

# STATE BOARD OF COLLECTION AGENCIES

## Enabling Laws

Act 139 of 2012

Division of Collection Agencies: A.C.A. §17-24-101 et seq.

Division of Check-Cashing: A.C.A. §23-52-101 et seq. [Repealed.]

## History and Organization

The Arkansas State Board of Collection Agencies (ASBCA) was created by Act 145 of 1965. The ASBCA is currently comprised of the Division of Collection Agencies. The Division of Check-Cashing was created by Act 1216 of 1999 and was part of the ASBCA until it was declared unconstitutional by the Supreme Court of Arkansas (No. 08-164) in November 2008.

The Division of Collection Agencies is responsible for licensing collection agencies, investigating and prosecuting violations of Arkansas collection law, enforcing bonding requirement and monitoring the activities of approximately 1,200 collection agencies. The ASBCA investigates consumer complaints such as non-remittance of client funds, prohibited collection practices, or unlicensed activity. When a complaint is lodged, the ASBCA initiates an investigation. Upon completion of the investigation appropriate remedies are applied. Remedies may include formal hearing before the Board, which may result in suspension or revocation of the collection agency's license, civil fines and/or criminal prosecution.



## **Agency Commentary**

The Arkansas State Board of Collection Agencies (ASBCA) was created by Act 145 of 1965. The ASBCA is currently comprised of the Division of Collection Agencies. The Division of Check-Cashing was created by Act 1216 of 1999 and was part of the ASBCA until it was declared unconstitutional by the Supreme Court of Arkansas (No. 08-164) in November 2008.

The Board receives no funding from the State; the operations of the agency are funded from receipts of licensing fees and fines imposed by the Board.

The Board requests Base Level appropriation for the 2013-2015 Biennium.

## **Audit Findings**

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
STATE BOARD OF COLLECTION AGENCIES  
FOR THE YEAR ENDED JUNE 30, 2011

Findings

Recommendations

None

None

## **State Contracts Over \$25,000 Awarded To Minority Owned Businesses Fiscal Year 2012**

None

## Employment Summary

	Male	Female	Total	%
White Employees	1	1	2	67 %
Black Employees	0	1	1	33 %
Other Racial Minorities	0	0	0	0 %
Total Minorities			1	33 %
Total Employees			3	100 %

## Cash Fund Balance Description as of June 30, 2012

Fund Account	Balance	Type	Location
3100000	\$3,001,285	Certificate of Deposit	First Security Bank - Little Rock

### Statutory/Other Restrictions on use:

A.C.A. §17-24-305 establishes that the agency can use funds collected to pay all expenses.

### Statutory Provisions for Fees, Fines, Penalties:

A.C.A. §17-24-103 & 105 authorizes the Board to collect licensing fees, fines, and penalties.

### Revenue Receipts Cycle:

Funds are deposited in bank account as received.

### Fund Balance Utilization:

Funds are collected throughout the year and used for expenses.

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Fund Account	Balance	Type	Location
3100000	\$2,180,459	Checking	Metropolitan National Bank - Little Rock

Statutory/Other Restrictions on use:

A.C.A. §17-24-305 establishes that the agency can use funds collected to pay all expenses.

Statutory Provisions for Fees, Fines, Penalties:

A.C.A. §17-24-103 & 105 authorizes the Board to collect licensing fees, fines, and penalties.

Revenue Receipts Cycle:

Funds are deposited in bank account as received.

Fund Balance Utilization:

Funds are collected throughout the year and used for expenses.

**Publications**

**A.C.A. 25-1-204**

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
None	N/A	N	N	0	N/A

**Agency Position Usage Report**

FY2010 - 2011						FY2011 - 2012						FY2012 - 2013					
Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused
	Filled	Unfilled	Total				Filled	Unfilled	Total				Filled	Unfilled	Total		
4	3	1	4	0	25.00 %	4	3	1	4	0	25.00 %	4	3	1	4	0	25.00 %

## **Analysis of Budget Request**

**Appropriation:** A56 - Division of Collections - Cash Operations

**Funding Sources:** 310 - Collection Agencies Board - Cash

The State Board of Collection Agencies (SBCA) is responsible for such matters as licensing, revocation of licenses, investigation and prosecution of violations, enforcement of bonding requirements, setting and enforcing standards of ethical operations, and generally policing the activities of approximately 1,200 collection agencies presently operating in Arkansas. The aspiration of the SBCA is to reduce undesirable collection activity, fraud, misrepresentation of client funds, and unprofessional conduct.

The SBCA is funded with the receipts of license fees for collection agencies.

Base Level Regular Salaries and Personal Services Matching includes Career Service payments for eligible employees. Personal Services Matching also includes a \$20 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$410 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay increases. The Base Level request for Regular Salaries includes board member stipend payments.

The Agency requests Base Level appropriation for the 2013-2015 Biennium.

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

## Appropriation Summary

**Appropriation:** A56 - Division of Collections - Cash Operations

**Funding Sources:** 310 - Collection Agencies Board - Cash

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	2013-2014			2014-2015		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	178,651	191,672	196,594	191,572	191,572	191,572	191,772	191,772	191,772
<b>#Positions</b>		<b>3</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>
Extra Help	5010001	4,045	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
<b>#Extra Help</b>		<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>
Personal Services Matching	5010003	62,203	60,845	64,051	61,902	61,902	61,902	61,946	61,946	61,946
Operating Expenses	5020002	59,045	86,700	86,700	86,700	86,700	86,700	86,700	86,700	86,700
Conference & Travel Expenses	5050009	2,233	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500
Professional Fees	5060010	2,585	21,000	21,000	21,000	21,000	21,000	21,000	21,000	21,000
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Grants and Aid	5100004	1,059,755	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000
Claims	5110015	0	24,642	24,642	24,642	24,642	24,642	24,642	24,642	24,642
Capital Outlay	5120011	23,650	20,000	20,000	0	0	0	0	0	0
<b>Total</b>		<b>1,392,167</b>	<b>1,714,359</b>	<b>1,722,487</b>	<b>1,695,316</b>	<b>1,695,316</b>	<b>1,695,316</b>	<b>1,695,560</b>	<b>1,695,560</b>	<b>1,695,560</b>
<b>Funding Sources</b>										
Fund Balance	4000005	5,430,700	5,181,744		4,522,385	4,522,385	4,522,385	3,927,069	3,927,069	3,927,069
Cash Fund	4000045	1,143,211	1,055,000		1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000
<b>Total Funding</b>		<b>6,573,911</b>	<b>6,236,744</b>		<b>5,622,385</b>	<b>5,622,385</b>	<b>5,622,385</b>	<b>5,027,069</b>	<b>5,027,069</b>	<b>5,027,069</b>
Excess Appropriation/(Funding)		(5,181,744)	(4,522,385)		(3,927,069)	(3,927,069)	(3,927,069)	(3,331,509)	(3,331,509)	(3,331,509)
<b>Grand Total</b>		<b>1,392,167</b>	<b>1,714,359</b>		<b>1,695,316</b>	<b>1,695,316</b>	<b>1,695,316</b>	<b>1,695,560</b>	<b>1,695,560</b>	<b>1,695,560</b>