

# STATE BOARD OF COLLECTION AGENCIES

## Enabling Laws

Act 198 of 2016

A.C.A. §17-24-101 et seq. (Collection Agencies)

A.C.A. §23-52-101 et seq. [Repealed.] (Check-Cashing)

## History and Organization

The Arkansas State Board of Collection Agencies (ASBCA) was created by Act 145 of 1965. The ASBCA is currently comprised of the Division of Collection Agencies. The Division of Check-Cashing was created by Act 1216 of 1999 and was part of the ASBCA until it was declared unconstitutional by the Supreme Court of Arkansas (No. 08-164) in November 2008.

The Division of Collection Agencies is responsible for licensing collection agencies, investigating and prosecuting violations of Arkansas collection law, enforcing bonding requirement and monitoring the activities of approximately 1,200 collection agencies. The ASBCA investigates consumer complaints such as non-remittance of client funds, prohibited collection practices, or unlicensed activity. When a complaint is lodged, the ASBCA initiates an investigation. Upon completion of the investigation appropriate remedies are applied. Remedies may include formal hearing before the Board, which may result in suspension or revocation of the collection agency's license, civil fines and/or criminal prosecution.



## **Agency Commentary**

The Arkansas State Board of Collection Agencies (ASBCA) was created by Act 145 of 1965. The Board licenses and regulates the activities of third party debt collectors including debt buyers. Currently, there are approximately 1,340 licensees 95% of which are located outside Arkansas and 98% of the Board's income is from those out-of-state agencies.

The Board receives no general revenue and operates on funds generated by licensing fees and fines imposed by the Board.

The Board requests the Base Level appropriation for the 2017-2019 Biennium.

## **Audit Findings**

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
ARKANSAS STATE BOARD OF COLLECTION AGENCIES  
FOR THE YEAR ENDED JUNE 30, 2014

Findings	Recommendations
None	None

## **State Contracts Over \$50,000 Awarded To Minority Owned Businesses Fiscal Year 2016**

None

## Employment Summary

	Male	Female	Total	%
White Employees	0	3	3	100 %
Black Employees	0	0	0	0 %
Other Racial Minorities	0	0	0	0 %
Total Minorities			0	0 %
Total Employees			3	100 %

## Cash Fund Balance Description as of June 30, 2016

Fund Account	Balance	Type	Location
3100000	\$1,991,383	Checking	Simmons National Bank - Little Rock

### Statutory/Other Restrictions on use:

A.C.A. §17-24-305 establishes that the agency can use funds collected to pay all expenses.

### Statutory Provisions for Fees, Fines, Penalties:

A.C.A. §17-24-103 & 105 authorizes the Board to collect licensing fees, fines, and penalties.

### Revenue Receipts Cycle:

Funds are deposited in bank account as received.

### Fund Balance Utilization:

Funds are collected throughout the year and used for expenses.

Fund Account  
3100000

Balance  
\$3,545,423

Type  
Certificate of Deposit

Location  
First Security Bank - Little Rock

Statutory/Other Restrictions on use:

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Statutory Provisions for Fees, Fines, Penalties:

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Revenue Receipts Cycle:

Funds are deposited in bank account as received.

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**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				
None	N/A	N	N	0	N/A	0	0.00

**Agency Position Usage Report**

FY2014 - 2015						FY2015 - 2016						FY2016 - 2017					
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		
4	4	0	4	0	0.00 %	4	3	1	4	0	25.00 %	4	3	1	4	0	25.00 %

## **Analysis of Budget Request**

**Appropriation:** A56 - Division of Collections - Cash Operations

**Funding Sources:** 310 - Collection Agencies Board - Cash

The State Board of Collection Agencies (SBCA) is responsible for such matters as licensing, revocation of licenses, investigation and prosecution of violations, enforcement of bonding requirements, setting and enforcing standards of ethical operations, and generally policing the activities of approximately 1,300 collection agencies presently operating in Arkansas. The aspiration of the SBCA is to reduce undesirable collection activity, fraud, misrepresentation of client funds, and unprofessional conduct.

The SBCA is funded with the receipts of license fees for collection agencies.

Base Level Regular Salaries and Personal Services Matching include the continuation of the previously authorized 2017 Salaries and Career Service Payments for eligible employees. Personal Services Matching includes 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 a Cost of Living Adjustment or Merit Pay Increases.

The Board is requesting Base Level appropriation of \$1,720,291 for each year of the 2017-2019 Biennium.

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

## Appropriation Summary

**Appropriation:** A56 - Division of Collections - Cash Operations

**Funding Sources:** 310 - Collection Agencies Board - Cash

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	2017-2018			2018-2019		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	203,933	206,283	209,541	206,283	206,283	206,283	206,283	206,283	206,283
<b>#Positions</b>		<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>
Extra Help	5010001	3,869	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
<b>#Extra Help</b>		<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>
Personal Services Matching	5010003	65,265	66,017	67,407	67,166	67,166	67,166	67,166	67,166	67,166
Operating Expenses	5020002	77,380	91,700	91,700	91,700	91,700	91,700	91,700	91,700	91,700
Conference & Travel Expenses	5050009	2,132	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500
Professional Fees	5060010	4,549	21,000	21,000	21,000	21,000	21,000	21,000	21,000	21,000
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Grants and Aid	5100004	1,265,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000
Claims	5110015	0	24,642	24,642	24,642	24,642	24,642	24,642	24,642	24,642
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>		<b>1,622,128</b>	<b>1,719,142</b>	<b>1,723,790</b>	<b>1,720,291</b>	<b>1,720,291</b>	<b>1,720,291</b>	<b>1,720,291</b>	<b>1,720,291</b>	<b>1,720,291</b>
<b>Funding Sources</b>										
Fund Balance	4000005	5,467,884	5,536,806		4,997,664	4,997,664	4,997,664	4,457,373	4,457,373	4,457,373
Cash Fund	4000045	1,691,050	1,180,000		1,180,000	1,180,000	1,180,000	1,180,000	1,180,000	1,180,000
<b>Total Funding</b>		<b>7,158,934</b>	<b>6,716,806</b>		<b>6,177,664</b>	<b>6,177,664</b>	<b>6,177,664</b>	<b>5,637,373</b>	<b>5,637,373</b>	<b>5,637,373</b>
Excess Appropriation/(Funding)		(5,536,806)	(4,997,664)		(4,457,373)	(4,457,373)	(4,457,373)	(3,917,082)	(3,917,082)	(3,917,082)
<b>Grand Total</b>		<b>1,622,128</b>	<b>1,719,142</b>		<b>1,720,291</b>	<b>1,720,291</b>	<b>1,720,291</b>	<b>1,720,291</b>	<b>1,720,291</b>	<b>1,720,291</b>