

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

The primary request for the Office of Rural Advocacy's budget for the 1999-01 biennium is to abolish the agency and transfer the Arkansas Rural Development Commission and the Fire and Community Development Grants Programs to the Arkansas Economic Development Commission (AEDC). Substantive legislation will be submitted to achieve this goal.

While the grant programs are very effective, it is deemed that the current administration of the programs through a separate agency is not efficient. In addition, AEDC has a far superior amount of resources and expertise to assist rural communities in development and growth. In order to provide the maximum assistance possible to Arkansas' rural communities, the biennial request reflects a reduction in State Operations of \$138,435 in FY00 and \$140,935 in FY01. This reduction is comprised of abolishing two full time positions (Director and Administrative Assistant I), two extra help positions and supporting Maintenance and General Operations costs. The remaining two positions (Agency Program Coordinator and Grants Coordinator) would be placed and become part of AEDC along with some support funds. In order to continue to address the needs of rural Arkansas, the request is made to utilize each year \$100,000 of the proposed reductions (savings) for the Rural Fire Protection Grant Program. This addition will provide continued funding of \$500,000 (an increase of 25%) each year for the fire and community grants. Since 1994, these programs, which have been responsible for 446 grants in the amount of \$2.7 million awarded throughout every county in the state, are highly competitive and have only been able to fund 34% of the requested amount over the past few years. **Total general revenue savings to the State will be \$38,435 in FY00 and \$40,935 in FY01.**

In addition to the general revenue reductions, the Office of Rural Advocacy is also requesting the elimination of one position (Grants Coordinator) and supporting Maintenance and Operations costs (\$116,333 in FY00 and \$117,147 in FY01) currently funded from the Winthrop Rockefeller Foundation. This funding has been used to provide grants to communities and administer the "Arkansas Rural Community Planning Grant Program". Any funds remaining at the end of FY99 will be returned to the Foundation.

AGENCY Office of Rural Advocacy	DIRECTOR Jeff Pitchford 	AGENCY PROGRAM COMMENTARY BR21	PAGE 248
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OFFICE OF RURAL ADVOCACY
SUMMARY OF AUDIT FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 1997

Assets					Liabilities			Total Equity	
Cash and Investments	Fixed	Other	Total	Current	Long-Term	Total			
\$ 70,941	\$ 37,001	\$ 10,254	\$ 118,196	\$ 0	\$ 10,053	\$ 10,053	\$ 108,143		

Revenues					Expenditures					Other Sources (Uses)
Inter-governmental	Federal	Licenses and Fees	Other	Total	Salaries and Matching	Grants and Aid	Capital	Other Operating	Total	
\$ 311,221	\$ 0	\$ 0	\$ 140,000	\$ 451,221	\$ 166,672	\$ 196,950	\$ 768	\$ 60,235	\$ 424,625	\$ 4,584

Findings

1. EQUIPMENT - (The Agency failed to adjust their equipment inventory for audit adjustments as of June 30, 1995. Also, equipment transactions for the years ended June 30, 1996 and June 30, 1997 had not been recorded. Part V of the State Accounting Procedures Manual prescribes proper accounting for equipment inventory.)

2. CONFERENCE RECORDS - (The Agency holds an annual conference for the purpose of assisting political subdivisions in grant availability and application processes. The Agency collects donations and registration fees in connection with these conferences. These funds were under the exclusive control of the former Director. No accounting records or supporting documentation relating to the conference funds were available for audit. Part II, Chapter 24 of the State Accounting Procedures Manual prescribes proper accounting for cash funds.)

Recommendations

1. Review and comply with Part V of the State Accounting Procedures Manual.

2. Review and comply with Part II, Chapter 24 of the State Accounting Procedure Manual.

Audited by Division of Legislative Audit
SA0725097

() Noted in previous year's audit report.

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

AGENCY TITLE 250 - OFFICE OF RURAL ADVOCACY

	MALE	FEMALE	TOTAL	PERCENTAGE OF TOTAL
WHITE EMPLOYEES	<u>1</u>	<u>2</u>	<u>3</u>	<u>75%</u>
BLACK EMPLOYEES	<u>0</u>	<u>1</u>	<u>1</u>	<u>25%</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>1</u>	<u>25%</u>
DATE			TOTAL MINORITIES	<u>1</u>
			<u>4</u>	<u>100%</u>
			TOTAL EMPLOYEES	<u>4</u>



 AGENCY DIRECTOR

ARKANSAS BUDGET SYSTEM DEPARTMENT APPROPRIATION SUMMARY

AGENCY TITLE Office of Rural Advocacy (250)		1997-99 Expenditures				1999-01 Biennium Request				1999-01 Executive Recommendation			
Appropriations		Actual	No. of	Budgeted	No. of	Year 1	No. of	Year 2	No. of	Year 1	No. of	Year 2	No. of
Code	Name	1997-98	Pos.	1998-99	Pos.	1999-00	Pos.	2000-01	Pos.	1999-00	Pos.	2000-01	Pos.
B91	Rural Community Ping. Grant - Cash	\$89,317	1	\$114,850	1	\$0	0	\$0	0	\$0	0	\$0	0
234	State Operations	925,940	4	630,810	4	592,797	2	594,542	2	592,797	2	594,542	2
Appropriations Not Requested													
B15	Annual Rural Dev. Conference - Cash	20,653		35,000									
TOTALS		\$1,035,910	5	\$780,660	5	\$592,797	2	\$594,542	2	\$592,797	2	\$594,542	2
Funding Sources			% of Total		% of Total		% of Total		% of Total		% of Total		% of Total
Fund Balances		\$51,141	4.7%	\$53,240	6.7%								
General Revenues		925,940	85.0%	629,529	78.7%	592,797	100.0%	594,542	100.0%	592,797	100.0%	594,542	100.0%
Special Revenues													
Federal Funds													
Constitutional Officers Fund													
State Central Services Fund													
Non-Revenue Receipts													
Cash Funds		112,069	10.3%	115,696	14.5%								
Merit Adjustment Fund				1,281	0.1%								
Total Funding		1,089,150	100.0%	799,746	100.0%	592,797	100.0%	594,542	100.0%	592,797	100.0%	594,542	100.0%
Excess Appro./ (Funding)		(53,240)		(19,086)									
TOTAL		\$1,035,910		\$780,660		\$592,797		\$594,542		\$592,797		\$594,542	
DEPARTMENT Office of Rural Advocacy (250)					DIRECTOR Jeff Pitchford					DEPARTMENT APPROPRIATION SUMMARY BR 40			

CASH FUND BALANCE DESCRIPTION
AS OF JUNE 30, 1998

AGENCY: Office of Rural Advocacy (250)

ACCOUNT INFORMATION				STATUTORY/OTHER RESTRICTIONS ON USE:
FUND ACCT.	BALANCE	TYPE	LOCATION	
ARDC Conference Cash (111-B15)	\$14,593.11	Checking	Mercantile, NLR	N/A
				STATUTORY PROVISIONS FOR FEES, FINES, PENALTIES: N/A
				REVENUE RECEIPTS CYCLE: Receipts are derived from the collection of conference registration fees & forum registration fees around the period events are held. Additional receipts are collected from corporate sponsorships of conference and forums.
				FUND BALANCE UTILIZATION: Collection of revenue is irregular throughout the year, centering primarily around hosted events. Revenues are not expended on day-to-day operations, but are reserved and expended on expenses directly related to hosting conferences and forums.
ACCOUNT INFORMATION				STATUTORY/OTHER RESTRICTIONS ON USE:
FUND ACCT.	BALANCE	TYPE	LOCATION	
WRF Special Acct.-Cash (111-B91)	\$37,458.66 \$95,000.00	Checking CD	Mercantile, NLR Mercantile, NLR	N/A
				STATUTORY PROVISIONS FOR FEES, FINES, PENALTIES: N/A
				REVENUE RECEIPTS CYCLE: Revenue receipts were derived from a grant from the Winthrop Rockefeller Foundation. Final receipt was July 1997. Only additional revenue expected will be derived from the interest generated on the CD.
				FUND BALANCE UTILIZATION: Revenue is expended on salary and matching expenses associated with one Grants Coordinator II position and related maintenance and operation expenses. The remainder of the revenue is to be distributed as community planning grants through the Arkansas Rural Community Grant Program. Maximum award under the program is \$5,000.00 per grant.

ARKANSAS BUDGET SYSTEM
ANALYSIS OF BUDGET REQUEST
1999 - 2001

In FY96, the Office of Rural Advocacy received a three year grant from the Winthrop Rockefeller Foundation geared toward community visioning and planning. The purpose of the program is to assist with planning efforts in Arkansas' small rural communities. The agency has received \$135,000 each year to provide grants to communities and administer the "Arkansas Rural Community Planning Grant Program".

The agency is requesting elimination of this appropriation. This was a three year grant program and any funds remaining at the end of FY99 will be returned to the Winthrop Rockefeller Foundation.

The Executive Recommendation provides for Agency Request.

AGENCY	APPROPRIATION	CASH FUND	ANALYSIS OF	PAGE
Name: Office of Rural Advocacy	Name: Rural Comm. Plng. Grants – Cash	Name: Rural Advocacy Cash	BUDGET REQUEST	
Code: 250	Code: B91	Code: 111	BR20	253

ARKANSAS BUDGET SYSTEM

01 02 03 04 05 06 07 08 09 10 11 12 13 14

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	CHANGE		TOTAL	CHANGE		TOTAL	EXECUTIVE		LEGISLATIVE	
	ACTUAL	BUDGETED	AUTHORIZED	BASE	LEVEL	REQUEST	BASE	LEVEL	REQUEST	99-00	00-01	99-00	00-01
ULAR SALARIES	17,416	23,000	0	24,117	-24,117	0	24,792	-24,792	0	0	0		
MBER OF POSITIONS	1	1	1	1	-1	0	1	-1	0	0	0		
SONAL SERV MATCHING	5,223	7,850	0	8,216	-8,216	0	8,355	-8,355	0	0	0		
RATING EXPENSES	2,653	2,661	2,661	2,661	-2,661	0	2,661	-2,661	0	0	0		
F FEES & TRAVEL	775	775	775	775	-775	0	775	-775	0	0	0		
NTS/AIDS	63,250	80,564	100,000	80,564	-80,564	0	80,564	-80,564	0	0	0		
TOTAL	89,317	114,850	103,436	116,333	(116,333)	0	117,147	(117,147)	0	0	0		
PROPOSED FUNDING SOURCES			*****										
ID BALANCES	51,141	38,936	*****										
ERIAL REVENUES			*****										
CIAL REVENUES			*****										
ERIAL FUNDS			*****										
TE CENTRAL SERVICES FUND			*****										
I-REVENUE RECEIPTS			*****										
H FUNDS	77,112	95,000	*****										
IER			*****										
TOTAL FUNDING	128,253	133,936	*****										
ESS APPRO/ (FUNDING)	(38,936)	(19,086)	*****	116,333	(116,333)		117,147	(117,147)					
TOTAL	89,317	114,850	*****	116,333	(116,333)		117,147	(117,147)					

'T 007 REGULATORY BOARDS AND COMMISSIONS
 ' 250 OFFICE OF RURAL ADVOCACY
 'RO B91 RURAL COMMUNITY PLANNING GRANT PROGRAM - CASH
 ID 111 RURAL ADVOCACY CASH-(250)

The FY99 Budgeted amounts in Regular Salaries and/or Personal Services Matching may exceed the Authorized amounts due to a transfer from DFA Pay Plan Holding Account during the 1999 fiscal year.

APPROPRIATION SUMMARY

BR 215

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	-----1999 - 01 BIENNIIUM REQUESTS-----				-----R E C O M M E N D A T I O N S-----									
					-----EXPENDITURES-----		-----FY 1999 - 00-----		-----FY 2000 - 01-----		-----EXECUTIVE-----		-----LEGISLATIVE-----					
					97-98	98-99	REQUEST	REQUEST	1999-00	2000-01	1999-00	2000-01						
000		111	250 B91	B	89,317 1	114,850 1	116,333 1	117,147 1						116,333 1	117,147 1			
001		111	250 B91	C01			-116,333 -1	-117,147 -1						-116,333 -1	-117,147 -1			
<p>This request reflects the elimination of the appropriation used to provide grants to communities and administer the "Arkansas Rural Community Planning Grant Program". Any funds remaining at the end of FY99 will be returned to the Winthrop Rockefeller Foundation.</p>																		

DEPT 007 REGULATORY BOARDS AND COMMISSIONS
 AGENCY 250 OFFICE OF RURAL ADVOCACY
 APPRO B91 RURAL COMMUNITY PLANNING GRANT PROGRAM - CASH
 FUND 111 RURAL ADVOCACY CASH-(250)

RANK BY APPROPRIATION
 BR 264

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

The Office of Rural Advocacy was created by the "Arkansas Rural Development Program Act" of 1991. Its purpose is to serve as a single contact point for local governments, state and federal agencies, and other organizations and individuals with an interest in the rural policies and programs of the state. The functions and duties of the agency are overseen by the Arkansas Rural Development Commission. The agency is primarily funded by general revenues.

Base Level includes a cost of living increase of 2.8% each year over the FY99 salary levels of the four positions, as well as continuation of Extra Help, supporting maintenance and operating expenses and grants. Base Level is \$631,232 in FY00 and \$635,477 in FY01. The agency is requesting to abolish the Office of Rural Advocacy and transfer the Arkansas Rural Development Commission and the Fire and Community Development Grants Programs to the Arkansas Economic Development Commission. This transfer represents a reduction of two positions (Director and Administrative Assistant I), two extra help positions and supporting Maintenance and General Operations with a corresponding general revenue savings of \$138,435 in FY00 and \$140,935 in FY01.

In order to continue to address the needs of rural communities, the agency is requesting that \$100,000 of the proposed reduction be utilized for the Rural Fire Protection Grants Program. This addition will provide \$500,000 each year of the next biennium for the Fire and Community Development Grants Programs. **Transferring the commission and grant functions of this agency to AEDC will result in an overall general revenue savings of \$38,435 in FY00 and \$40,935 in FY01.**

The Executive Recommendation provides for the Agency Request.

AGENCY	APPROPRIATION	TREASURY FUND	ANALYSIS OF	PAGE
Name: Office of Rural Advocacy Code: 250	Name: State Operations Code: 234	Name: State General Svcs. Code: HUA	BUDGET REQUEST BR20	256

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	128,118	128,504	159,406	125,674	-74,016	51,658	129,192	-76,088	53,104	51,658	53,104		
NUMBER OF POSITIONS	4	4	4	4	-2	2	4	-2	2	2	2		
EXTRA HELP	2,534	5,400	5,400	5,400	-5,400	0	5,400	-5,400	0	0	0		
NUMBER OF POSITIONS	1	2	2	2	-2	0	2	-2	0	0	0		
PERSONAL SERV MATCHING	32,500	36,063	44,406	39,315	-22,176	17,139	40,042	-22,604	17,438	17,139	17,438		
OPERATING EXPENSES	45,844	50,743	51,085	50,743	-30,743	20,000	50,743	-30,743	20,000	20,000	20,000		
CONF FEES & TRAVEL	7,756	10,100	10,100	10,100	-6,100	4,000	10,100	-6,100	4,000	4,000	4,000		
CAPITAL OUTLAY	9,190	0	5,000	0	0	0	0	0	0	0	0		
RURAL COMMUNITY DEV GRANTS	499,998	200,000	500,000	200,000	0	200,000	200,000	0	200,000	200,000	200,000		
RURAL FIRE PROTECTION GRANTS	200,000	200,000	200,000	200,000	100,000	300,000	200,000	100,000	300,000	300,000	300,000		
										Transfer To Ark. Economic Dev. Commission			
TOTAL	925,940	630,810	975,397	631,232	(38,435)	592,797	635,477	(40,935)	594,542	592,797	594,542		
PROPOSED FUNDING SOURCES			*****										
FUND BALANCES			*****										
GENERAL REVENUES	925,940	629,529	*****	631,232	(38,435)	592,797	635,477	(40,935)	594,542	592,797	594,542		
SPECIAL REVENUES			*****										
FEDERAL FUNDS			*****										
STATE CENTRAL SERVICES FUND			*****										
NON-REVENUE RECEIPTS			*****										
CASH FUNDS			*****										
MERIT ADJUSTMENT FUNDS		1,281	*****										
TOTAL FUNDING	925,940	630,810	*****	631,232	(38,435)	592,797	635,477	(40,935)	594,542	592,797	594,542		
EXCESS APPRO/ (FUNDING)			*****										
TOTAL	925,940	630,810	*****	631,232	(38,435)	592,797	635,477	(40,935)	594,542	592,797	594,542		

DEPT 007 REGULATORY BOARDS AND COMMISSIONS
 AGENCY 250 OFFICE OF RURAL ADVOCACY
 PROGRAM 234 STATE OPERATIONS
 FUND HUA STATE GENERAL SERVICES(000)

APPROPRIATION SUMMARY

BR 215

ARKANSAS BUDGET SYSTEM
PROGRAM/SERVICE INFORMATION LIST
RANK BY APPROPRIATION

11	02	03	04	05	06	07	08	09	10	11	12	13	14	15	16	17	18	19
LNK	PROGRAM DESCRIPTION	FUND	ACCOUNTING INFORMATION	D E S	-----1999 - 01 BIENNIUM REQUESTS-----				-----R E C O M M E N D A T I O N S-----									
					-----EXPENDITURES-----		-----FY 1999 - 00-----		-----FY 2000 - 01-----		-----EXECUTIVE-----		-----LEGISLATIVE-----					
					---ACTUAL---	---BUDGETED---	-----REQUEST-----	-----REQUEST-----	1999-00	2000-01	1999-00	2000-01						
					97-98	98-99												
10		HUA	250 234	B	925,940 4	630,810 4	631,232 4	635,477 4						631,232 4	635,477 4			
11		HUA	250 234	C01			-138,435 -2	-140,935 -2						-138,435 -2	-140,935 -2			
<p>This request reflects a reduction in the agency's operations. The reduction is comprised of two full time positions (Director and Administrative Assistant I), two extra help positions and supporting Maintenance and General Operations. Further a request is being made to transfer the Arkansas Rural Development Commission as well as the remaining two positions, supporting operations and grants to the Arkansas Economic Development Commission effective July 1, 1999.</p>																		
12		HUA	250 234	C02			100,000 0	100,000 0						100,000	100,000			
<p>This request is for an additional \$100,000 each year for the Fire Protection Grants Program. This request represents a reallocation of administration dollars.</p>																		

PT 007 REGULATORY BOARDS AND COMMISSIONS
 Y 250 OFFICE OF RURAL ADVOCACY
 PRO 234 STATE OPERATIONS
 ND HUA STATE GENERAL SERVICES(000)

RANK BY APPROPRIATION
BR 264

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		1999 - 01 BIENNIUM REQUESTS				RECOMMENDATIONS							
					ACTUAL 97-98	BUDGETED 98-99	FY 1999 - 00		FY 2000 - 01		EXECUTIVE		LEGISLATIVE					
							REQUEST	REQUEST			1999-00	2000-01	1999-00	2000-01				
03		HUA	250 234	C10			0	0										
Request to reclass the Assistant Director position to an Agency Program Coordinator.																		

EPT 007 REGULATORY BOARDS AND COMMISSIONS
 GY 250 OFFICE OF RURAL ADVOCACY
 PPRO 234 STATE OPERATIONS
 UND HUA STATE GENERAL SERVICES(000)

RANK BY APPROPRIATION
 BR 264

ARKANSAS BUDGET SYSTEM

01 02 03 04 05 06 07 08 09 10 11 12 13 14

CHARACTER TITLE	-----EXPENDITURES-----			98-99			-----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	AUTHORIZED	99-00 FISCAL YEAR		TOTAL	00-01 FISCAL YEAR		TOTAL	EXECUTIVE		LEGISLATIVE				
	ACTUAL	BUDGETED	APPRO	BASE	CHANGE LEVEL	REQUEST	BASE	CHANGE LEVEL	REQUEST	99-00	00-01	99-00	00-01			
CONFERENCE EXPENSES	20,653	35,000	0	0	0	0	0	0	0	0						
THIS APPROPRIATION IS NOT REQUESTED FOR THE NEW BIENNIUM																
TOTAL	20,653	35,000	0	0	0	0	0	0	0	0						
PROPOSED FUNDING SOURCES			*****													
UNDEVELOPED BALANCES		14,304	*****													
GENERAL REVENUES			*****													
SPECIAL REVENUES			*****													
FEDERAL FUNDS			*****													
STATE CENTRAL SERVICES FUND			*****													
NON-REVENUE RECEIPTS			*****													
CASH FUNDS	34,957	20,696	*****													
OTHER			*****													
TOTAL FUNDING	34,957	35,000	*****													
EXCESS APPRO/ (FUNDING)	(14,304)		*****													
TOTAL	20,653	35,000	*****													

DEPT 007 REGULATORY BOARDS AND COMMISSIONS
 AGENCY 250 OFFICE OF RURAL ADVOCACY
 APPROPRIATION 015 ANNUAL RURAL DEVELOPMENT CONFERENCE -- CASH
 FUND 111 RURAL ADVOCACY CASH-(250)

Appropriation was established through the authority of the DFA Cash Holding Account

APPROPRIATION SUMMARY

BR 215