastructure, and funding for skills training is limited as a result. Other related employment, training, and social services programs are delivered through separate processes; thus, costs are not shared and inefficiencies are built in.
- **Coverage is incomplete.** Arkansas operates 26 Workforce Centers, which are not located in every county. Nine Mobile Workforce Centers extend Workforce Connections' reach but are principally deployed for rapid response to dislocated workers.

- **The Workforce Centers' footprint is limited as a tool to impact labor force participation or help people with upward mobility.** There is evidence that Workforce Centers are used for unemployment benefits intake rather than as vibrant places for seeking work, training, or assistance, even though unemployment applications can be filed online without visiting an office.

RECOMMENDATION 2.2

Consolidate physical and virtual infrastructure, using the statewide service-location consolidation effort already underway as the vehicle, and beginning with counties where agencies already operate in the same community.

Through SAS coordination, Arkansas has already started an examination of opportunities for state services to be co-located across a host of different agencies. Building upon this effort, the State should aggressively examine opportunities for OWS and DHS to share physical service delivery locations and infrastructure.

Additionally, further co-location and physical infrastructure integration should extend to postsecondary institutions, especially community colleges and continuing education. The Career Pathways Initiative is a TANF grant program that offers additional academic and nonacademic supports for parents of minors who are low income and/or qualify for governmental services. This intensive program may serve as a foundational component of an intentional movement toward better co-locating workforce services and education and training programs.

READY-MADE INTEGRATION HUBS

6	26	24
Counties with immediate co-location opportunities for DHS and Workforce Connections	Arkansas Workforce Centers statewide, plus nine Mobile Workforce Centers	Career Pathways campuses (22 community colleges, two universities) already staffed

Key Findings Supporting This Recommendation

- **Six counties present immediate co-location opportunities.** DHS and Workforce Connections operate offices in the same communities in six counties — Benton, Conway, Hot Spring, Lonoke, Searcy, and Union — presenting an immediate opportunity for co-located service delivery and shared administrative overhead. In some of these communities, Workforce Centers are located directly across the street from DHS offices, and customers are simply sent from one to the other.
- **Community college campuses offer a ready statewide network.** The Career Pathways Initiative already operates at 22 community colleges and two university campuses, each with a director and case manager. These campuses are natural integration service hubs, extending the footprint well beyond the 26 Workforce Centers at minimal capital cost.
- **A comprehensive facilities audit is a prerequisite.** The State should document condition, available space, ownership, lease terms, and cost-effectiveness for every

workforce and human services location, and identify opportunities to consolidate leased space into state-owned property.

- **Savings estimates cannot yet be completed.** The extent to which participants are accessing services from multiple partner agencies, and the resources consumed by duplicate data entry and case oversight for the same person in each agency, have not been determined. A more focused effort to determine cost savings should be conducted with support from the appropriate state agencies.

RECOMMENDATION 2.3

Establish a single work-first intake process in which every work-capable customer, regardless of which program they enter, receives an academic and career development plan that is recorded in the shared case record and managed by OWS, which precedes the eligibility determination for individual programs.

This is the operational heart of Arkansas's reform and the point at which the sequencing of employment planning and eligibility determination is key. The first interaction should be with an OWS case manager focused on understanding the customer's circumstances, identifying barriers to employment and self-sufficiency, and developing an employment goal and plan. The eligibility process then follows and supports that plan. CiviForm serves as the common intake front end; the plan is recorded and accessible to staff regardless of how those staff are funded; and the customer's identity is resolved through the master person index so that the plan is visible to both OWS and DHS staff.

Key Findings Supporting This Recommendation

- **Arkansas has already built an integrated eligibility front end for three programs** — SNAP, TEA, and Medicaid — and is deploying CiviForm across departments. The tools for common intake exist.
- **Most individual customers do not currently have an employment plan.** Individuals entering the DHS system are not given a holistic work or training plan and must navigate referrals across locations and caseworkers.
- **Assessment practices themselves create barriers.** Career advisors report that the comprehensive CareerScope and Test of Adult Basic Education (TABE) assessment process, conducted on a computer and taking roughly an hour, causes some participants to give up before completing it. A work-first intake should be designed for the customer's circumstances, not the program's documentation requirements.
- **Cross-agency data connectivity does not exist today.** No confirmed data connectivity exists between Workforce Connections and DHS, the Department of Health, or the Department of Education. The master person index is the precondition for a portable employment plan.

RECOMMENDATION 2.4

Consolidate eligibility functions into a dedicated division within DHS capable of supporting customers remotely as well as from physical locations and expand its scope to the work-support programs currently administered separately.

The eligibility division should absorb determinations for WIC food packages, LIHEAP, and subsidized childcare, ending the practice of handing a customer a phone number and making them responsible for pursuing the support that their work requirement depends on. While eligibility determinations would be moved into the ARIES data system, the unique assessments, such as the nutrition assessment required for WIC, would remain within their respective departments.

Key Findings Supporting This Recommendation

- **Statewide remote processing is already the operating model.** ARIES uses a statewide work queue with round-robin assignment, allowing caseworkers anywhere in the state to process applications. This spreads workload across offices and supports focused program integrity efforts.
- **Three work-support programs sit outside the eligibility system.** WIC eligibility is handled by the Department of Health and was originally intended to be part of ARIES. Childcare assistance is administered by the Department of Education, which operates no physical offices for applications. LIHEAP is administered through 15 subcontracted community-based organizations that each process applications and determine eligibility independently, resulting in likely duplication of effort with no formal referral process from DCO.
- **Specialized casework is invisible to the rest of the system.** TEA caseworkers meet separately with clients to walk them through job training and childcare access, and regular DCO caseworkers have no visibility into those interactions.
- **Clerical staff report limited program knowledge.** Staff conducting initial screening receive approximately one week of training on ARIES and report limited understanding of the programs for which they are collecting information — several requested additional training. Consolidation should be paired with a defined training and progression structure.

RECOMMENDATION 2.5

Implement integrated case management on a shared platform, separating case management from eligibility determination and giving every case manager visibility into the full array of services a customer is receiving.

Case managers should be assigned to customers but should not determine eligibility. Their role is planning for employment, addressing barriers, connecting customers to education and training, and monitoring progress toward self-sufficiency. The State should use a shared platform and complete intake and case management integrations as an early transition deliverable.

Key Findings Supporting This Recommendation

- **Arkansas already has a model to use as a guidepost for expanding integrated case management.** The 10:33 Initiative, launched by the Governor's Office, uses the Hope Hub platform to connect government, faith-based, and community partners into one coordinated system. This model serves as a foundation for expanding integrated case management across government agencies and community partners.
- **The barriers staff identify are cross-agency barriers.** Various staff have pointed to childcare access, benefits cliffs for Medicaid and SNAP, and long waits for housing as the common obstacles to self-sufficiency, none of which a workforce case manager can address without visibility into and connection with the social services system.
- **Referral processes are manual.** Most DHS referrals consist of providing contact information to the client, who then bears responsibility for pursuing the service. The exception is the automated child support referral associated with TANF, which demonstrates that automated referral is achievable within the existing system.
- **Case management staffing requires its own attention.** The State should address the full spectrum of case management roles and career progression, appropriate caseload levels, and competitive compensation through a comprehensive professional development strategy.

RECOMMENDATION 2.6

Establish a single regional point of contact for employers, supported by a shared customer relationship management system across OWS, DHS, and the community and technical colleges.

Employers currently navigate a maze of agencies, local areas, subgrantees, and training providers. A regional coordinator functioning as a triage point — assessing employer needs and directing them to the appropriate solution — reduces the burden of engagement and improves the quality of the workforce pipeline Arkansas can offer. A shared customer relationship management (CRM) system prevents the same employer from being contacted separately by multiple programs.

Arkansas has already committed to this direction. USDOL's waiver approval cites a centrally directed business outreach strategy through Arkansas Industry Connect among the outcomes on which the State will be assessed. This recommendation extends that commitment beyond the workforce programs to include DHS and the community and technical colleges, so that an employer engaging the State encounters one relationship rather than several.

RECOMMENDATION 2.7

Adopt a common performance and accountability framework built on outcomes rather than inputs, with a defined reporting relationship to the Legislature.

Using the statewide longitudinal data system established under Act 936 of 2019, the framework should track a consistent outcome set for every customer exiting the system — employment,

earnings, credential attainment, and sustained labor force attachment — regardless of which program served them. Arkansas already tracks employment, income, and education outcomes two and four quarters after exit for WIOA and TANF participants, which provides the starting point.

Key Findings Supporting This Recommendation

- **Current reporting is overwhelmingly compliance-oriented.** DHS's inventory of 130 named reports consists principally of federal compliance and financial reporting. Outside of enrollment, expenditure, and business-intelligence metrics, no outcome data were identified for the safety net programs and are presumed not to exist.
- **Some outcome infrastructure already exists.** Arkansas Workforce Integration System (ARWINS) tracks TANF participant progress against federal performance requirements, though its scope is limited to TANF. A small number of DHS reports reflect genuine outcome measurement, notably the Arkansas Outcome Reporting Measures Annual Report for Employment and Training Programs and the CMS Adult and Child Core Set Measures Reports.
- **The Career Pathways Initiative demonstrates Arkansas agencies can do this.** CPI operates with outcome-based FY26 objectives including 80 percent employment within six months, wage-increase tracking, and credential attainment — although CPI itself has had no independent evaluation in three years.
- **No statewide cross-agency performance function exists.** Nothing reviewed across the five agencies indicates a cross-agency performance function at the state level. Arkansas should establish one, positioned to serve both OWS and DHS.
- **The Jobs and Employment Data Exchange (JEDx) could supply the missing data.** Outcome measurement has taken its first step through the Arkansas Data Hub. Implementation of JEDx, in which Arkansas is participating as one of two pilot states with the U.S. Chamber of Commerce Foundation, would enable access to real-time payroll data. The exchange is not yet functioning and may require legislation.

RECOMMENDATION 3: INTEGRATED FINANCIAL MANAGEMENT

Establish a statewide cost allocation system or other administrative arrangements that braid funds so that Arkansas finances a system rather than a collection of individual programs.

3.1	Develop and submit a statewide cost allocation model based on random moment time sampling, replacing the incompatible methodologies now in use across agencies.
3.2	In the absence of an approved statewide cost allocation model, braid federal funds to the extent permitted and seek federal waivers where available.

3.3	Move responsibility for partner MOU and infrastructure funding agreements to the state level.
3.4	Begin the process of requesting inclusion in a federal benefits cliff pilot and approval of an alternative cost allocation model.
3.5	Direct identified administrative savings toward direct participant services, particularly training and the supportive services that address childcare, transportation, and benefits cliff barriers.

RECOMMENDATION 3.1

Develop and submit a statewide cost allocation model based on random moment time sampling, replacing the incompatible methodologies now in use across agencies.

A statewide model allocates costs according to whom a worker is serving and what activity the worker is performing, rather than according to which program's payroll the worker sits on. This is the financial mechanism that makes work-first case management possible: a case manager funded by a system rather than a single program can serve the whole person.[17] Approval will require negotiation with multiple federal agencies and should begin during the transition period rather than after.

WHY A STATEWIDE COST ALLOCATION MODEL

3

Incompatible cost allocation methodologies now in use across agencies

1

Statewide model recommended, based on random moment time sampling

Key Findings Supporting This Recommendation

- **Three incompatible methodologies are in use.** DHS allocates administrative cost dynamically, through quarterly time studies, headcounts, and statistical tracking under the Arkansas Public Assistance Cost Allocation Plan, reallocated on an ongoing basis rather than reported as a single static figure. Workforce Connections allocates infrastructure cost statically, through a formula based on relative benefit received, set once and not dynamically re-measured. The Department of Education distributes TANF funding to the 22 Career Pathways Initiative colleges through a performance-based formula that explicitly does not factor in proportionate use. No comparable methodology has been confirmed for the Department of Health.
- **The practical consequence is that costs cannot be compared.** With at least three incompatible approaches in use, administrative and program costs cannot be evaluated on a common basis across agencies — a direct obstacle to the consolidated budgeting that Recommendation 1.6, above, depends on, and to any credible savings estimate.

[17] Utah has operated this methodology within an integrated state workforce agency for approximately three decades.

RECOMMENDATION 3.2

In the absence of an approved statewide cost allocation model, braid federal funds to the extent permitted and seek federal waivers where available.

Braiding laces together funding from multiple programs to support a common goal while each source retains its identity and is reported separately. It is more administratively demanding than a unified cost allocation model but is available immediately and can be structured at the point of service. Arkansas should treat braiding as the bridge strategy for the transition period.

RECOMMENDATION 3.3

Move responsibility for partner MOU and infrastructure funding agreements to the state level.

Under WIOA, responsibility for negotiating MOUs and infrastructure funding agreements rests with local boards, which hold no federal or state statutory authority to sanction noncompliant partners. The State Board's assumption of local board functions collapses these negotiations from ten local workforce development areas to a single state approach, and moving the responsibility to the state level allows cabinet-level agreements that can be implemented and are transparent.

RECOMMENDATION 3.4

Begin the process of requesting inclusion in the federal benefits cliff pilot and approval of an alternative cost allocation model.

Both actions carry time-sensitive milestones and require federal coordination and approval. They should be initiated during the transition period, in parallel with the state legislative process, rather than sequenced after it. Benefits cliffs were named by frontline staff as one of the three most common barriers their customers face, and case managers will need both the analytic tools and the program flexibility to address them.

RECOMMENDATION 3.5

Direct identified administrative savings toward direct participant services, particularly training and the supportive services that address childcare, transportation, and benefits cliff barriers.

The case for integration rests on redirecting resources from duplicated administration to services that move people into work. The Legislature should require that savings be identified, reported, and reinvested and should receive that accounting as part of the milestone reporting established in Recommendation 1.5.