

# STATE BOARD OF COLLECTION AGENCIES

## Enabling Laws

Act 58 of 2003

Div of Collection Agencies: Act 145 of 1965 AR Code 17-24-101

Div of Check Cashing: Act 1216 of 1999 AR Code 23-52-101

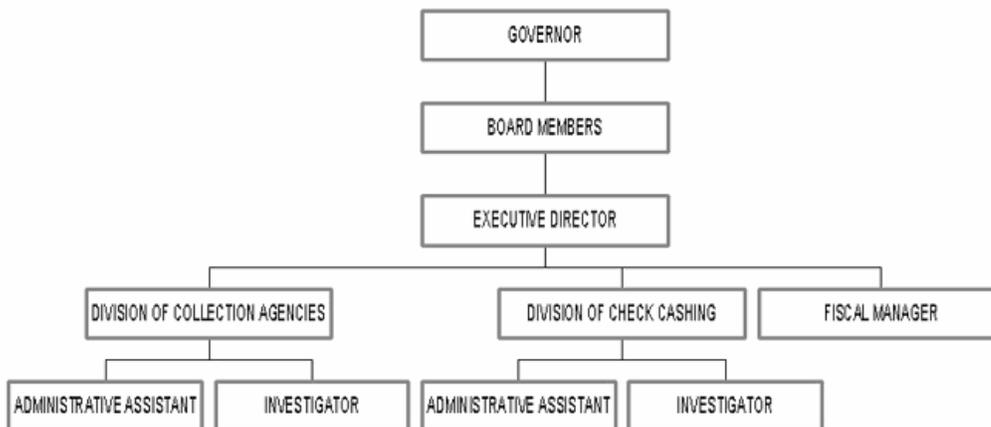
## History and Organization

The Arkansas State Board of Collection Agencies (ASBCA) was created by Act 145 of 1965. The ASBCA is comprised of two divisions: 1) the Division of Collection Agencies and 2) the Division of Check-cashing. The Division of Check-Cashing was created by Act 1216 of 1999.

The Division of Collection Agencies is responsible for licensing collection agencies, investigating and prosecuting violations of Arkansas collection law, enforcing bonding requirements and monitoring the activities of approximately 1000 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.

The Division of Check-Cashing is charged with licensing and regulating check-cashing and deferred presentment of checks; imposing fines and penalties for violations of the check-cashing laws and granting exemptions from licensing. The Division of Check-Cashing currently oversees the activities of approximately 180 check-cashing locations in Arkansas.

The ASBCA aspires to reduce undesirable collection and check-cashing activities and to increase industry and consumer awareness of the applicable laws.



## Agency Commentary

The Arkansas State Board of Collection Agencies is responsible for licensing and monitoring collection agencies located within Arkansas and those located outside Arkansas that contact Arkansas debtors. The Board also licenses and regulates check-cashing operations located in Arkansas. The agency receives no funding from the State because the operations of the agency are funded from receipts of license fees, penalties, and fines imposed by the Board. The budget request for the Division of Collection Agencies and the Division of Check-Cashing is Base Level for FY06 and FY07. There are no Change Level requests for FY06 and FY07.

## Audit Findings

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
STATE BOARD OF COLLECTION AGENCIES  
FOR THE YEAR ENDED JUNE 30, 2003

Findings	Recommendations
None	None

## Employment Summary

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

## Cash Fund Balance Description as of June 30, 2004

Fund Account	Balance	Type	Location
3100000	\$3,532,561	Checking, Money Market, CD	Metropolitan National Bank

Statutory/Other Restrictions on use:

A.C.A. 17-24-305

Statutory Provisions for Fees, Fines, Penalties:

A.C.A. 17-24-103 & 105

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	Balance	Type	Location
3850100	\$326,297	Checking	Metropolitan National Bank

Statutory/Other Restrictions on use:

A.C.A. 17-24-305

Statutory Provisions for Fees, Fines, Penalties:

A.C.A. 23-52-108 62-108, 109

Revenue Receipts Cycle:

Funds are deposited in bank account as received.

Fund Balance Utilization:

Funds are collected throughout the year and used for expenses.

**Publications**

**A.C.A 25-1-204**

Name	Statutory Authorization	Required for		# Of Copies	Reason (s) for Continued Publication and Distribution
		Governor	General Assembly		
None	N/A	N	N	0	N/A

## Department Appropriation / Program Summary

Appropriation / Program	Historical Data						Agency Request and Executive Recommendation							
	2003-2004		2004-2005		2004-2005		2005-2006				2006-2007			
	Actual	Pos	Budget	Pos	Authorized	Pos	Agency	Pos	Executive	Pos	Agency	Pos	Executive	Pos
A56 Cash Operations	217,910	3	313,122	4	306,073	4	320,319	4	320,319	4	326,260	4	326,260	4
B99 Div of Check Cashing	97,697	2	143,149	2	141,047	2	146,921	2	146,921	2	149,247	2	149,247	2
<b>Total</b>	<b>315,607</b>	<b>5</b>	<b>456,271</b>	<b>6</b>	<b>447,120</b>	<b>6</b>	<b>467,240</b>	<b>6</b>	<b>467,240</b>	<b>6</b>	<b>475,507</b>	<b>6</b>	<b>475,507</b>	<b>6</b>
Funding Sources			%		%		%		%		%		%	
Fund Balance	4000005	3,295,034	78.9	3,858,675	83.6		4,157,404	84.6	4,157,404	84.6	4,445,164	85.5	4,445,164	85.5
Cash Fund	4000045	879,248	21.1	755,000	16.4		755,000	15.4	755,000	15.4	755,000	14.5	755,000	14.5
Total Funds		4,174,282	100.0	4,613,675	100.0		4,912,404	100.0	4,912,404	100.0	5,200,164	100.0	5,200,164	100.0
Excess Appropriation/(Funding)		(3,858,675)		(4,157,404)			(4,445,164)		(4,445,164)		(4,724,657)		(4,724,657)	
Grand Total		315,607		456,271			467,240		467,240		475,507		475,507	

## **Analysis of Budget Request**

**Appropriation / Program:** A56 - Cash Operations

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

The State Board of Collection Agencies 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 four hundred seventy-five 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. It is funded with the receipts of license fees for collection agencies. Expenditure of appropriation is dependent upon available funding.

Base Level for this appropriation includes graduated salary increases of 3% to 1.5% each year over FY05 salary levels, along with related Personal Services Matching costs for four (4) Base Level positions. This includes a \$600 minimum increase for employees earning \$20,000 or below. Included in Personal Services Matching is a \$40 increase in the monthly contribution for State employee's health insurance for a total State match of \$320 per month.

The Board is requesting Base Level for the 2005-07 biennium.

The Executive Recommendation provides for the Agency Request.

## Appropriation / Program Summary

**Appropriation / Program:** A56 Cash Operations  
**Funding Sources:** 310- Collection Agencies Board- Cash

Commitment Item	Historical Data			Agency Request and Executive Recommendation					
	2003-2004 Actual	2004-2005 Budget	2004-2005 Authorized	2005-2006			2006-2007		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	134,710	165,292	165,553	170,048	170,048	170,048	174,927	174,927	174,927
<b>#Positions</b>	<b>3</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	640	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	39,898	50,472	43,162	52,913	52,913	52,913	53,975	53,975	53,975
Operating Expenses 5020002	33,344	59,481	59,481	59,481	59,481	59,481	59,481	59,481	59,481
Travel-Conference Fees 5050009	2,566	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500
Professional Fees and Services 5060010	1,597	2,800	2,800	2,800	2,800	2,800	2,800	2,800	2,800
Data Processing 5090012	0	935	935	935	935	935	935	935	935
Claims 5110015	0	24,642	24,642	24,642	24,642	24,642	24,642	24,642	24,642
Capital Outlay 5120011	5,155	0	0	0	0	0	0	0	0
<b>Total</b>	<b>217,910</b>	<b>313,122</b>	<b>306,073</b>	<b>320,319</b>	<b>320,319</b>	<b>320,319</b>	<b>326,260</b>	<b>326,260</b>	<b>326,260</b>
<b>Funding Sources</b>									
Fund Balance 4000005	3,016,888	3,532,378		3,899,256	3,899,256	3,899,256	4,258,937	4,258,937	4,258,937
Cash Fund 4000045	733,400	680,000		680,000	680,000	680,000	680,000	680,000	680,000
<b>Total Funding</b>	<b>3,750,288</b>	<b>4,212,378</b>		<b>4,579,256</b>	<b>4,579,256</b>	<b>4,579,256</b>	<b>4,938,937</b>	<b>4,938,937</b>	<b>4,938,937</b>
Excess Appropriation/(Funding)	(3,532,378)	(3,899,256)		(4,258,937)	(4,258,937)	(4,258,937)	(4,612,677)	(4,612,677)	(4,612,677)
<b>Grand Total</b>	<b>217,910</b>	<b>313,122</b>		<b>320,319</b>	<b>320,319</b>	<b>320,319</b>	<b>326,260</b>	<b>326,260</b>	<b>326,260</b>

The FY05 Budgeted amount in Personal Services Matching exceeds the authorized amount due to matching rate adjustments during the 2003-05 biennium.

## **Analysis of Budget Request**

**Appropriation / Program:** B99 - Div of Check Cashing

**Funding Sources:** 385- Collection Agencies Division of Check Cashing- Cash

The Division of Check Cashing was created by Act 1216 of 1999, which is codified as A.C.A. §23-52-101 et seq. The Division of Check Cashing is charged with licensing and regulating check cashing and deferred presentment of checks, imposing fines and penalties for violations of the check cashing laws and granting exemptions from licensing. The Division of Check Cashing currently oversees the activities of 350 check cashing companies. Expenditure of appropriation is dependent upon available funding.

Base Level for this appropriation includes graduated salary increases of 3% to 1.5% each year over FY05 salary levels, along with related Personal Services Matching costs for two (2) Base Level positions. This includes a \$600 minimum increase for employees earning \$20,000 or below. Included in Personal Services Matching is a \$40 increase in the monthly contribution for State employee's health insurance for a total State match of \$320 per month.

The Board is requesting Base Level for the 2005-07 biennium.

The Executive Recommendation provides for the Agency Request.

## Appropriation / Program Summary

**Appropriation / Program:** B99 Div of Check Cashing  
**Funding Sources:** 385- Collection Agencies Division of Check Cashing- Cash

Commitment Item	Historical Data			Agency Request and Executive Recommendation					
	2003-2004 Actual	2004-2005 Budget	2004-2005 Authorized	2005-2006			2006-2007		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	39,946	61,872	61,872	63,727	63,727	63,727	65,638	65,638	65,638
<b>#Positions</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>
Extra Help 5010001	0	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
<b>#Extra Help</b>	<b>0</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	14,421	20,171	18,069	22,088	22,088	22,088	22,503	22,503	22,503
Operating Expenses 5020002	43,330	49,006	49,006	49,006	49,006	49,006	49,006	49,006	49,006
Travel-Conference Fees 5050009	0	2,300	2,300	2,300	2,300	2,300	2,300	2,300	2,300
Professional Fees and Services 5060010	0	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Data Processing 5090012	0	800	800	800	800	800	800	800	800
Capital Outlay 5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>97,697</b>	<b>143,149</b>	<b>141,047</b>	<b>146,921</b>	<b>146,921</b>	<b>146,921</b>	<b>149,247</b>	<b>149,247</b>	<b>149,247</b>
<b>Funding Sources</b>									
Fund Balance 4000005	278,146	326,297		258,148	258,148	258,148	186,227	186,227	186,227
Cash Fund 4000045	145,848	75,000		75,000	75,000	75,000	75,000	75,000	75,000
<b>Total Funding</b>	<b>423,994</b>	<b>401,297</b>		<b>333,148</b>	<b>333,148</b>	<b>333,148</b>	<b>261,227</b>	<b>261,227</b>	<b>261,227</b>
Excess Appropriation/(Funding)	(326,297)	(258,148)		(186,227)	(186,227)	(186,227)	(111,980)	(111,980)	(111,980)
<b>Grand Total</b>	<b>97,697</b>	<b>143,149</b>		<b>146,921</b>	<b>146,921</b>	<b>146,921</b>	<b>149,247</b>	<b>149,247</b>	<b>149,247</b>

The FY05 Budgeted amount in Personal Services Matching exceeds the authorized amount due to matching rate adjustments during the 2003-05 biennium.