

DEPARTMENT OF RURAL SERVICES

Enabling Laws

Act 2089 of 2005
A.C.A. § 15-6-105 et seq.

History and Organization

The Department of Rural Services (DRS), formerly known as the Office of Rural Advocacy, and the eleven member Arkansas Rural Development Commission (ARDC) were created by Act 302 of 1991, the Arkansas Rural Development Commission Act. The Agency was renamed the Department of Rural Services by Act 935 of 1999. Together, the Agency and the Commission strive to enhance the quality of life for rural Arkansans without sacrificing individual freedoms or responsibilities. The Agency and Commission accomplish this goal by providing rural Arkansans with the resources necessary to help themselves succeed in their community.

The Department of Rural Services serves as a single point of contact for local governments, state and federal agencies, and other public, private and nonprofit sector organizations. The DRS promotes cooperative and integrated efforts among the various entities that are designed to address our rural issues. The Agency attempts to streamline the bureaucratic process for smaller communities of less than 20,000 in population and make government more customer oriented.

The Department of Rural Services' Mission Statement is "To Enhance the Quality of Life in Rural Arkansas."

Vision Statement

We envision an agency that will:

- Serve as the official point of contact for information on rural issues to the Governor, Legislature, and the general public
- Serve the State as the central coordinating agency for rural development
- Serve the State as a source of funding for rural development through grant / community in-kind partnerships
- Develop a human resource network across the State to assist rural communities directly
- Serve as an advocate for the rural communities of Arkansas

Agency Scope

The Department of Rural Services and the Arkansas Rural Development Commission are charged with serving communities with a population of 20,000 or less. Of the 490 incorporated cities and towns in Arkansas, 470 (96%) have a population of 20,000 or less. However, when you speak of rural development, incorporated cities and towns are only a small part of the puzzle. The unincorporated rural areas make up the majority of our Agency's service area. The unincorporated rural areas are often the most needy of adequate fire protection, adequate water and sewer, adequate public facilities, and adequate roadways. The Agency serves these communities by providing matching grants and information on the resources available to assist rural communities.

Agency Function

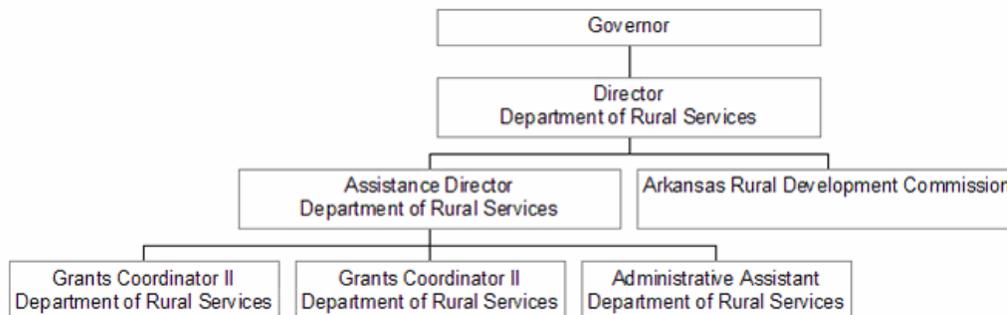
The function of the Department of Rural Services is:

- To serve as a single point of contact for rural communities needing assistance
- To provide rural communities with the assistance needed when possible
- To provide information about alternative sources for assistance when required assistance exceeds agency's means
- To gather information regarding the needs of rural citizens and communities and convey this information to the Governor and Legislature
- To serve the citizens of rural Arkansas as an advocate

Public Benefit Provided By Agency

Words alone are inadequate to describe the benefit our rural communities derive from the services of the Department of Rural Services. Today, due to assistance through the Rural Community Fire Protection Grant Program, the citizens of many rural communities can go to work assured that their homes are better protected because of improved fire communications, new fire safety equipment, new fire trucks, the addition of a sub-station or in many instances the construction of the community's first fire station. Due to assistance through the Rural Community Development Grant Program, the citizens of rural communities are planning events in their new or renovated community center or community park. They are gathering at the community ball field to watch their children play ball, or visiting the new community health clinic or the new community library. And through assistance from the County Fair Building Grant Program, rural county fairs are beginning construction of new concession stands and livestock barns in preparation for the fall fairs.

Most importantly, rural citizens, legislators, mayors, or county judges are able to call seeking assistance and will talk to a real person who will help them get the assistance they require.



Agency Commentary

To choose to reside in Arkansas is a choice to live in rural America. The Federal Government defines rural as a city, town or community with a population of 20,000 or less. Based on this definition, the State of Arkansas is over 95% rural. Even today, a choice to live in some of the more rural areas of Arkansas often means settling for poor drinking water, inadequate public facilities, inadequate or non-existent fire protection, and the absence of accessible local health care.

The Department of Rural Services (DRS) and the Arkansas Rural Development Commission (ARDC) are committed to preserving our way of life while seeking ways to combat these deficiencies. While

there is no simple solution to eradicating these deficiencies, it is obvious that Federal and State aid alone will not be sufficient. Instead, some of the solutions must be generated from within our rural communities. To achieve this end, we must strengthen the ability of our citizens to participate in determining our futures. The people of rural Arkansas must be educated and provided the tools necessary to accomplish community goals and objectives. Establishing partnerships throughout the community has enabled DRS to host regional information forums on the services our agency provides. This is one step DRS has taken to reach our communities and leaders.

The philosophy developed by DRS and the ARDC is to establish partnerships with communities to assist them in achieving their goals. This philosophy is incorporated into the Agency's various grant programs through the requirement of a matching portion from the community. Unlike many grant programs which fund a project 100%, the DRS grant programs seek to motivate communities to organize and develop a system of teamwork to bring their projects to fruition. Communities are encouraged to use only the grant funds absolutely needed to complete the project and to return any unused funds. To this end the Agency is requesting \$800,000 for grants. These include: \$300,000 for Rural Community Development Grants, \$400,000 for Rural Community Fire Protection Grants, and \$100,000 for the Rural County Fair Building Grants.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
 AUDIT OF :
 DEPARTMENT OF RURAL SERVICES
 FOR THE YEAR ENDED JUNE 30, 2005

Findings	Recommendations
None	None

Employment Summary

	Male	Female	Total	%
White Employees	1	3	4	80 %
Black Employees	0	0	0	0 %
Other Racial Minorities	0	1	1	20 %
Total Minorities			1	20 %
Total Employees			5	100 %

Cash Fund Balance Description as of June 30, 2006

Fund Account	Balance	Type	Location
1110100	\$23,594	Checking	Bancorpsouth

Statutory/Other Restrictions on use:

N/A

Statutory Provisions for Fees, Fines, Penalties:

N/A

Revenue Receipts Cycle:

Receipts are derived from the collection of conference registration fees and forum registration fees around the period events are held. Additional receipts are collected from corporate sponsors.

Fund Balance Utilization:

Collection of revenue is irregular throughout the year, centering primarily around hosted events. Revenues are not on day-to-day operations, but are reserved and expended on costs directly related to hosting conference forums.

Publications

A.C.A 25-1-204

Name	Statutory Authorization	Required for		# Of Copies	Reason (s) for Continued Publication and Distribution
		Governor	General Assembly		
Arkansas Rural Community Grant Program Guidelines and Application	Act 302 of 1991, Act 971 of 1995	N	N	6,000	To provide eligible rural communities with grant guidelines and procedures.
Arkansas Rural Development Conference Brochure	N/A	N	N	5,000	To promote the Annual Arkansas Rural Development Conference
Arkansas Rural Development Conference Program	N/A	N	N	1,000	To provide conference attendees with panel and event information.
County Fair Building Grant Program Guidelines and Application	Act 370 of 1999	N	N	1,000	To provide eligible rural communities with grant guidelines and procedures.
Rural Services Block Grant Guidelines and Application	Act 1412 of 1999	N	N	500	To provide eligible rural communities with grants guidelines and procedures.
The Rural Advocate	Act 302 of 1991	N	N	12,000	To provide information to rural communities in compliance with Act 302 of 1991 establishing the agency as the one contact for rural communities of less than 20,000 in population.

Department Appropriation Summary

Historical Data						Agency Request and Executive Recommendation								
Appropriation	2005-2006		2006-2007		2006-2007		2007-2008				2008-2009			
	Actual	Pos	Budget	Pos	Authorized	Pos	Agency	Pos	Executive	Pos	Agency	Pos	Executive	Pos
234 Rural Serv-St Oprs	860,797	5	866,129	5	878,425	5	1,125,463	5	1,125,463	5	1,125,463	5	1,125,463	5
B15 Rural Services - Conference	35,500	0	50,000	0	50,000	0	50,000	0	50,000	0	50,000	0	50,000	0
Total	896,297	5	916,129	5	928,425	5	1,175,463	5	1,175,463	5	1,175,463	5	1,175,463	5

Funding Sources		%		%		%		%		%		%	
Fund Balance	4000005	15,034	1.6	23,574	2.5	23,574	2.5	23,574	2.5	23,574	2.5	23,574	2.5
General Revenue	4000010	860,797	93.6	866,129	92.2	868,046	92.2	868,046	92.2	868,046	92.2	868,046	92.2
Cash Fund	4000045	44,040	4.8	50,000	5.3	50,000	5.3	50,000	5.3	50,000	5.3	50,000	5.3
Total Funds		919,871	100.0	939,703	100.0	941,620	100.0	941,620	100.0	941,620	100.0	941,620	100.0
Excess Appropriation/(Funding)		(23,574)		(23,574)		233,843		233,843		233,843		233,843	
Grand Total		896,297		916,129		1,175,463		1,175,463		1,175,463		1,175,463	

Agency Position Usage Report

FY2004-2005						FY2005-2006						FY2006-2007					
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	
5	5	0	5	0	0.00%	5	5	0	5	0	0.00%	5	5	0	5	0	0.00%

Analysis of Budget Request

Appropriation: 234 - Rural Serv-St Oprs

Funding Sources: HUA - Miscellaneous Agencies Fund

The "Arkansas Rural Development Program Act" of 1991 created the Office of Rural Advocacy. Act 935 of 1999 changed the agency name to the Department of Rural Services. 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 Arkansas Rural Development Commission oversees the functions and duties of the Agency, which is primarily funded by general revenue.

A cost of living increase is not incorporated in Base Level pending the outcome of the Classification and Compensation Study. FY07 salary levels have been held flat each year for all incumbents. Personal Services Matching may reflect increases in the Base Level due to the Social Security Tax maximum income limit and certain increases in Worker's Compensation and Unemployment Tax rates. Personal Services Matching also includes a \$30 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$350 per month.

The DRS has experienced a 27% increase in requests for assistance from rural communities and an increase in costs associated with labor/materials for building fire stations and community centers. The Agency is requesting an increase in unfunded appropriation of \$257,417 each year for the following:

- Increase in Rural Fire Protection Grants in the amount of \$100,000 to meet demand and increased costs associated with building fire stations.
- Increase in Community Development Grants in the amount of \$100,000 to meet demand and increased costs associated with building community centers.
- Increase in County Fair Improvement Grants in the amount of \$57,417 to meet rising labor and material costs.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 234 Rural Serv-St Oprs
Funding Sources: HUA - Miscellaneous Agencies Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2005-2006	2006-2007	2006-2007	2007-2008			2008-2009		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	193,314	193,479	206,092	193,479	193,479	193,479	193,479	193,479	193,479
#Positions	5	5	5	5	5	5	5	5	5
Extra Help 5010001	0	0	0	0	0	0	0	0	0
#Extra Help	0	0	2	0	0	0	0	0	0
Personal Services Matching 5010003	54,334	58,263	57,946	60,180	60,180	60,180	60,180	60,180	60,180
Operating Expenses 5020002	67,522	67,704	67,704	67,704	67,704	67,704	67,704	67,704	67,704
Conference & Travel Expenses 5050009	3,044	4,100	4,100	4,100	4,100	4,100	4,100	4,100	4,100
Professional Fees 5060010	0	0	0	0	0	0	0	0	0
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Grants and Aid 5100004	200,000	200,000	200,000	200,000	300,000	300,000	200,000	300,000	300,000
Capital Outlay 5120011	0	0	0	0	0	0	0	0	0
Rural Fire Protection Grants 5900046	300,000	300,000	300,000	300,000	400,000	400,000	300,000	400,000	400,000
County Fair Imprv Grants 5900048	42,583	42,583	42,583	42,583	100,000	100,000	42,583	100,000	100,000
Total	860,797	866,129	878,425	868,046	1,125,463	1,125,463	868,046	1,125,463	1,125,463
Funding Sources									
General Revenue 4000010	860,797	866,129		868,046	868,046	868,046	868,046	868,046	868,046
Total Funding	860,797	866,129		868,046	868,046	868,046	868,046	868,046	868,046
Excess Appropriation/(Funding)	0	0		0	257,417	257,417	0	257,417	257,417
Grand Total	860,797	866,129		868,046	1,125,463	1,125,463	868,046	1,125,463	1,125,463

The FY07 Budgeted amount in Personal Services Matching exceeds the authorized amount due to matching rate adjustments during the 2005-07 biennium.

No Extra Help appropriation was provided for the 2005-07 biennium.

Change Level by Appropriation

Appropriation: 234-Rural Serv-St Oprs
Funding Sources: HUA - Miscellaneous Agencies Fund

Agency Request

Change Level		2007-2008	Pos	Cumulative	% of BL	2008-2009	Pos	Cumulative	% of BL
BL	Base Level	868,046	5	868,046	100.0	868,046	5	868,046	100.0
C01	Existing Program	257,417	0	1,125,463	129.6	257,417	0	1,125,463	129.6

Executive Recommendation

Change Level		2007-2008	Pos	Cumulative	% of BL	2008-2009	Pos	Cumulative	% of BL
BL	Base Level	868,046	5	868,046	100.0	868,046	5	868,046	100.0
C01	Existing Program	257,417	0	1,125,463	129.6	257,417	0	1,125,463	129.6

Justification

C01	The Agency requests an increase in unfunded appropriation in the amount of \$257,417 each year for Rural Fire Protection Grants, County Fair Improvement Grants, and Community Development Grants to meet a 27% increase in requests for assistance from rural communities and an increase in labor/material costs associated with building fire stations and community centers.
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Analysis of Budget Request

Appropriation: B15 - Rural Services - Conference

Funding Sources: 111 - Department of Rural Services - Cash

This appropriation provides for an annual conference and several one-day seminars for local governments. The annual conference attendance numbers range from 400-500 each year with topics of discussion including finance, community marketing strategies, infrastructure and crime. Income is derived from fees charged to participants and donations received through corporate sponsorship.

The Agency requests Base Level (\$50,000) each year of the biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: B15 Rural Services - Conference
Funding Sources: 111 - Department of Rural Services - Cash

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2005-2006	2006-2007	2006-2007	2007-2008			2008-2009		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Conference Expenses 5900046	35,500	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Total	35,500	50,000							
Funding Sources									
Fund Balance 4000005	15,034	23,574		23,574	23,574	23,574	23,574	23,574	23,574
Cash Fund 4000045	44,040	50,000		50,000	50,000	50,000	50,000	50,000	50,000
Total Funding	59,074	73,574		73,574	73,574	73,574	73,574	73,574	73,574
Excess Appropriation/(Funding)	(23,574)	(23,574)		(23,574)	(23,574)	(23,574)	(23,574)	(23,574)	(23,574)
Grand Total	35,500	50,000		50,000	50,000	50,000	50,000	50,000	50,000