

# STATE BOARD OF COLLECTION AGENCIES

## Enabling Laws

Act 281 of 2010

Division of Collection Agencies: A.C.A. §17-24-101 et seq.

Division of Check-Cashing: A.C.A. §23-52-101 et seq.

## 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 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 Board receives no funding from the State; the operations of the agency are funded from receipts of licensing fees and fines imposed by the Board.

The Board requests Base Level appropriation for FY12 and FY13.

## **Audit Findings**

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
STATE BOARD OF COLLECTION AGENCIES

Findings	Recommendations
A separate report for this Agency was not issued. However, financial activity for the Agency was included in the audit of the State's CAFR for the year ended June 30, 2009.	

## **Employment Summary**

	Male	Female	Total	%
White Employees	1	1	2	67 %
Black Employees	0	1	1	33 %
Other Racial Minorities	0	0	0	0 %
Total Minorities			1	33 %
Total Employees			3	100 %

## **Cash Fund Balance Description as of June 30, 2010**

Fund Account	Balance	Type	Location
3100000	\$1,600,287	Checking	Metropolitan National Bank

### 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.

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Fund Account	Balance	Type	Location
3100000	\$4,161,333	Certificate of Deposit	Metropolitan National Bank

### 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.

## 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

## Agency Position Usage Report

FY2008 - 2009						FY2009 - 2010						FY2010 - 2011					
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				Filled	Unfilled	Total				Filled	Unfilled	Total		
8	4	4	8	0	50.00 %	4	3	1	4	0	25.00 %	4	3	1	4	0	25.00 %

Four (4) positions with the Check Cashers Division were eliminated during FY09 due to the State Supreme Court ruling the Check Cashers Act unconstitutional in November of 2008.

## **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 1,200 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 Board's funding is derived from the receipts of license fees for collection agencies.

Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Career Service Payments. The Base Level request for Regular Salaries includes board member stipend payments.

The Agency requests Base Level appropriation for FY12 and FY13.

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		2009-2010	2010-2011	2010-2011	2011-2012			2012-2013		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	175,968	186,447	188,243	184,547	184,547	184,547	184,547	184,547	184,547
<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	2,381	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	51,922	62,108	55,859	61,725	61,725	61,725	61,725	61,725	61,725
Operating Expenses	5020002	53,414	86,700	86,700	86,700	86,700	86,700	86,700	86,700	86,700
Conference & Travel Expenses	5050009	2,470	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500
Professional Fees	5060010	3,586	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	1,065,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000
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>1,354,741</b>	<b>1,590,397</b>	<b>1,585,944</b>	<b>1,588,114</b>	<b>1,588,114</b>	<b>1,588,114</b>	<b>1,588,114</b>	<b>1,588,114</b>	<b>1,588,114</b>
<b>Funding Sources</b>										
Fund Balance	4000005	5,743,207	5,761,620		5,271,223	5,271,223	5,271,223	4,783,109	4,783,109	4,783,109
Cash Fund	4000045	1,373,154	1,100,000		1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000
<b>Total Funding</b>		<b>7,116,361</b>	<b>6,861,620</b>		<b>6,371,223</b>	<b>6,371,223</b>	<b>6,371,223</b>	<b>5,883,109</b>	<b>5,883,109</b>	<b>5,883,109</b>
Excess Appropriation/(Funding)		(5,761,620)	(5,271,223)		(4,783,109)	(4,783,109)	(4,783,109)	(4,294,995)	(4,294,995)	(4,294,995)
<b>Grand Total</b>		<b>1,354,741</b>	<b>1,590,397</b>		<b>1,588,114</b>	<b>1,588,114</b>	<b>1,588,114</b>	<b>1,588,114</b>	<b>1,588,114</b>	<b>1,588,114</b>

The FY11 Budget amount in Personal Services Matching exceeds the authorized amount due to matching rate adjustments during the 2009-2011 biennium.