

**ARKANSAS BUDGET SYSTEM
AGENCY PROGRAM COMMENTARY
1997 - 1999**

The State Board of Collection Agencies was created by Act 145 of 1965 and is now codified as A.C.A. §17-24-101 et seq. This State Board has original jurisdiction, appealable to Circuit Court, in such matters as licensing, revocation of licenses, investigation and prosecution of statutory violations, enforcement of bonding requirements, setting and enforcing standards of ethical operations and generally policing the activities of several hundred collection agencies presently operating in the State in order to reduce undesirable collection methods, fraud, misappropriation of client funds, unprofessional conduct, etc.

This State Board is also a consumer protection agency with two classes of consumers to protect: the creditors who give their accounts to collection agencies to be collected and the consumers/debtors. This Board investigates and, when necessary, acts upon consumer complaints of unfair or unconscionable collection practices, the assessment of illegitimate "collection charges," agency dishonesty, etc. When a consumer lodges a complaint, this office must institute a comprehensive investigation. Upon completion of the investigation, appropriate remedies are pursued. These include dismissal of the complaint, inviting the collection agency to an informal office conference to attempt to resolve the issues, or hold a formal hearing before the full Board of Directors, who sit as a quasi-judicial body, and who renders a decision which may result in suspension or revocation of the collection agency's license, civil fines, and/or criminal prosecution.

This State Board expects to end this fiscal biennium with a monetary surplus. However, with the continued increase in the number of in state and out of state collection agencies licensed and operating in Arkansas, the steady number of client and consumer complaints, the educational seminars provided to update and educate collection agencies, etc., the workload has increased tremendously in the last two years. It is anticipated that expenses shall continue to increase proportionately, particularly in such areas as personnel, communications, travel, office equipment/services, etc. It is also anticipated that this State Board will gradually increase to a full time organization within the next few years.

AGENCY STATE BD. OF COLLECTION AGENCIES	DIRECTOR JOANN C. QUIRK	AGENCY PROGRAM COMMENTARY BR21	PAGE 106
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STATE BOARD OF COLLECTION AGENCIES
SUMMARY OF AUDIT FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 1994

Assets				Liabilities			Total Equity
Cash and Investments	Fixed	Other	Total	Current	Long-Term	Total	
\$ 113,845	\$ 3,414	\$ 255	\$ 117,514	\$ 689	\$ 223	\$ 912	\$ 116,602

Revenues					Expenditures					Other Sources (Uses)
Inter-governmental	Federal	Licenses and Fees	Other	Total	Salaries and Matching	Grants and Aid	Capital	Other Operating	Total	
\$ 0	\$ 0	\$ 76,598	\$ 939	\$ 77,537	\$ 35,781	\$ 0	\$ 0	\$ 9,725	\$ 45,506	\$ 0

Findings

None.

Recommendations

None.

ARKANSAS BUDGET SYSTEM
 EMPLOYMENT SUMMARY
 AS REQUIRED BY ACT 358 OF 1993
 (A.C.A 19-4-307)

AGENCY TITLE 221 - STATE BOARD OF COLLECTION AGENCIES

	MALE	FEMALE	TOTAL	PERCENTAGE OF TOTAL
WHITE EMPLOYEES	<u>0</u>	<u>2</u>	<u>2</u>	<u>100%</u>
BLACK EMPLOYEES	<u>0</u>	<u>0</u>	<u>0</u>	<u>0%</u>
EMPLOYEES OF OTHER RACIAL MINORITIES	<u>0</u>	<u>0</u>	<u>0</u>	<u>0%</u>
TOTAL EMPLOYED AS OF 08/10/96			<u>0</u>	<u>0%</u>
<u>DATE</u>			TOTAL MINORITIES	
			<u>2</u>	<u>100%</u>
			TOTAL EMPLOYEES	


 AGENCY DIRECTOR

SUMMARY

STATUS OF NEW PROGRAMS/EXPANSIONS AUTHORIZED BY THE 79TH GENERAL ASSEMBLY

AGENCY: STATE BOARD OF COLLECTION AGENCIES

PROGRAM AUTHORIZED	# POS. AUTH.	ADDITIONAL AUTHORIZED APPROPRIATION		STATUS
		FY 95-96	FY 96-97	
<u>APPROPRIATION: A56 State Board of Collection Agencies</u>				
Salaries Matching	1	\$19,999 \$6,842	\$20,498 \$6,930	One authorized position was filled and \$11,217 of additionally authorized appropriation was spent for Personal Services, and the full amount was budgeted for FY97.
Operating Expenses		\$6,228	\$6,228	For FY96 the Board expended \$5,297 of the additionally authorized appropriation and has budgeted the full amount for FY97.
Capital Outlay		\$3,000	\$3,000	For FY96 the agency spent all additionally authorized appropriation on office equipment and has budgeted the full amount for FY97.

**ARKANSAS BUDGET SYSTEM
ANALYSIS OF BUDGET REQUEST
1997 - 1999**

The State Board of Collection Agencies is funded with the receipts of license fees for collection agencies.

The priority requests by the Board are \$75,738 for FY98 and \$76,360 for FY99 and include:

- \$26,854 in FY98 and \$27,604 in FY99 to allow the Agency Director to move from part-time to full-time status
- \$25,623 in FY98 and \$26,245 in FY99 for one Field Investigator to allow the Board to perform more regular inspections of collection agencies
- \$5113 in additional Extra Help and matching appropriation is requested to assist with the increased workload during the licensing period
- Operating Expense \$15,937 for each year for increases in rent, utilities, and other needs
- Conference Fees and Travel \$600 for each year to provide for the attending of an industry conference
- \$828 each year in Professional Fees for credit reports, and
- \$3,000 each year for Capital Outlay to purchase office furniture and equipment
- \$25,000 each year in appropriation only to spend sums of money placed in a trust account for the payment of claims from Surety Bonds.

The Executive Recommendation provides:

- \$26,854 in FY98 and \$27,604 in FY99 to provide Personal Services for a full-time Director.
- \$5,113 each year for Extra Help and matching
- \$2,000 for Operating Expenses
- \$828 each year for Professional Fees and Services
- \$3,000 for Capital Outlay and
- \$25,000 in appropriation only for the payment of claims from Surety Bonds.

Expenditure of appropriation is dependent upon available funding.

AGENCY Name: St. Board of Collection Agencies Code: 221	APPROPRIATION Name: Collection Agencies - Cash Code: A56	CASH FUND Name: Collection Agencies BD - Cash Code: 310	ANALYSIS OF BUDGET REQUEST BR20	PAGE 110
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ARKANSAS BUDGET SYSTEM

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CHARACTER TITLE	-----EXPENDITURES-----			-----97-98 FISCAL YEAR-----			-----98-99 FISCAL YEAR-----			-----R E C O M M E N D A T I O N S-----			
	95-96	96-97	96-97	BASE	PRIORITY PROGRAMS	TOTAL REQUEST	BASE	PRIORITY PROGRAMS	TOTAL REQUEST	EXECUTIVE		LEGISLATIVE	
	ACTUAL	BUDGETED	AUTHORIZED APPRO							97-98	98-99	97-98	98-99
REGULAR SALARIES	34,236	42,378	41,090	67,245	18,900	86,145	69,126	19,429	88,555	67,245	69,126		
NUMBER OF POSITIONS	2	2	2	2	1	3	2	1	3	2	2		
EXTRA HELP	512	5,000	250	250	4,750	5,000	250	4,750	5,000	5,000	5,000		
NUMBER OF POSITIONS	0	1	1	1	0	1	1	0	1	1	1		
PERSONAL SERV MATCHING	8,939	11,794	13,302	17,952	6,723	24,675	18,285	6,816	25,101	18,315	18,648		
OPERATING EXPENSES	15,634	15,703	15,703	15,663	15,937	31,600	15,663	15,937	31,600	17,663	17,663		
CONF FEES & TRAVEL	543	900	900	900	600	1,500	900	600	1,500	900	900		
PROF FEES & SERVICES	1,158	1,172	1,172	1,172	828	2,000	1,172	828	2,000	2,000	2,000		
CAPITAL OUTLAY	4,627	5,000	3,000	0	3,000	3,000	0	3,000	3,000	3,000	3,000		
DATA PROCESSING	0	0	0	0	0	0	0	0	0	0	0		
CLAIMS	0	0	0	0	25,000	25,000	0	25,000	25,000	25,000	25,000		
TOTAL	65,649	81,947	75,417	103,182	75,738	178,920	105,396	76,360	181,756	139,123	141,337		
PROPOSED FUNDING SOURCES			*****										
FUND BALANCES	103,748	198,675	*****	246,728		246,728	197,808		197,808	246,728	237,605		
GENERAL REVENUES			*****										
SPECIAL REVENUES			*****										
FEDERAL FUNDS			*****										
STATE CENTRAL SERVICES FUND			*****										
NON-REVENUE RECEIPTS			*****										
CASH FUNDS	160,576	130,000	*****	130,000		130,000	130,000		130,000	130,000	130,000		
OTHER			*****										
TOTAL FUNDING	264,324	328,675	*****	376,728		376,728	327,808		327,808	376,728	367,605		
EXCESS APPRO/ (FUNDING)	(198,675)	(246,728)	*****	(273,546)	75,738	(197,808)	(222,412)	76,360	(146,052)	(237,605)	(226,268)		
TOTAL	65,649	81,947	*****	103,182	75,738	178,920	105,396	76,360	181,756	139,123	141,337		

DEPT 007 REGULATORY BOARDS AND COMMISSIONS
 AGY 221 STATE BOARD OF COLLECTION AGENCIES
 APPRO A56 CASH OPERATIONS
 FUND 310 COLLECTION AGENCIES BD CASH(221)

FY 97 budget for Capital Outlay was increased through the authority of the DFA Cash Holding Account.

The FY97 Budgeted amounts in Regular Salaries and/or Personal Services Matching may exceed the Authorized amounts due to the implementation of the pay plan during the 1995-97 biennium.

APPROPRIATION SUMMARY
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ARKANSAS BUDGET SYSTEM
PROGRAM/SERVICE INFORMATION LIST
RANK BY APPROPRIATION

01	02	03	04	05	06	07	08	09	10	11	12	13	14	15	16	17	18	19
ANK	PROGRAM DESCRIPTION	FUND	ACCOUNTING INFORMATION	D E S	-----EXPENDITURES-----		-----1997 - 99 BIENNIIUM REQUESTS-----					-----R E C O M M E N D A T I O N S-----						
					ACTUAL	BUDGETED	FY 1997 - 98		FY 1998 - 99			EXECUTIVE		LEGISLATIVE				
					95-96	96-97	REQUEST	REQUEST	REQUEST	REQUEST	REQUEST	1997-98	1998-99	1997-98	1998-99			
00		310	221 A56	B	65,649 2	81,947 2	103,182 2				105,396 2				103,182 2	105,396 2		
01		310	221 A56	P01			75,738 1				76,360 1				35,941	35,941		
<p>Due to the continuing increase in the number of instate and out of state collection agencies licensed and operating in Arkansas, the steady number of client and consumer complaints, plus the educational seminars being provided to update and educate collection agencies, etc., the workload has increased tremendously. The Board proposes that the Director, who is currently supposed to be working on a part time basis, have the help of an investigator, as well as have her position be funded on a full time basis so that the agency may run in the most effective manner possible.</p> <p>Because of the dramatic and steady increase in the workload, the Board also requests an increase of our maintenance and general operation budget in order to better meet the needs of this agency, to better regulate and meet the educational needs of its licensees, and continue to serve the consumer in the most effective manner possible.</p> <p>We are requesting \$3,000.00 for appropriation in Character 11, Capital Outlay, to purchase major office supplies that may be necessary in the near future. We are requesting \$600.00 in Character 09, Conference and Convention Mileage, that may be necessary to reimburse travel expenses. We are requesting \$25,000.00 of unfunded appropriations in Character 15 which will grant us the authority to spend the necessary sums placed in a trust account for the payment of claims from money received from Surety Bonds.</p>																		

DEPT 007 REGULATORY BOARDS AND COMMISSIONS
 AGENCY 221 STATE BOARD OF COLLECTION AGENCIES
 PROGRAM 056 CASH OPERATIONS
 FUND 310 COLLECTION AGENCIES BD CASH(221)

RANK BY APPROPRIATION
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