

CONTRACTORS LICENSING BOARD

Enabling Laws

Act 91 of 2014
A.C.A. §17-25-201
A.C.A. §17-25-103
A.C.A. §17-25-503

History and Organization

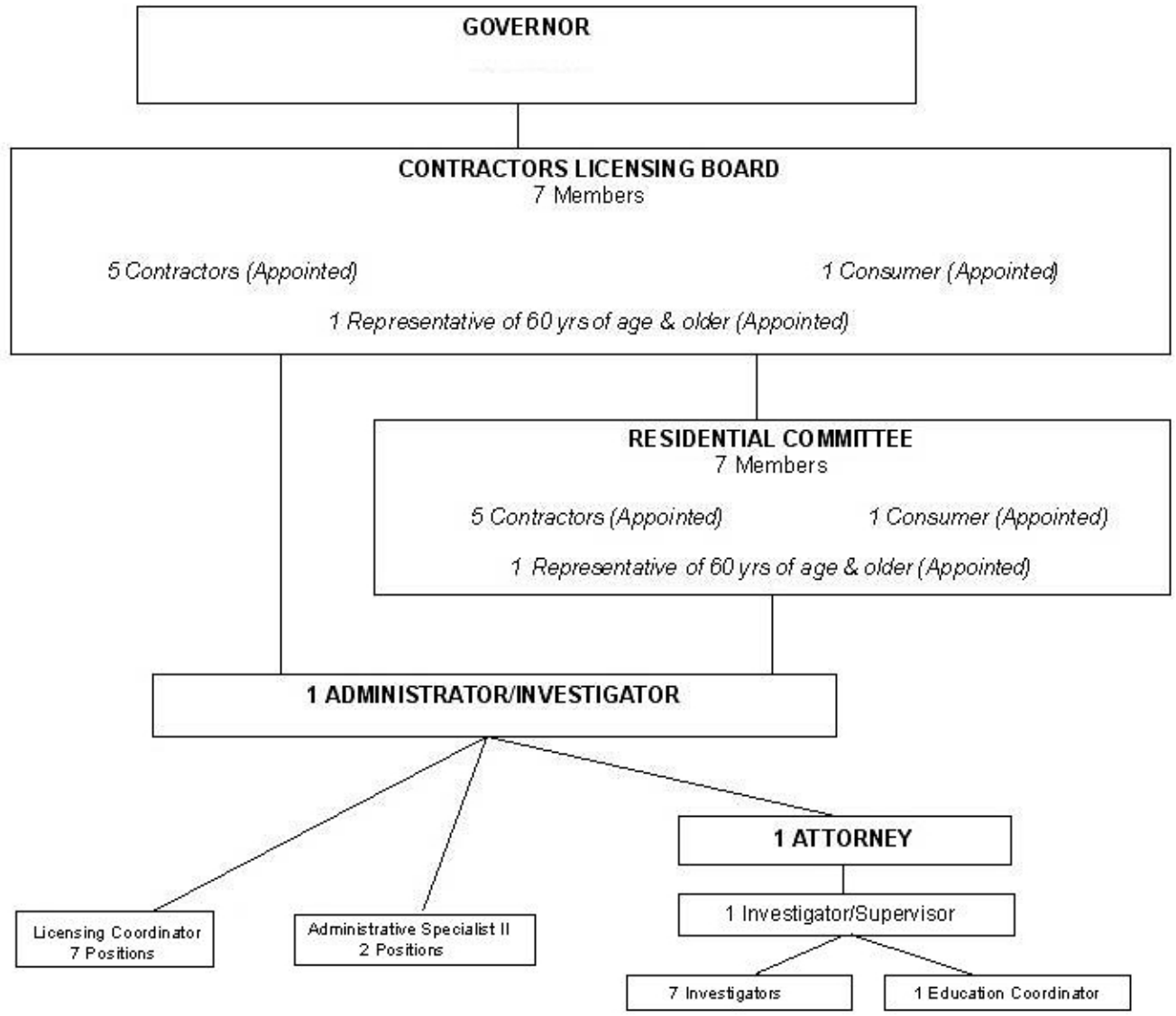
The Contractors Licensing Board was established by Act 124, approved on February 24, 1939, with the intent to preserve public health and safety in the construction industry in the State of Arkansas. Act 150 of 1965, as amended, has been established to efficiently insure public health and safety as well. 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 on time renewal applications require a \$50 fee. Original applications for a Home Improvement license is \$50 and on time renewal applications 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 and 1 education coordinator position for a total of 19 filled positions.

The Board is requesting a reduction of two investigator positions. This results in a reduction in Regular Salaries in the amount of \$71,108 in FY 2016 and FY 2017. In addition, this results in a reduction in Personal Services Matching of \$26,058 in FY 2016 and FY 2017. This change is being requested as the positions have not been necessary to fill in order for the Board to carry out its duties.

Further, the Board is requesting a reduction in Refunds/Reimbursements of \$40,000 annually. This is used to refund cash bonds on file with the Board and this reduction is to reduce the amount of the appropriation to be in line with annual needs.

The Board is also requesting elimination of the Investments line item. This was used in the past when the Board transferred money to various Arkansas Banks. However, all Board funds are now in the State Treasury and this Commitment Item is no longer necessary. This is a reduction in the amount of \$156,504 each year.

The Board is also requesting elimination of Secondary Area Training Centers - Construction Trades. This is used for grants to secondary schools construction training programs. This is a reduction in the amount of \$150,000 each year to reduce the amount of the appropriation to be in line with annual needs.

The Board is also requesting a reduction in Construction Industry Training Grants. This provides grants to both secondary schools construction training programs and for construction apprenticeship programs. This is a reduction in the amount of \$200,000 each year to reduce the amount of the appropriation to be in line with annual needs.

No increase is being requested in any category.

The total amount of reduction in the request is \$643,670 in FY 2016 and \$643,670 in FY 2017.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
ARKANSAS CONTRACTORS LICENSING BOARD
FOR THE YEAR ENDED JUNE 30, 2012

Findings	Recommendations
None	None

State Contracts Over \$50,000 Awarded To Minority Owned Businesses Fiscal Year 2014

None

Employment Summary

	Male	Female	Total	%
White Employees	6	11	17	94 %
Black Employees	0	0	0	0 %
Other Racial Minorities	0	1	1	6 %
Total Minorities			1	6 %
Total Employees			18	100 %

Publications

A.C.A. 25-1-201 et seq.

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution	Unbound Black & White Copies Produced During the Last Two Years	Cost of Unbound Copies Produced During the Last Two Years
		Governor	General Assembly				
Contractors License, Law, Bond Law and Rules Regulations	A.C.A. §17-25-315	N	N	3,000	Public Use	0	0.00
New and Renewal Applications	A.C.A. §17-25-303	N	N	18,000	Necessary for Licensure Process	0	0.00
Newsletters Annually	A.C.A. §17-25-206	N	N	1,000	Information Purposes	0	0.00

Agency Position Usage Report

FY2012 - 2013						FY2013 - 2014						FY2014 - 2015					
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		
18	18	1	19	-1	0.00 %	22	18	4	22	0	18.18 %	22	18	4	22	0	18.18 %

Budget Number of Positions may exceed the Authorized Number due to transfers from the Growth Pool during the 2013-2015 Biennium.

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. Expenditures from the cash funds are solely dependent on the availability of funds.

Base Level Regular Salaries and Personal Services Matching include continuation of the previously authorized 2015 1% Cost of Living Adjustment and Career Service Payments for eligible employees. Personal Services Matching also includes a \$10 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for Merit Pay Increases. The Base Level request for Regular Salaries includes board member stipend payments.

Base Level for the biennium is \$2,617,010 in FY16 and \$2,617,991 in FY17.

Due to a declining fund balance the Board's Change Level reduction request of (\$643,670) for both years reflects the following:

- Regular Salaries and Personal Services Matching decrease of (\$97,166) in both years for the elimination of two (2) Contractor's Board Investigator positions.
- Refunds/Reimbursement decrease of (\$40,000) in both years due to the reduction of cash bonds on file with the Board.
- Investment decrease of (\$156,504) in both years due to all Board funds being placed in the State Treasury therefore the commitment item no longer being needed.
- Construction Trades Training Grants decrease of (\$150,000) in both years due to decreases in revenue flow and the Board's ability to give out these grants based on their funding levels.
- Construction Industry Training Grants decrease of (\$200,000) in both years due to decreases in revenue flow and the Board's ability to give out these grants based on their funding levels.

The Executive Recommendation provides for Agency Request. Expenditure of appropriation is 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		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	2015-2016			2016-2017		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	923,700	1,012,515	1,025,205	1,022,147	951,039	951,039	1,022,947	951,839	951,839
#Positions		19	22	22	22	20	20	22	20	20
Personal Services Matching	5010003	314,745	334,072	332,235	339,478	313,420	313,420	339,659	313,601	313,601
Operating Expenses	5020002	275,684	345,481	345,481	345,481	345,481	345,481	345,481	345,481	345,481
Conference & Travel Expenses	5050009	7,334	9,400	9,400	9,400	9,400	9,400	9,400	9,400	9,400
Professional Fees	5060010	24,000	44,000	44,000	44,000	44,000	44,000	44,000	44,000	44,000
Grants and Aid	5100004	129,870	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
Refunds/Reimbursements	5110014	48,581	100,000	100,000	100,000	60,000	60,000	100,000	60,000	60,000
Investments	5120013	0	156,504	156,504	156,504	0	0	156,504	0	0
Construction Trades Training Gr	5900046	0	150,000	150,000	150,000	0	0	150,000	0	0
Construction Industry Training G	5900047	0	300,000	300,000	300,000	100,000	100,000	300,000	100,000	100,000
Total		1,723,914	2,601,972	2,612,825	2,617,010	1,973,340	1,973,340	2,617,991	1,974,321	1,974,321

Funding Sources										
Fund Balance	4000005	1,992,668	1,687,725		735,753	735,753	735,753	0	412,413	412,413
Cash Fund	4000045	1,418,971	1,650,000		1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000
Total Funding		3,411,639	3,337,725		2,385,753	2,385,753	2,385,753	1,650,000	2,062,413	2,062,413
Excess Appropriation/(Funding)		(1,687,725)	(735,753)		231,257	(412,413)	(412,413)	967,991	(88,092)	(88,092)
Grand Total		1,723,914	2,601,972		2,617,010	1,973,340	1,973,340	2,617,991	1,974,321	1,974,321

FY15 Budget amount in Personal Service Matching exceeds the authorized amount due to the matching rate adjustments during the 2013 - 2015 Biennium. Expenditure of appropriation is contingent upon available funding.

Change Level by Appropriation

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

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	2,617,010	22	2,617,010	100.0	2,617,991	22	2,617,991	100.0
C03	Discontinue Program	(643,670)	(2)	1,973,340	75.4	(643,670)	(2)	1,974,321	75.4

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	2,617,010	22	2,617,010	100.0	2,617,991	22	2,617,991	100.0
C03	Discontinue Program	(643,670)	(2)	1,973,340	75.4	(643,670)	(2)	1,974,321	75.4

Justification

C03	Reducing appropriation amounts by \$643,670 each year allows for the agency to be more in line with their revenue flow. The reduction includes the following: the reduction of Regular Salaries and Personal Service Matching of 2 Investigator positions (\$97,166) and decreases in refunds (\$40,000), investments (\$156,504), Construction Trades Training Grants (\$150,000), and Construction Industry Training Grants (\$200,000).
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