

DFA - ABC ADMINISTRATION (includes Medical Marijuana Commission)

State Contracts Over \$50,000 Awarded To Minority Owned Businesses Fiscal Year 2018

None

Employment Summary

	Male	Female	Total	%
White Employees	2	8	10	83 %
Black Employees	0	2	2	17 %
Other Racial Minorities	0	0	0	0 %
Total Minorities			2	17 %
Total Employees			12	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				
ABC Rules and Regulations	None	N	N	600	To provide ABC Rules and Regulations information to customers with ABC permits.	0	0.00

Department Appropriation Summary

Appropriation	Historical Data						Agency Request and Executive Recommendation							
	2017-2018		2018-2019		2018-2019		2019-2020				2020-2021			
	Actual	Pos	Budget	Pos	Authorized	Pos	Agency	Pos	Executive	Pos	Agency	Pos	Executive	Pos
261 ABC Administration - State Operations	786,455	12	1,044,184	14	1,013,792	14	1,021,324	14	1,021,324	14	1,022,482	14	1,022,482	14
911 ABC Administration - Cash Operations	392	0	7,000	0	7,000	0	0	0	0	0	0	0	0	0
F93 Spirituous & Vinous Beverages	56,867	0	300,000	0	300,000	0	300,000	0	300,000	0	300,000	0	300,000	0
V45 Medical Marijuana Commission	37,848	0	1,500,000	0	4,017,914	5	5,640,771	0	5,640,771	0	5,640,771	0	5,640,771	0
Total	881,562	12	2,851,184	14	5,338,706	19	6,962,095	14	6,962,095	14	6,963,253	14	6,963,253	14

Funding Sources		%		%		%		%		%		%	
Fund Balance	4000005	500,778	33.1	631,353	19.0	477,209	6.5	477,209	6.5	327,209	4.6	327,209	4.6
General Revenue	4000010	786,455	52.0	1,022,296	30.7	1,020,324	14.0	1,020,324	14.0	1,021,482	14.3	1,021,482	14.3
Special Revenue	4000030	224,719	14.9	1,650,000	49.6	5,790,771	79.4	5,790,771	79.4	5,790,771	81.1	5,790,771	81.1
Cash Fund	4000045	963	0.1	2,856	0.1	1,000	0.0	1,000	0.0	1,000	0.0	1,000	0.0
Performance Fund	4000055	0	0.0	21,888	0.7	0	0.0	0	0.0	0	0.0	0	0.0
Total Funds		1,512,915	100.0	3,328,393	100.0	7,289,304	100.0	7,289,304	100.0	7,140,462	100.0	7,140,462	100.0
Excess Appropriation/(Funding)		(631,353)		(477,209)		(327,209)		(327,209)		(177,209)		(177,209)	
Grand Total		881,562		2,851,184		6,962,095		6,962,095		6,963,253		6,963,253	

Analysis of Budget Request

Appropriation: 261 - ABC Administration - State Operations

Funding Sources: HUA - Miscellaneous Agencies Fund

ABC administers the regulation, supervision and control of the manufacture, distribution and sale of all alcoholic beverages and the issuance of permits, and the regulation thereof. Pursuant to Amendment 98 of the Constitution of the State of Arkansas of 1874 (The Medical Marijuana Amendment of 2016), the ABC mission was expanded to include the oversight of medical marijuana cultivation facilities and dispensaries in Arkansas.

The Agency requests \$1,021,324 in FY20 and \$1,022,482 in FY21.

The Agency Request includes the following changes:

- A reallocation of \$22,329 in FY20 and \$22,009 in FY21 to Operating Expenses from Professional Fees. The additional appropriation in Operating will be utilized to support the Division's new expanded mission, including the oversight of the medical marijuana cultivation facilities and dispensaries in Arkansas.
- An additional reduction of (\$22,671) in FY20 and (\$22,991) in FY21 in Professional Fees, resulting in the net reduction of (\$45,000) in each year of the biennium. This reduction will bring the agency's appropriation in line with available funding.
- Additionally, the Agency requests to move the funding previously deposited into ABC Administration Cash Operations into the State Operations Appropriation and to discontinue the ABC Administration Cash Operations Appropriation. An additional \$1,000 each year has been certified for revenue derived from the sale of ABC Regulation Books.

The Agency provided the following justification of appropriation requests that exceeds the FY18 Actual Expenditures by more than 10%:

- Operating Expenses: The reallocation of additional appropriation to Operating Expenses is requested to support the Divisions new expanded mission, including the oversight of the medical marijuana cultivation facilities and dispensaries in Arkansas. Not all expenditures related to ABC- Admin are reflected in Actual Expenditures. Some Administrative Expenses for the Division were absorbed in 2018 by the Administrative Services Division (0610).
- Conference & Travel: The Division would like to continue its current level of appropriation for Conference and Travel to allow the Division to attend trainings to keep current on best practices.
- Professional Fees: With the Division's request includes a net reduction of (\$45,000) each year of the biennium. However the Division still requests to continue an amount exceeding actual expenditure by more than 10% for any unanticipated expenses that may arise associated with the oversight of medical marijuana.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 261 - ABC Administration - State Operations

Funding Sources: HUA - Miscellaneous Agencies Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item		2017-2018	2018-2019	2018-2019	2019-2020		2020-2021	
		Actual	Budget	Authorized	Agency	Executive	Agency	Executive
Regular Salaries	5010000	506,387	661,550	629,420	660,921	660,921	662,121	662,121
#Positions		12	14	14	14	14	14	14
Extra Help	5010001	2,888	7,000	7,000	7,000	7,000	7,000	7,000
#Extra Help		1	2	2	2	2	2	2
Personal Services Matching	5010003	178,253	220,648	222,386	221,088	221,088	221,366	221,366
Operating Expenses	5020002	98,377	100,000	100,000	122,329	122,329	122,009	122,009
Conference & Travel Expenses	5050009	150	4,986	4,986	4,986	4,986	4,986	4,986
Professional Fees	5060010	400	50,000	50,000	5,000	5,000	5,000	5,000
Data Processing	5090012	0	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0
Total		786,455	1,044,184	1,013,792	1,021,324	1,021,324	1,022,482	1,022,482

Funding Sources								
General Revenue	4000010	786,455	1,022,296		1,020,324	1,020,324	1,021,482	1,021,482
Cash Fund	4000045	0	0		1,000	1,000	1,000	1,000
Performance Fund	4000055	0	21,888		0	0	0	0
Total Funding		786,455	1,044,184		1,021,324	1,021,324	1,022,482	1,022,482
Excess Appropriation/(Funding)		0	0		0	0	0	0
Grand Total		786,455	1,044,184		1,021,324	1,021,324	1,022,482	1,022,482

The Agency Request to deposit reimbursements from the sale of ABC Regulation Books in this appropriation, and discontinue Appropriation 911. Expenditure of appropriation is contingent upon available funding.

FY19 Budget amount in Regular Salaries exceeds the authorized amount due to salary adjustments during the 2017-2019 Biennium.

Analysis of Budget Request

Appropriation: 911 - ABC Administration - Cash Operations

Funding Sources: NAB - ABC Administration - Cash in Treasury

This appropriation is used by the Alcoholic Beverage Control (ABC) Administration Division for Operating Expenses associated with publishing the ABC "Rules, Regulations and Decisions" handbook. Cash funds received from the sale of ABC handbooks provide funding for the appropriation.

The Agency requests this appropriation to be discontinued in the upcoming biennium and for revenues to be deposited in the State Operations appropriation.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 911 - ABC Administration - Cash Operations

Funding Sources: NAB - ABC Administration - Cash in Treasury

Historical Data

Agency Request and Executive Recommendation

Commitment Item		2017-2018	2018-2019	2018-2019	2019-2020		2020-2021	
		Actual	Budget	Authorized	Agency	Executive	Agency	Executive
Operating Expenses	5020002	392	7,000	7,000	0	0	0	0
Conference & Travel Expenses	5050009	0	0	0	0	0	0	0
Professional Fees	5060010	0	0	0	0	0	0	0
Data Processing	5090012	0	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0
Total		392	7,000	7,000	0	0	0	0
Funding Sources								
Fund Balance	4000005	3,573	4,144		0	0	0	0
Cash Fund	4000045	963	2,856		0	0	0	0
Total Funding		4,536	7,000		0	0	0	0
Excess Appropriation/(Funding)		(4,144)	0		0	0	0	0
Grand Total		392	7,000		0	0	0	0

This appropriation is not requested to be continued in FY20 and FY21. The funding used to support this appropriation will be transferred to the Miscellaneous Agencies Fund used to support the Agency's State Operations appropriation (Funds Center 261).

Analysis of Budget Request

Appropriation: F93 - Spirituous & Vinous Beverages

Funding Sources: SSV - Alcoholic Beverage Control Fund

This appropriation is used by the Alcoholic Beverage Control (ABC) Administration Division for the general operations that involve the promotion, education, training, alcohol safety awareness and enforcement activities. The special revenues that fund this appropriation are from the registration fees paid to ABC - Administration by manufacturers, importers, or producers of spirituous and vinous beverages for each different alcoholic beverage product label.

The Agency Request is \$300,000 in each year of the 2019-2021 Biennium and a change to the Appropriation Language to allow for the purchase of vehicles.

The Agency provided the following justification of appropriation requests that exceeds the FY18 Actual Expenditures by more than 10%:

- ABC Administration would like to keep appropriation at the current levels because FY18's expenditures do not reflect ABC's expanded mission over medical marijuana. Additionally, the Division is requesting a change to the language for the appropriation to allow the division to be able to utilize the appropriation for vehicle purchases. The Division is in need of replacing several vehicles over 100,000 miles.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: F93 - Spirituous & Vinous Beverages

Funding Sources: SSV - Alcoholic Beverage Control Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2017-2018	2018-2019	2018-2019	2019-2020		2020-2021	
	Actual	Budget	Authorized	Agency	Executive	Agency	Executive
Promotion, Education, Training S 5900046	56,867	300,000	300,000	300,000	300,000	300,000	300,000
Total	56,867	300,000	300,000	300,000	300,000	300,000	300,000
Funding Sources							
Fund Balance 4000005	497,205	627,209		477,209	477,209	327,209	327,209
Special Revenue 4000030	186,871	150,000		150,000	150,000	150,000	150,000
Total Funding	684,076	777,209		627,209	627,209	477,209	477,209
Excess Appropriation/(Funding)	(627,209)	(477,209)		(327,209)	(327,209)	(177,209)	(177,209)
Grand Total	56,867	300,000		300,000	300,000	300,000	300,000

The Agency Request includes an expansion of this appropriation's expenditure authority, by adding specific approval to use the Spirituous and Vinous Beverages appropriation for the purchase of vehicles used to support the promotion, education, training, safety awareness and enforcement activities of the Alcoholic Beverage Control Division of the Department of Finance and Administration.

Analysis of Budget Request

Appropriation: V45 - Medical Marijuana Commission

Funding Sources: SMM - Medical Marijuana Commission Fund

Pursuant to Amendment 98 of the Constitution of the State of Arkansas of 1874 (The Medical Marijuana Amendment of 2016), Arkansas Medical Marijuana Commission was established and charged with the responsibility to oversee medical marijuana cultivation facilities and dispensaries in Arkansas.

This appropriation is funded from cultivation and dispensary application and license fees, and is used to support the expenses related to the medical marijuana commission. The Contingency appropriation is supported by special language which authorizes the CFO of the state to transfer appropriation, as needed, to the ABC Division of DFA, the Health Department, or any other State Agency incurring expenses for the implementation, administration or enforcement of the Arkansas Medical Marijuana Amendment of 2016, to pay for personal services, operating expenses, professional fees, equipment, monitoring, auditing and other miscellaneous expenses. The Refunds/Reimbursements appropriation is used to reimburse allowable portions of application fees for Cultivation and Dispensary applications and licenses, as authorized in the Rules and Regulations adopted and promulgated by the Medical Marijuana Commission.

The Agency requests \$5,640,771 in each year of the 2019-2021 Biennium.

The Agency Request includes the following changes:

- Reduction of (5) positions with a reduction of (\$313,947) in related salaries and matching appropriation.
- Reallocation of \$140,771 in appropriation to the Medical Marijuana Expenses commitment item to allow for more flexibility to respond to the needs of the Commission:
 - Reduction of (2) Extra Help Positions with the (\$10,000) in Extra Help Appropriation and related (\$771) in matching.
 - Reduction of (\$100,000) in Operating Expenses.
 - Reduction of (\$30,000) in Conference & Travel Expenses.
- An additional \$2,000,000 for Reimbursements. The additional appropriation is necessary due to the commission holding applications open for longer than originally anticipated. Due to this reason, the commission may issue more refunds than the appropriation currently allows in the upcoming biennium.

The Agency provided the following justification of appropriation requests that exceed the FY18 Actual Expenditures by more than 10%:

- Expenses for Medical Marijuana Commission are not accurately reflected in FY18 expenditures because the commission was just starting operations.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: V45 - Medical Marijuana Commission
Funding Sources: SMM - Medical Marijuana Commission Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item	Historical Data			Agency Request and Executive Recommendation		Agency Request and Executive Recommendation	
	2017-2018 Actual	2018-2019 Budget	2018-2019 Authorized	2019-2020 Agency	2019-2020 Executive	2020-2021 Agency	2020-2021 Executive
Regular Salaries 5010000	0	0	287,433	0	0	0	0
#Positions	0	0	5	0	0	0	0
Extra Help 5010001	0	0	10,000	0	0	0	0
#Extra Help	0	2	2	0	0	0	0
Personal Services Matching 5010003	0	0	80,481	0	0	0	0
Operating Expenses 5020002	0	0	100,000	0	0	0	0
Conference & Travel Expenses 5050009	0	0	30,000	0	0	0	0
Refunds/Reimbursements 5110014	37,848	1,500,000	1,500,000	3,500,000	3,500,000	3,500,000	3,500,000
Capital Outlay 5120011	0	0	10,000	0	0	0	0
Contingency 5130018	0	0	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Medical Marijuana Expenses 5900046	0	0	0	140,771	140,771	140,771	140,771
Total	37,848	1,500,000	4,017,914	5,640,771	5,640,771	5,640,771	5,640,771
Funding Sources							
Special Revenue 4000030	37,848	1,500,000		5,640,771	5,640,771	5,640,771	5,640,771
Total Funding	37,848	1,500,000		5,640,771	5,640,771	5,640,771	5,640,771
Excess Appropriation/(Funding)	0	0		0	0	0	0
Grand Total	37,848	1,500,000		5,640,771	5,640,771	5,640,771	5,640,771