

CONTRACTORS LICENSING BOARD

Enabling Laws

Act 185 of 2012
A.C.A. §17-25-201
A.C.A. §17-25-103
A.C.A. §17-25-503

History and Organization

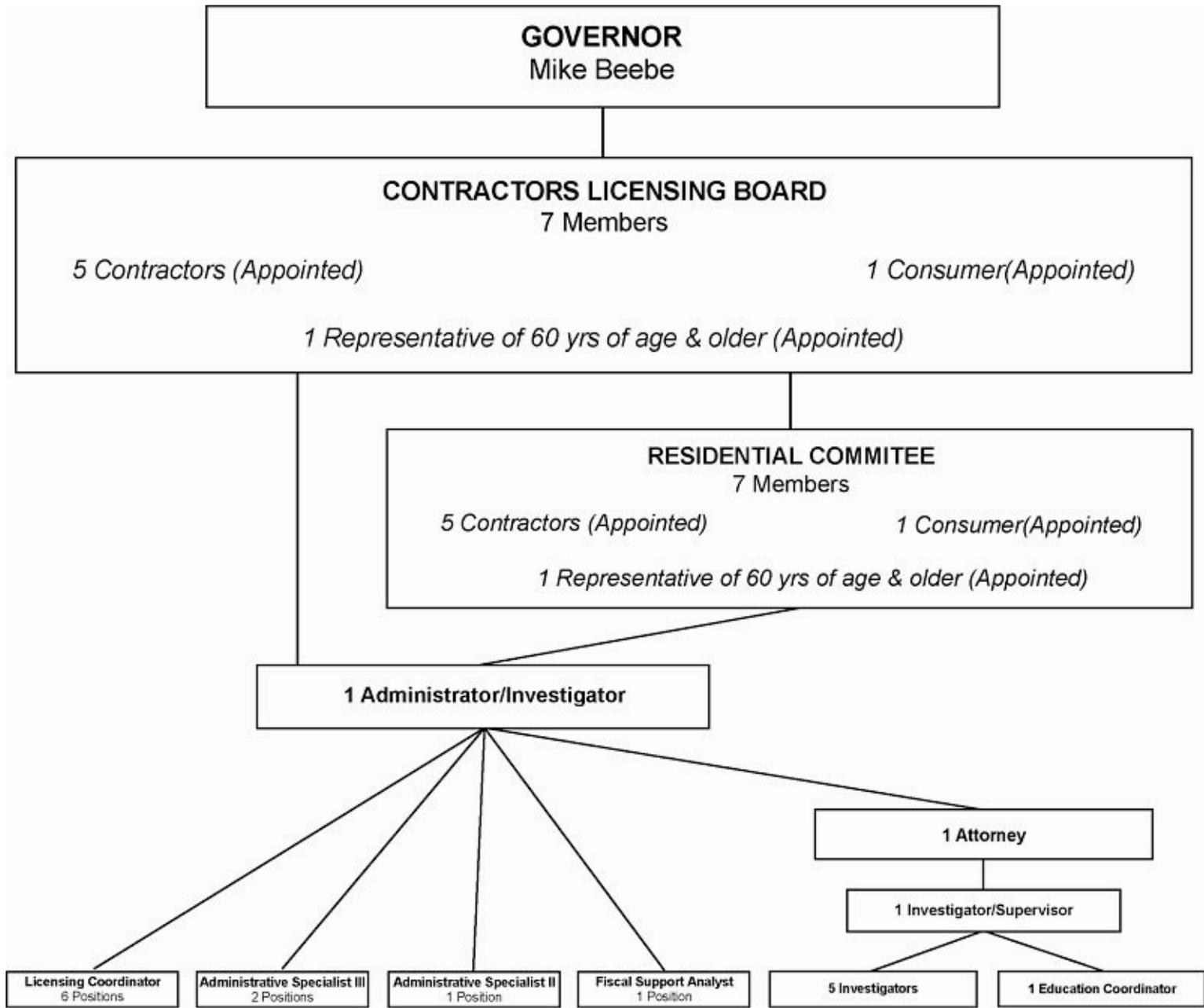
The Contractors Licensing Board was established by Act 124, approved on February 24, 1939, with the intent to preserve public health and safety in the construction industry in the State of Arkansas. Act 150 of 1965, as amended, has been established to efficiently insure public health and safety as well. The Contractors Licensing Board acting within the guidelines of the above mentioned Acts, with the diligence and concern, has endeavored to bring all contractors into compliance with the above mentioned Act.

Act 37 of the special legislative session of 1992 amended Act 162 of 1987 and placed the responsibility of the Contractors Bond Law within the frame work of the Contractors Licensing Board. The Board works well with other agencies to insure the financial obligations of contractors to the State of Arkansas are met. The Contractors Bond Law has closed many gaps of lost revenue for the Revenue Department and other agencies.

Act 950 of 1999 created the Residential Committee to preserve the public health and safety in the residential construction industry in the State of Arkansas. The Residential Committee was placed within the Contractors Board.

The Contractors Licensing Board and its administration is very conscious of cost in relation to services rendered and has been able to implement a program that places this agency in a very cost efficient, economic position.

The Contractors Licensing Board is made up of seven (7) members appointed by the Governor and confirmed by the Senate. The Residential Committee is made up of seven (7) members appointed by the Governor.



Agency Commentary

The operation and programs for the Contractors Licensing Board are prescribed by Act 150 of 1965, as amended, Act 162 of 1987, as amended, and by Act 950 of 1999 as amended. More specifically these operations are: determining qualifications of applicants for contractor license and authorizing the issuance of new and renewal licenses, investigating all alleged and factual violations of the Contractors Licensing Law, the Contractors Bond Law, and the Residential Licensing Law, and bringing such to a conclusion, holding hearings and meetings to bring compliance to the laws of the State of Arkansas. The maximum fee set forth is \$100. At the present time, original applications for a commercial license and a Residential Builders license require a \$100 fee and renewal applications, received on time, require a \$50 fee. Original applications for a Home Improvement license is \$50 and renewal applications, received on time, require a \$25 fee. We currently have approximately 17,000 licensed contractors who are qualified to perform work in the State of Arkansas. The Contractors Licensing Board will meet 23 times a year in the normal course of their business. The Residential Committee will meet 12 times per year. The Contractors Licensing Board staff consists of 1 administrator/investigator, 1 investigator/supervisor, 5 investigators, 6 licensing coordinators, 3 administrative specialist positions, 1 attorney position, 1 education coordinator position and 1 fiscal support analyst position for a total of 19 filled positions.

The Board moved all funds into Treasury accounts during this biennium.

The Board is requesting 2 additional investigator positions and one additional licensing coordinator position, as well as the restoration of an administrative specialist position obtained from the growth pool in February 2012. In all other areas the Board is requesting Base Level for the 2013-2015 biennium.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
CONTRACTORS LICENSING BOARD
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	6	11	17	89 %
Black Employees	0	1	1	5 %
Other Racial Minorities	0	1	1	6 %
Total Minorities			2	11 %
Total Employees			19	100 %

Publications

A.C.A. 25-1-204

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
Contractors License, Law, Bond Law and Rules Regulations	A.C.A. §17-25-315	N	N	3,000	Public Use
New and Renewal Applications	A.C.A. §17-25-303	N	N	25,000	Necessary for Licensure Process
Newsletters Annually	A.C.A. §17-25-206	N	N	17,000	Information Purposes

Agency Position Usage Report

FY2010 - 2011						FY2011 - 2012						FY2012 - 2013					
Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused
	Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total	
18	18	0	18	0	0.00 %	18	19	0	19	-1	-5.56 %	18	18	1	19	-1	0.00 %

Budgeted Positions exceed Authorized due to 1 position obtained from the Central Growth Pool.

Analysis of Budget Request

Appropriation: 96Z - Treasury Cash

Funding Sources: NLC - Contractor's Licensing Board - Cash in Treasury

The Contractor's Licensing Board is responsible for determining qualifications of applicants for contractor's licenses and authorizing the issuance of new and renewal licenses. The Board investigates all alleged and factual violations of the contractor's licensing law and contractor's bond law as well as holds hearings and assesses penalties to ensure compliance. The Contractor's Licensing Board is funded from the receipt of fees charged for examination, issuance, and renewal of commercial contractor's licenses and penalties associated with violations of regulations pursuant to A.C.A. §17-25-101 et seq. The Board moved all funds to Cash in Treasury accounts during the biennium.

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.

In addition to Base Level, the Agency's Change Level Request of \$172,343 in Regular Salaries and Personal Services Matching provides for 2 additional investigator positions and one additional licensing coordinator position, as well as the restoration of an administrative specialist position obtained from the growth pool in February 2012. These positions are requested because of the increase in licensees from the last biennium from 7,000 to 17,000.

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

Appropriation Summary

Appropriation: 96Z - Treasury Cash

Funding Sources: NLC - Contractor's Licensing Board - Cash in Treasury

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2011-2012	2012-2013	2012-2013	2013-2014			2014-2015		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	926,843	898,618	910,408	883,794	1,008,978	1,008,978	884,594	1,009,778	1,009,778
#Positions	19	19	18	18	22	22	18	22	22
Personal Services Matching 5010003	274,789	284,592	265,749	281,513	328,672	328,672	281,688	328,847	328,847
Operating Expenses 5020002	328,984	345,481	345,481	345,481	345,481	345,481	345,481	345,481	345,481
Conference & Travel Expenses 5050009	9,296	9,400	9,400	9,400	9,400	9,400	9,400	9,400	9,400
Professional Fees 5060010	33,000	44,000	44,000	44,000	44,000	44,000	44,000	44,000	44,000
Grants and Aid 5100004	123,850	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
Refunds/Reimbursements 5110014	30,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Investments 5120013	0	156,504	156,504	156,504	156,504	156,504	156,504	156,504	156,504
Constr Trades Trng Grants 5900046	0	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
Construction Industry Training G 5900047	9,900	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000
Total	1,736,662	2,438,595	2,431,542	2,420,692	2,593,035	2,593,035	2,421,667	2,594,010	2,594,010
Funding Sources									
Fund Balance 4000005	2,044,024	2,513,647		2,275,052	2,275,052	2,275,052	2,054,360	1,882,017	1,882,017
Cash Fund 4000045	2,206,285	2,200,000		2,200,000	2,200,000	2,200,000	2,200,000	2,200,000	2,200,000
Total Funding	4,250,309	4,713,647		4,475,052	4,475,052	4,475,052	4,254,360	4,082,017	4,082,017
Excess Appropriation/(Funding)	(2,513,647)	(2,275,052)		(2,054,360)	(1,882,017)	(1,882,017)	(1,832,693)	(1,488,007)	(1,488,007)
Grand Total	1,736,662	2,438,595		2,420,692	2,593,035	2,593,035	2,421,667	2,594,010	2,594,010

The FY13 Budget amount in Personal Services Matching exceeds the authorized amount due to matching rate adjustments during the 2011-2013 biennium.

FY13 Budget amounts in Regular Salaries and Personal Services Matching may exceed the authorized amounts due to transfers from the Central Growth Pool during the 2011-2013 biennium.

Change Level by Appropriation

Appropriation: 96Z - Treasury Cash
Funding Sources: NLC - Contractor's Licensing Board - Cash in Treasury

Agency Request

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	2,420,692	18	2,420,692	100.0	2,421,667	18	2,421,667	100.0
C01	Existing Program	140,804	3	2,561,496	105.8	140,804	3	2,562,471	105.8
C06	Restore Position/Approp	31,539	1	2,593,035	107.1	31,539	1	2,594,010	107.1

Executive Recommendation

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	2,420,692	18	2,420,692	100.0	2,421,667	18	2,421,667	100.0
C01	Existing Program	140,804	3	2,561,496	105.8	140,804	3	2,562,471	105.8
C06	Restore Position/Approp	31,539	1	2,593,035	107.1	31,539	1	2,594,010	107.1

Justification

C01	At the time of the last budget request, the Board licensed approximately 7,000 contractors. Today, the Board licenses approximately 17,000 contractors, which represents an approximate increase of 140%. In order to continue to serve the State of Arkansas in general and licensed contractors in particular, two Contractors Board Investigator positions and one Contractors Licensing Coordinator position are being requested.
C06	The Board is requesting the continuation of one position, Administrative Specialist II (C109), obtained from the growth pool in February 2012 to provide continued support to the agency for the increased number of licensed contractors.