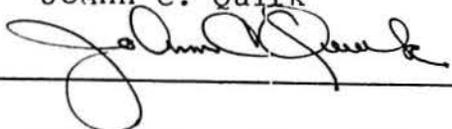


**ARKANSAS BUDGET SYSTEM
AGENCY PROGRAM COMMENTARY
1999 - 2001**

The Arkansas State Board of Collection Agencies (hereinafter SBCA) was created by Act 145 of 1965 and is now codified as *A.C.A. § 17-24-101 et seq.* The SBCA has original jurisdiction, appealable to Circuit Court, 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 four hundred seventy five collection agencies presently operating in Arkansas. Additionally, a set of Rules and Regulations have been promulgated. These supplement the code and serve as effective guides for the ethical and procedural operation of collection agencies operating within the state. The aspiration of the SBCA is to increase compliance and education, to reduce undesirable collection activity, fraud, misappropriation of client funds, unprofessional conduct, etc. and to increase trade and public awareness of the applicable laws.

The SBCA also acts as a consumer protection agency for two classes of consumers: the creditor/clients who give their accounts to collection agencies to be collected and the consumers/debtors. The SBCA investigates and, when necessary, acts upon allegations of nonremittance of client funds, consumer complaints of unfair or unconscionable collection practices, the assessment of illegitimate collection charges, agency dishonesty, unlicensed activity, etc. When a creditor/client or consumer lodges a complaint, this office institutes 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 in an attempt to resolve the issues, or holding a formal hearing before the full Board of Directors, who sit as a quasi-judicial body, and who render a decision which may result in suspension or revocation of the collection agency's license, civil fines, and/or criminal prosecution.

The SBCA is a cash funded agency (number 221), Appropriation Code A56, Fund Number 310, which expects to end the 1999-2001 biennium with a surplus. The number of licensed agencies has almost quadrupled in the past four years and as such the workload has accelerated exponentially in order to achieve the aforementioned activities and goals. During the upcoming biennium, there will be a special emphasis placed on compliance and education. The SBCA is now a full time agency with three full time employees. The expansion and burgeoning workload have increased expenses in myriad areas, including but not limited to maintenance and operations (printing, office equipment and service, etc.), salaries, subscriptions, communications, conference fees and travel, etc. These are necessary to run the SBCA at its fullest potential.

AGENCY State Board of Collection Agencies	DIRECTOR JoAnn C. Quirk 	AGENCY PROGRAM COMMENTARY BR21	PAGE 82
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STATE BOARD OF COLLECTION AGENCIES
SUMMARY OF AUDIT FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 1996

Assets

<u>Cash and Investments</u>	<u>Fixed</u>	<u>Other</u>	<u>Total</u>	<u>Current</u>	<u>Long-Term</u>	<u>Total</u>	<u>Total Equity</u>
\$ 275,457	\$ 10,374	\$ 1,137	\$ 286,968	\$ 1,528	\$ 1,127	\$ 2,655	\$ 284,313

Revenues

<u>Inter-governmental</u>	<u>Federal</u>	<u>Licenses and Fees</u>	<u>Other</u>	<u>Total</u>
\$ 0	\$ 0	\$ 161,753	\$ 15,269	\$ 177,022

Expenditures

<u>Salaries and Matching</u>	<u>Grants and Aid</u>	<u>Capital</u>	<u>Other Operating</u>	<u>Total</u>	<u>Other Sources (Uses)</u>
\$ 43,647	\$ 0	\$ 5,601	\$ 17,667	\$ 66,915	\$

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 08/08/98			<u>0</u>	<u>0%</u>
DATE			TOTAL MINORITIES	
			<u>2</u>	<u>100%</u>
			TOTAL EMPLOYEES	


 AGENCY DIRECTOR

CASH FUND BALANCE DESCRIPTION

AS OF JUNE 30, 1998

AGENCY: State Board of Collection Agencies (SBCA) (221)

ACCOUNT INFORMATION				STATUTORY/OTHER RESTRICTIONS ON USE:
FUND ACCT.	BALANCE	TYPE	LOCATION	
310	\$ 28,156.70	Checking	NationsBank, LR	<p>A.C.A. § 17-24-305 authorizes fees, establishes agency use of funds collected to pay the costs of administering the SBCA.</p> <p>STATUTORY PROVISIONS FOR FEES, FINES, PENALTIES: A.C.A. § 17-24-103 and -305 authorizes the SBCA to collect fees, fines and penalties; Rules & Regulation # VI, VIII and XVI authorizes fees, for new hires, renewals and penalties.</p> <p>REVENUE RECEIPTS CYCLE: Fees, fines and interest are collected throughout the year. The Board of Directors directs the investment practices of the SBCA.</p> <p>FUND BALANCE UTILIZATION: Funds are utilized to effectively administer the SBCA. Because collections cannot be accurately projected and to achieve its mission of compliance and education, retention of fund balance is necessary. There are no requirements to remit to a general revenue fund or treasury account.</p>
310	\$368,995.31	CD	Metropolitan, LR	
310	\$202,030.11	MoneyMkt.	Metropolitan, LR	
310	\$ 5,005.31	Trust	Metropolitan, LR	
ACCOUNT INFORMATION				STATUTORY/OTHER RESTRICTIONS ON USE:
FUND ACCT.	BALANCE	TYPE	LOCATION	
				<p>STATUTORY PROVISIONS FOR FEES, FINES, PENALTIES:</p> <p>REVENUE RECEIPTS CYCLE:</p> <p>FUND BALANCE UTILIZATION:</p>

**ARKANSAS BUDGET SYSTEM
ANALYSIS OF BUDGET REQUEST
1999 - 2001**

The State Board of Collection Agencies 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 four hundred seventy-five 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. It is funded with the receipts of license fees for collection agencies. Expenditure of appropriation is dependent upon available funding.

Base Level includes a cost of living increase of 2.8% each year over the FY99 salary levels, related Personal Services Matching costs, as well as Extra Help, supporting Maintenance & General Operations, and Claims. Included in the change level request is continuation of a supplemental position (Fiscal Administrative Manager) the agency received during the current biennium. This position is budgeted for the 1999 Fiscal Year but does not reflect in the position count shown on the Appropriation Summary Form (BR215). Total cost of the position is \$38,041 in FY00 and \$39,015 in FY01. An increase of \$19,410 each year in Operating Expenses is for postage, telephone, fax, and supplies for agency operation. An increase of \$3,800 each year in Conference Fees and Travel is for anticipated involvement in national associations by the Director and Board. An increase of \$800 each year in Professional Fees and Services is for additional court reporter fees resulting from the increased number of formal hearings. An increase of \$4,500 in Capital Outlay each year is for data processing equipment. The Data Processing request of \$10,500 each year is for data processing services.

The Executive Recommendation provides for Agency Request.

AGENCY Name: State Bd. Of Collection Agencies Code: 221	APPROPRIATION Name: Collection Agencies-Cash Code: A56	CASH FUND Name: Collection Agencies Board-Cash Code: 310	ANALYSIS OF BUDGET REQUEST BR20	PAGE 86
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ARKANSAS BUDGET SYSTEM

CHARACTER TITLE	-----EXPENDITURES-----			-----99-00 FISCAL YEAR-----			-----00-01 FISCAL YEAR-----			-----R E C O M M E N D A T I O N S-----			
	97-98	98-99	98-99	BASE	CHANGE	TOTAL	BASE	CHANGE	TOTAL	EXECUTIVE		LEGISLATIVE	
	ACTUAL	BUDGETED	AUTHORIZED							99-00	00-01	99-00	00-01
REGULAR SALARIES	50,826	66,590	88,555	69,779	29,575	99,354	71,732	30,403	102,135	99,354	102,135		
NUMBER OF POSITIONS	3	2	3	2	1	3	2	1	3	3	3		
EXTRA HELP	1,239	5,000	5,000	5,000	0	5,000	5,000	0	5,000	5,000	5,000		
NUMBER OF POSITIONS	1	1	1	1	0	1	1	0	1	1	1		
PERSONAL SERV MATCHING	12,970	19,092	25,464	19,198	8,466	27,664	19,541	8,612	28,153	27,664	28,153		
SUPPLEMENTAL EMERG SALARIES	4,076	27,348	0	0	0	0	0	0	0	0	0		
OPERATING EXPENSES	29,071	42,800	31,600	31,600	19,410	51,010	31,600	19,410	51,010	51,010	51,010		
CONF FEES & TRAVEL	3,365	5,000	1,200	1,200	3,800	5,000	1,200	3,800	5,000	5,000	5,000		
PROF FEES & SERVICES	1,549	2,000	2,000	2,000	800	2,800	2,000	800	2,800	2,800	2,800		
CAPITAL OUTLAY	1,730	4,500	4,500	0	4,500	4,500	0	4,500	4,500	4,500	4,500		
DATA PROCESSING	2,176	15,000	0	0	10,500	10,500	0	10,500	10,500	10,500	10,500		
CLAIMS	7,386	24,642	25,000	24,642	0	24,642	24,642	0	24,642	24,642	24,642		
TOTAL	114,388	211,972	183,319	153,419	77,051	230,470	155,715	78,025	233,740	230,470	233,740		
PROPOSED FUNDING SOURCES			*****										
FUND BALANCES	337,466	615,968	*****	631,996		631,996	634,026		634,026	631,996	634,026		
GENERAL REVENUES			*****										
SPECIAL REVENUES			*****										
FEDERAL FUNDS			*****										
STATE CENTRAL SERVICES FUND			*****										
NON-REVENUE RECEIPTS			*****										
CASH FUNDS	392,890	228,000	*****	155,449	77,051	232,500	158,975	78,025	237,000	232,500	237,000		
OTHER			*****										
TOTAL FUNDING	730,356	843,968	*****	787,445	77,051	864,496	793,001	78,025	871,026	864,496	871,026		
EXCESS APPRO/ (FUNDING)	(615,968)	(631,996)	*****	(634,026)		(634,026)	(637,286)		(637,286)	(634,026)	(637,286)		
TOTAL	114,388	211,972	*****	153,419	77,051	230,470	155,715	78,025	233,740	230,470	233,740		

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

Various Maintenance and General Operation line items may be greater than the authorized appropriation amounts due to transfers from the DFA Cash Holding Account in FY99.

APPROPRIATION SUMMARY
 BR 215

ARKANSAS BUDGET SYSTEM
PROGRAM/SERVICE INFORMATION LIST
RANK BY APPROPRIATION

02 03 04 05 06 07 08 09 10 11 12 13 14 15 16 17 18 19

PROGRAM DESCRIPTION	FUND	ACCOUNTING INFORMATION	D E S	EXPENDITURES		1999 - 01 BIENNIUM REQUESTS		RECOMMENDATIONS					
				ACTUAL	BUDGETED	FY 1999 - 00	FY 2000 - 01	EXECUTIVE		LEGISLATIVE			
				97-98	98-99	REQUEST	REQUEST	1999-00	2000-01	1999-00	2000-01		
	310	221 A56	B	114,388 3	211,972 2	153,419 2	155,715 2	153,419 2	155,715 2				
	310	221 A56	C01			52,741 1	53,715 1	52,741 1	53,715 1				
<p>Because costs have increased in proportion to the growth of the SBCA (nearly quadrupled in the last four years), the requested increase of \$14,700 for characters 02 and 09 is mandatory to adequately budget for the next biennium. Postage, telephone, fax, materials, supply costs, etc. have dramatically increased since the last budget was formulated. Costs of licensing and regulation, of investigation and processing the increasing number of complaints filed are escalating. Increased travel and conference fees are anticipated and necessary due to the active involvement and participation in national associations by the Director and Board. An increase of \$38,041 for FY00 and \$39,015 for FY01 are being requested to continue the position of Fiscal Administrative Manager.</p>													
	310	221 A56	C02			9,010 0	9,010 0	9,010	9,010				
<p>An additional increase of \$9,010 for characters 02 and 10 is being requested for the biennium due to the growth of the SBCA. Increased court reporter appropriation is necessary for the increasing number of formal hearings held for alleged violation of the law.</p>													

07 REGULATORY BOARDS AND COMMISSIONS
221 STATE BOARD OF COLLECTION AGENCIES
A56 CASH OPERATIONS
310 COLLECTION AGENCIES BD CASH(221)

RANK BY APPROPRIATION
BR 264

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
RANK	PROGRAM DESCRIPTION	FUND	ACCOUNTING INFORMATION	D E S	EXPENDITURES		1999 - 01 BIENNIUM REQUESTS		RECOMMENDATIONS									
					ACTUAL 97-98	BUDGETED 98-99	FY 1999 - 00 REQUEST	FY 2000 - 01 REQUEST	EXECUTIVE		LEGISLATIVE							
										1999-00	2000-01	1999-00	2000-01					
003		310	221 A56	C08			15,300 0	15,300 0		15,300	15,300							

An increase of \$10,500 is being requested in character 12 for data processing service center charges, \$4,500 in character 11 for data processing equipment, and \$300 in character 02 for the purchase of data processing software.

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

RANK BY APPROPRIATION
 BR 264