

**ARKANSAS PERFORMANCE BUDGETING & ACCOUNTABILITY SYSTEM**  
**AGENCY PROGRAM COMMENTARY**  
**2003 - 2005**

It is the responsibility of the State Insurance Department to regulate all persons conducting the business of insurance in the State of Arkansas. This includes the review and licensing of insurance companies desiring to be admitted, the review and approval of companies wishing to do business on a non-admitted or surplus lines basis, the examination of the affairs and financial condition of each domestic insurer every five years and foreign insurers when necessary, testing and licensing of all persons applying to become insurance agents, reviewing and analyzing policy forms and rate filings and the collection of applicable premium taxes. In addition, the Department regulates and licenses limited surety agents, automobile clubs, health maintenance organizations, prepaid legal insurers and hospital and medical service corporations. Other areas of regulations include the registration of self-insured plans and multiple employer trusts and the registration and examination of third party administrators. The Department has the responsibility for the administration of deposits and the collection of funds for the Firemen's and Police Officers' Pension Funds, assisting state agencies and institutions in the establishment of appropriate insurance programs and the procurement of coverage, receiving and investigating complaints from citizens concerning persons engaging in any of the areas regulated, and for providing information to the public with regard to these entities. The Department prepares legislation and promulgates the rules and regulations required to effectively carry out its duties.

The Department also administers domiciliary and ancillary receivership proceedings for companies placed in rehabilitation or liquidation and operates and administers the Arkansas Property and Casualty Guaranty Fund and the Arkansas Life and Disability Guaranty Association that are responsible for payment of claims to policyholders resulting from these proceedings.

Within its State Operations framework, the Department conducts administrative, legal, market conduct, risk management, consumer information and protection, and financial examination and reporting functions on behalf of insurance consumers and the general public.

The Public Employee Claims Division was created within the State Insurance Department and designated as the unit of state government primarily responsible for the administration of Public Employee Workers' Compensation claims in the State.

The Fraud Investigation Division was created within the State Insurance Department to investigate all complaints on insurance fraud. A workers' compensation fraud investigation unit operates within this division.

Prepaid funeral regulation, with the prepaid funeral contracts recovery program, continuing education, health information counseling, and supporting actions of the governmental bonding board are other services provided by the Department.

AGENCY State Insurance Department	DIRECTOR Mike Pickens 	AGENCY PROGRAM COMMENTARY	PAGE 208
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**ARKANSAS PERFORMANCE BUDGETING & ACCOUNTABILITY SYSTEM**  
**AGENCY PROGRAM COMMENTARY**  
**2003 - 2005**

The State Insurance Department is currently authorized 168 positions and a projected base level budget of \$37.4 million for FY04 and \$36.6 million for FY05. To improve efficiency and provide adequate resources for the provision of its services, the Department is requesting increases of approximately \$1.5 million each year. These consist of Clip changes, upgrading, or reclassification of 59 current positions, along with the addition of 12 new positions, with supporting expenses. Other requested increases include Capital Outlay for purchase of higher value data processing equipment and modular furnishings; Operating Expenses for data processing maintenance, supplies, postage, and rent; training expenses for current and new employees, Professional services for actuarial assistance and court reporter fees and bank transfer charges, and reductions in various Data Processing line items for reallocation to Operating Expenses to offset increases in DP maintenance, supplies, and software costs.

AGENCY    State Insurance Department	DIRECTOR 	AGENCY PROGRAM COMMENTARY	PAGE 209
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DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF:  
STATE INSURANCE DEPARTMENT  
FOR THE YEAR ENDED JUNE 30, 2001

Findings

The State Insurance Department failed to comply with State accounting procedures requiring proper accountability over fixed assets. Equipment purchased during the years ended June 30, 1997, 1998 and 1999 totaling \$398,969 were not recorded in the Department's inventory records. In addition, equipment totaling \$14,053 out of a sample of \$142,524 could not be located for observation. Without proper accountability these assets are subject to misuse and misappropriation. It is the responsibility of management to establish effective controls and maintain those controls to ensure the Department's assets are properly safeguarded. These problems existed and were noted in prior years.

Recommendations

The Agency should comply with the property management requirements as set forth in Part V, Chapter 1 of the State Accounting Procedures Manual.

ARKANSAS PERFORMANCE BUDGETING & ACCOUNTABILITY SYSTEM  
 EMPLOYMENT SUMMARY  
 Required by: A.C.A. 19-4-307

AGENCY TITLE: 0425 STATE INSURANCE DEPARTMENT

	MALE	FEMALE	TOTAL	PERCENTAGE OF TOTAL
WHITE EMPLOYEES	47	66	113	74%
BLACK EMPLOYEES	4	30	34	22%
EMPLOYEES OF OTHER RACIAL MINORITIES	1	4	5	3%
TOTAL EMPLOYED AS OF			39	26%
DATE	08/05/2002		TOTAL MINORITIES	
			152	100%
			TOTAL EMPLOYEES	

  
 \_\_\_\_\_  
 AGENCY DIRECTOR

\* PERCENTAGE TOTALS MAY NOT ADD DUE TO ROUNDING

**ARKANSAS PERFORMANCE BUDGETING & ACCOUNTABILITY SYSTEM  
STATE AGENCY PUBLICATIONS**

**Fiscal Year 2002-2003**

**Required by: A.C.A. 25-1-204**

**AGENCY: STATE INSURANCE DEPARTMENT (425)**

NAME OF PUBLICATION	STATUTORY AUTHORIZATION	PUBLICATION REQUIRED FOR GOVERNOR AND/OR GENERAL ASSEMBLY ONLY	NUMBER OF COPIES PUBLISHED	REASON(S) FOR CONTINUED PUBLICATION AND DISTRIBUTION
Annual Report	A.C.A. 23-61-112	Governor	750	Required by Statute.
Newsletter	A.C.A. 23-63-108		5,000	To disseminate price and other relevant information to purchasers of insurance.
				212

**ARKANSAS PERFORMANCE BUDGETING & ACCOUNTABILITY SYSTEM**  
Biennial Department Appropriation Summary

Agency Name STATE INSURANCE DEPARTMENT  
Agency Code 425

Appropriation		2001-02	2002-03		Agency Request				Executive Recommendation			
Code	Name	Actual	Budget	Pos.	2003-04	Pos.	2004-05	Pos.	2003-04	Pos.	2004-05	Pos.
130	Health Information Counseling	100,529	222,555	4	280,579	4	288,364	4	276,625	4	284,304	4
339	Governmental Bonding Board	203,831	2,104,855	0	2,104,855	0	2,104,855	0	2,104,855	0	2,104,855	0
341	Continuing Education Program	7,212	24,712	1	25,706	1	26,309	1	25,706	1	26,309	1
348	Refunds of Overpayments	5,304,697	11,000,000	0	11,000,000	0	11,000,000	0	11,000,000	0	11,000,000	0
349	State Operations	7,320,161	8,871,907	120	10,158,591	131	10,345,023	131	9,111,680	120	9,268,107	120
350	Public School Employee Claims	425,714	500,000	0	500,000	0	500,000	0	500,000	0	500,000	0
351	County Employee Claims	67,654	200,000	0	200,000	0	200,000	0	200,000	0	200,000	0
352	City Employee Claims	48,122	175,000	0	175,000	0	175,000	0	175,000	0	175,000	0
353	State Employee Claims	8,628,002	10,250,000	0	10,250,000	0	10,250,000	0	10,250,000	0	10,250,000	0
354	Public Employee Claims Section	1,143,270	1,276,125	24	1,322,473	24	1,361,439	24	1,304,549	24	1,328,470	24
359	Fraud Investigation Unit	199,858	254,051	3	309,817	4	314,434	4	302,730	4	307,156	4
513	Prepaid Funeral Contracts Rcvy	0	1,000,000	0	1,000,000	0	0	0	1,000,000	0	0	0
756	Prepaid Funeral Benefits Division	164,187	288,163	4	293,465	4	298,080	4	286,765	4	291,380	4
757	Ins Fraud Investigation Division	704,617	822,079	12	864,432	12	880,975	12	834,962	12	851,113	12
874	Consumer Info System-Cash	16,528	173,000	0	173,000	0	173,000	0	173,000	0	173,000	0
880	Travel & Subsistence-Cash	20,707	190,000	0	190,000	0	190,000	0	190,000	0	190,000	0
<b>Grand Total</b>		<b>24,355,089</b>	<b>37,352,447</b>	<b>168</b>	<b>38,847,917</b>	<b>180</b>	<b>38,107,479</b>	<b>180</b>	<b>37,735,872</b>	<b>169</b>	<b>36,949,693</b>	<b>169</b>

Funding Sources			% of Total										
Name	Code												
Fund Balance	4000005	28,985,217	53.2	29,318,496	45.7	27,739,385	44.3	24,824,941	41.5	27,739,385	44.3	25,908,022	42.6
Federal Revenue	4000020	100,529	0.2	222,555	0.3	280,578	0.4	288,364	0.5	276,625	0.4	284,304	0.5
Special Revenue	4000030	9,481,399	17.7	10,907,926	15.5	11,010,040	16.0	10,053,623	16.8	10,985,029	15.9	10,013,376	16.4
Cash Funds	4000045	30,387	0.8	313,000	0.5	313,000	0.5	313,000	0.5	313,000	0.5	313,000	0.5
Trust Funds	4000050	501,864	0.9	2,104,855	3.3	2,104,855	3.4	2,104,855	3.5	2,104,855	3.4	2,104,855	3.5
Misc. Revolving Fund	4000060	5,846,187	10.9	11,875,000	18.5	11,875,000	18.9	11,875,000	19.9	11,875,000	19.0	11,875,000	19.5
Wkrs Comp Revolving	4000065	8,628,002	16.1	10,250,000	16.0	10,250,000	16.3	10,250,000	17.1	10,250,000	16.3	10,250,000	16.8
Transfer from Wkrs Comp	4000070	100,000	0.2	100,000	0.2	100,000	0.2	100,000	0.2	100,000	0.2	100,000	0.2
Total Funding		53,673,585	100.0	65,091,832	100.0	63,672,858	100.0	59,809,783	100.0	63,643,894	100.0	60,848,557	100.0
Excess Approl(Funding)		(29,318,496)		(27,739,385)		(24,824,941)		(21,702,304)		(25,908,022)		(23,898,864)	
Grand Total		24,355,089		37,352,447		38,847,917		38,107,479		37,735,872		36,949,693	

**ARKANSAS PERFORMANCE BUDGETING & ACCOUNTABILITY SYSTEM  
DEPARTMENT PROGRAM SUMMARY**

AGENCY TITLE	2002-2003 Expenditures				2003-2005 Biennium Request				2003-2005 Executive Recommendation			
	Actual 2001-02		Budgeted 2002-03	No. of Pos.	Year 1 2003-04	No. of Pos.	Year 2 2004-05	No. of Pos.	Year 1 2003-04	No. of Pos.	Year 2 2004-05	No. of Pos.
<b>State Insurance Department (425)</b>												
Administration & Regulatory Support	9,916,217		19,318,526	53	20,079,638	56	20,177,111	56	19,386,321	53	19,462,610	53
Fraud Investigation	904,474		1,076,130	15	1,174,248	16	1,195,409	16	1,137,692	16	1,158,268	16
Public Employment Claims	10,312,762		12,401,125	24	12,447,473	24	12,486,439	24	12,429,549	24	12,453,470	24
Regulation & Consumer Protection	3,221,636		4,556,666	76	5,146,558	84	4,248,520	84	4,782,310	76	3,875,345	76
<b>TOTALS</b>	<b>\$ 24,355,089</b>		<b>\$ 37,352,447</b>	<b>168</b>	<b>\$ 38,847,917</b>	<b>180</b>	<b>\$ 38,107,479</b>	<b>180</b>	<b>\$ 37,735,872</b>	<b>169</b>	<b>\$ 36,949,693</b>	<b>169</b>
<b>Funding Sources</b>		<b>%</b>		<b>%</b>		<b>%</b>		<b>%</b>		<b>%</b>		<b>%</b>
Fund Balance	28,985,217	53.2	29,318,496	45.7	27,739,385	44.3	24,824,941	41.5	27,739,385	44.3	25,908,022	42.6
Federal Revenue	100,529	0.2	222,555	0.3	280,578	0.4	288,364	0.5	276,625	0.4	284,304	0.5
Special Revenue	9,481,399	17.7	10,907,926	15.5	11,010,040	16.0	10,053,623	16.8	10,985,029	15.9	10,013,376	16.4
Cash Funds	30,387	0.8	313,000	0.5	313,000	0.5	313,000	0.5	313,000	0.5	313,000	0.5
Trust Funds	501,864	0.9	2,104,855	3.3	2,104,855	3.4	2,104,855	3.5	2,104,855	3.4	2,104,855	3.5
Misc. Revolving Fund	5,846,187	10.9	11,875,000	18.5	11,875,000	18.9	11,875,000	19.9	11,875,000	19.0	11,875,000	19.5
Wrks Comp Revolving	8,628,002	16.1	10,250,000	16.0	10,250,000	16.3	10,250,000	17.1	10,250,000	16.3	10,250,000	16.8
Transfer from Wrks Comp	100,000	0.2	100,000	0.2	100,000	0.2	100,000	0.2	100,000	0.2	100,000	0.2
Total Funding	53,673,585	100.0	65,091,832	100.0	63,672,858	100.0	59,809,783	100.0	63,643,894	100.0	60,848,557	100.0
Excess Appro/(Funding)	(29,318,496)		(27,739,385)		(24,824,941)		(21,702,304)		(25,908,022)		(23,898,864)	
<b>Grand Total</b>	<b>\$ 24,355,089</b>		<b>\$ 37,352,447</b>		<b>\$ 38,847,917</b>		<b>\$ 38,107,479</b>		<b>\$ 37,735,872</b>		<b>\$ 36,949,693</b>	
<b>DEPARTMENT</b>					<b>DIRECTOR</b>				<b>DEPARTMENT PROGRAM SUMMARY</b>			
<b>STATE INSURANCE DEPARTMENT (425)</b>					Mike Pickens							

**ARKANSAS PERFORMANCE BUDGETING & ACCOUNTABILITY SYSTEM**  
**ANALYSIS OF BUDGET REQUEST**  
**2003 - 2005**

The Insurance Department's Health Information Counseling Program is 100% federally funded by the U.S. Department of Health and Human Services. Its purpose is to develop and maintain a network of local volunteers to dispense information and assist senior citizens with their insurance needs. Base Level for this appropriation includes a salary increase of 2.7% each year over the FY03 salary levels for the 4 positions budgeted, along with related Personal Services Matching costs. Also included in Personal Services Matching is a \$33 per month increase in the monthly contribution for State employee's health insurance for a total state contribution of \$280 per month per budgeted employee.

No actual expenditures for FY02 are reflected in Regular Salaries and partial expenditures are reflected in Personal Services Matching. The 4 positions for this program were assigned to the State Operations program in error during FY02.

The U.S. Department of Health and Human Services is offering additional federal funding to intensify efforts in this program to provide information to senior citizens and other insurance consumers concerning the availability of rapidly changing coverages. The following changes are requested to employ the additional resources:

For this program's share of the Department's Information Technology Plan, increases in Operating Expenses of \$7,872 each year for data processing maintenance, supplies, and software purchases.

Other increases in Operating expenses of \$41,725 in the first year and \$46,491 in the second year, along with \$5,000 each year in Conference Fees & Travel to gain and maintain knowledge of up-to-date coverages.

Reclassification of the Volunteer Program Manager position, Grade 21, to Senior Health Insurance Coordinator, Grade 23, to manage an expanded level of operations.

The Executive Recommendation provides for the Agency Request, with a change in title recommended for the Volunteer Program Manager position to Agency Program Coordinator, Grade 21.

AGENCY	APPROPRIATION	TREASURY FUND	ANALYSIS OF	PAGE
<b>Name: State Insurance Department</b>  <b>Code: 425</b>	<b>Name: Health Information Counseling</b>  <b>Code: 130</b>	<b>Name: Insurance Dept. - Federal</b>  <b>Code: FID</b>	<b>BUDGET REQUEST</b>	<b>215</b>



































































**ARKANSAS PERFORMANCE BUDGETING & ACCOUNTABILITY SYSTEM**  
**Biennial Appropriation Summary**

Agency Name                    STATE INSURANCE DEPARTMENT  
 Agency Code                    425  
 Appropriation Name            County Employee Claims  
 Appropriation Code            351  
 Fund Name                      Miscellaneous Revolving Fund  
 Fund Code                      MTA

Character		Expenditures				
		2001-02	2002-03		2002-03	
Name	Code	Actual	Budget	Pos.	Authorized	Pos.
Claims	5110015	67,654	200,000	0	200,000	0
Grand Total		67,654	200,000	0	200,000	0

Funding Sources						
Name	Code					
Misc. Revolving Fund	4000060	67,654	200,000	*****	*****	*****
Total Funding		67,654	200,000	*****	*****	*****
Excess Appro/(Funding)		0	0	*****	*****	*****
Grand Total		67,654	200,000	*****	*****	*****

ARKANSAS PERFORMANCE BUDGETING & ACCOUNTABILITY SYSTEM  
Biennial Appropriation Summary

Agency Name STATE INSURANCE DEPARTMENT  
 Agency Code 425  
 Appropriation Name County Employee Claims  
 Appropriation Code 351  
 Fund Name Miscellaneous Revolving Fund  
 Fund Code MTA

Character Name Code		Agency Request											
		2003-04						2004-05					
		Base Level	Pos.	Change Level	Pos.	Total	Pos.	Base Level	Pos.	Change Level	Pos.	Total	Pos.
Claims	5110015	200,000	0	0	0	200,000	0	200,000	0	0	0	200,000	0
Grand Total		200,000	0	0	0	200,000	0	200,000	0	0	0	200,000	0

Funding Sources													
Name	Code												
Misc. Revolving Fund	4000060	200,000	*****	0	*****	200,000	*****	200,000	*****	0	*****	200,000	*****
Total Funding		200,000	*****	0	*****	200,000	*****	200,000	*****	0	*****	200,000	*****
Excess Appro/(Funding)		0	*****	0	*****	0	*****	0	*****	0	*****	0	*****
Grand Total		200,000	*****	0	*****	200,000	*****	200,000	*****	0	*****	200,000	*****

ARKANSAS PERFORMANCE BUDGETING & ACCOUNTABILITY SYSTEM  
Biennial Appropriation Summary

Agency Name                    STATE INSURANCE DEPARTMENT  
 Agency Code                    425  
 Appropriation Name            County Employee Claims  
 Appropriation Code            351  
 Fund Name                      Miscellaneous Revolving Fund  
 Fund Code                      MTA

Character		Recommendations							
		Executive				Legislative			
		2003-04	Pos.	2004-05	Pos.	2003-04	Pos.	2004-05	Pos.
Claims	5110015	200,000	0	200,000	0	0	0	0	0
Grand Total		200,000	0	200,000	0	0	0	0	0

Funding Sources									
Name	Code								
Misc. Revolving Fund	4000060	200,000	*****	200,000	*****	0	*****	0	*****
Total Funding		200,000	*****	200,000	*****	0	*****	0	*****
Excess Appro/(Funding)		0	*****	0	*****	0	*****	0	*****
Grand Total		200,000	*****	200,000	*****	0	*****	0	*****

ARKANSAS PERFORMANCE BUDGETING & ACCOUNTABILITY SYSTEM  
Biennial Appropriation Summary

Agency Name STATE INSURANCE DEPARTMENT  
 Agency Code 425  
 Appropriation Name City Employee Claims  
 Appropriation Code 352  
 Fund Name Miscellaneous Revolving Fund  
 Fund Code MTA

Character Name	Expenditures					Agency Request										Recommendations							
	2001-02		2002-03		Pos.	2003-04					2004-05					Executive							
	Actual	Budget	Authorized	Pos.		Base Level	Pos.	Change Level	Pos.	Total	Pos.	Base Level	Pos.	Change Level	Pos.	Total	Pos.	2001-04	Pos.	2004-05	Pos.		
Claims	48,122	175,000	0	175,000	0	175,000	0	0	0	175,000	0	175,000	0	0	0	175,000	0	175,000	0	175,000	0	175,000	0
Grand Total	48,122	175,000	0	175,000	0	175,000	0	0	0	175,000	0	175,000	0	0	0	175,000	0	175,000	0	175,000	0	175,000	0

Funding Sources Name	2001-02 Actual	2002-03 Budget	2002-03 Pos.	2002-03 Authorized	2002-03 Pos.	2003-04 Base Level	2003-04 Pos.	2003-04 Change Level	2003-04 Pos.	2003-04 Total	2003-04 Pos.	2004-05 Base Level	2004-05 Pos.	2004-05 Change Level	2004-05 Pos.	2004-05 Total	2004-05 Pos.	2001-04	Pos.	2004-05	Pos.
Misc. Revolving Fund	48,122	175,000	*****	*****	*****	175,000	*****	0	*****	175,000	*****	175,000	*****	0	*****	175,000	*****	175,000	*****	175,000	*****
Total Funding	48,122	175,000	*****	*****	*****	175,000	*****	0	*****	175,000	*****	175,000	*****	0	*****	175,000	*****	175,000	*****	175,000	*****
Excess Appro/(Funding)	0	0	*****	*****	*****	0	*****	0	*****	0	*****	0	*****	0	*****	0	*****	0	*****	0	*****
Grand Total	48,122	175,000	*****	*****	*****	175,000	*****	0	*****	175,000	*****	175,000	*****	0	*****	175,000	*****	175,000	*****	175,000	*****

**ARKANSAS PERFORMANCE BUDGETING & ACCOUNTABILITY SYSTEM**  
**Biennial Appropriation Summary**

Agency Name                    STATE INSURANCE DEPARTMENT  
 Agency Code                    425  
 Appropriation Name            City Employee Claims  
 Appropriation Code            352  
 Fund Name                      Miscellaneous Revolving Fund  
 Fund Code                      MTA

Character		Expenditures				
		2001-02	2002-03		2002-03	
Name	Code	Actual	Budget	Pos.	Authorized	Pos.
Claims	5110015	48,122	175,000	0	175,000	0
Grand Total		48,122	175,000	0	175,000	0

Funding Sources						
Name	Code					
Misc. Revolving Fund	4000060	48,122	175,000	*****	*****	*****
Total Funding		48,122	175,000	*****	*****	*****
Excess Appro/(Funding)		0	0	*****	*****	*****
Grand Total		48,122	175,000	*****	*****	*****

ARKANSAS PERFORMANCE BUDGETING & ACCOUNTABILITY SYSTEM  
Biennial Appropriation Summary

Agency Name STATE INSURANCE DEPARTMENT  
 Agency Code 425  
 Appropriation Name City Employee Claims  
 Appropriation Code 352  
 Fund Name Miscellaneous Revolving Fund  
 Fund Code MTA

Character Name Code		Agency Request											
		2003-04						2004-05					
		Base Level	Pos.	Change Level	Pos.	Total	Pos.	Base Level	Pos.	Change Level	Pos.	Total	Pos.
Claims	5110015	175,000	0	0	0	175,000	0	175,000	0	0	0	175,000	0
Grand Total		175,000	0	0	0	175,000	0	175,000	0	0	0	175,000	0

Funding Sources													
Name	Code												
Misc. Revolving Fund	4000060	175,000	*****	0	*****	175,000	*****	175,000	*****	0	*****	175,000	*****
Total Funding		175,000	*****	0	*****	175,000	*****	175,000	*****	0	*****	175,000	*****
Excess Appro/(Funding)		0	*****	0	*****	0	*****	0	*****	0	*****	0	*****
Grand Total		175,000	*****	0	*****	175,000	*****	175,000	*****	0	*****	175,000	*****

**ARKANSAS PERFORMANCE BUDGETING & ACCOUNTABILITY SYSTEM**  
**Biennial Appropriation Summary**

Agency Name                    STATE INSURANCE DEPARTMENT  
 Agency Code                    425  
 Appropriation Name            City Employee Claims  
 Appropriation Code            352  
 Fund Name                      Miscellaneous Revolving Fund  
 Fund Code                      MTA

Character		Recommendations							
		Executive				Legislative			
Name	Code	2003-04	Pos.	2004-05	Pos.	2003-04	Pos.	2004-05	Pos.
Claims	5110015	175,000	0	175,000	0	0	0	0	0
Grand Total		175,000	0	175,000	0	0	0	0	0

Funding Sources									
Name	Code								
Misc. Revolving Fund	4000060	175,000	*****	175,000	*****	0	*****	0	*****
Total Funding		175,000	*****	175,000	*****	0	*****	0	*****
Excess Appr/(Funding)		0	*****	0	*****	0	*****	0	*****
Grand Total		175,000	*****	175,000	*****	0	*****	0	*****

ARKANSAS PERFORMANCE BUDGETING & ACCOUNTABILITY SYSTEM  
Biennial Appropriation Summary

Agency Name: STATE INSURANCE DEPARTMENT  
 Agency Code: 475  
 Appropriation Name: State Employee Claims  
 Appropriation Code: 353  
 Fund Name: Workers' Compensation Revolving Fund  
 Fund Code: 11W

Character Name	Expenditures				Agency Request				Recommendations			
	2001-02 Actual	2002-03 Budget	2003-03 Pos.	2003-03 Authorized	2003-04 Total	2004-05 Total	2004-05 Pos.	2003-04 Total	2004-05 Total	2003-04 Pos.	2004-05 Pos.	
Claims	8,628,002	10,250,000	0	10,250,000	10,250,000	0	0	10,250,000	0	0	0	
Grand Total	8,628,002	10,250,000	0	10,250,000	10,250,000	0	0	10,250,000	0	0	0	

Funding Source Name	Expenditures				Agency Request				Recommendations			
	2001-02 Actual	2002-03 Budget	2003-03 Pos.	2003-03 Authorized	2003-04 Total	2004-05 Total	2004-05 Pos.	2003-04 Total	2004-05 Total	2003-04 Pos.	2004-05 Pos.	
Workers' Comp Revolving	8,628,002	10,250,000	*****	*****	10,250,000	*****	*****	10,250,000	*****	*****	*****	
Total Funding	8,628,002	10,250,000	*****	*****	10,250,000	*****	*****	10,250,000	*****	*****	*****	
Excess App'l(Funds)	0	0	*****	*****	0	*****	*****	0	*****	*****	*****	
Grand Total	8,628,002	10,250,000	*****	*****	10,250,000	*****	*****	10,250,000	*****	*****	*****	

**ARKANSAS PERFORMANCE BUDGETING & ACCOUNTABILITY SYSTEM**  
**Biennial Appropriation Summary**

Agency Name                    STATE INSURANCE DEPARTMENT  
 Agency Code                    425  
 Appropriation Name            State Employee Claims  
 Appropriation Code            353  
 Fund Name                      Workers' Compensation Revolving Fund  
 Fund Code                      TUW

Character		Expenditures				
		2001-02	2002-03		2002-03	
Name	Code	Actual	Budget	Pos.	Authorized	Pos.
Claims	5110015	8,628,002	10,250,000	0	10,250,000	0
Grand Total		8,628,002	10,250,000	0	10,250,000	0

Funding Sources						
Name	Code					
Workers' Comp Revolving	4000065	8,628,002	10,250,000	*****	*****	*****
Total Funding		8,628,002	10,250,000	*****	*****	*****
Excess Appro/(Funding)		0	0	*****	*****	*****
Grand Total		8,628,002	10,250,000	*****	*****	*****

ARKANSAS PERFORMANCE BUDGETING & ACCOUNTABILITY SYSTEM  
Biennial Appropriation Summary

Agency Name STATE INSURANCE DEPARTMENT  
 Agency Code 425  
 Appropriation Name State Employee Claims  
 Appropriation Code 353  
 Fund Name Workers' Compensation Revolving Fund  
 Fund Code TUW

Character		Agency Request											
		2003-04						2004-05					
Name	Code	Base Level	Pos.	Change Level	Pos.	Total	Pos.	Base Level	Pos.	Change Level	Pos.	Total	Pos.
Claims	5110015	10,250,000	0	0	0	10,250,000	0	10,250,000	0	0	0	10,250,000	0
Grand Total		10,250,000	0	0	0	10,250,000	0	10,250,000	0	0	0	10,250,000	0

Funding Sources													
Name	Code												
Workers' Comp Revolving	4000065	10,250,000	*****	0	*****	10,250,000	*****	10,250,000	*****	0	*****	10,250,000	*****
Total Funding		10,250,000	*****	0	*****	10,250,000	*****	10,250,000	*****	0	*****	10,250,000	*****
Excess Appro/(Funding)		0	*****	0	*****	0	*****	0	*****	0	*****	0	*****
Grand Total		10,250,000	*****	0	*****	10,250,000	*****	10,250,000	*****	0	*****	10,250,000	*****



**ARKANSAS PERFORMANCE BUDGETING & ACCOUNTABILITY SYSTEM**  
**ANALYSIS OF BUDGET REQUEST**  
**2003 - 2005**

This program is funded by transfers from the Public School Fund, the County Aid Fund, the Municipal Aid Fund, and the fund accounts of State agencies for which claims are administered by this Section, as authorized in Arkansas Code § 11-9-307. Base Levels for this appropriation provide salary increases of 2.7% each year over the FY03 salary levels, along with related Personal Services Matching costs for 24 positions that are budgeted for the 2003-2005 Biennium. Also included in Personal Services Matching is a \$33 per month increase in the monthly contribution for State employee's health insurance for a total state contribution of \$280 per month per budgeted employee. Changes requested by the Agency are as follows:

Enhanced grades and titles for 7 positions in accordance with provisions of the Career Ladder Incentive Program, reclassification of two positions: Agency Program Coordinators to Program Support Manager and Benefits Determination Manager, and upgrading of the Benefits Determination Assistant Director from Grade 24 to Grade 25. Costs are \$23,268 and \$23,897, respectively.

Due to a substantial reduction in the requested level of data processing supplies, a net decrease in Operating Expenses of \$10,371 is requested in the first year. With a lesser reduction in the second year, a net increase of \$14,561 is requested, mainly for postage and rent costs.

Establishment of \$1,000 each year in Professional Fees & Services to provide an interpreter for a hearing impaired employee in training sessions and mandatory meetings.

Capital Outlay of \$18,000 for FY04 and \$5,000 for FY05 for purchase of higher value data processing equipment.

A minor decrease of \$222 each year is requested in the Data Processing line item.

The Executive Recommendation provides for Base Level, with the following changes:

CLIP changes for a Health Care Analyst I to Health Care Analyst II and an Administrative Office Supervisor to Administrative

<b>AGENCY</b> Name: State Insurance Department  Code: 425	<b>APPROPRIATION</b> Name: Public Employee Claims Section  Code: 354	<b>TREASURY FUND</b> Name: State General Services  Code: HUA	<b>ANALYSIS OF BUDGET REQUEST</b>	<b>PAGE</b>  260
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**ARKANSAS PERFORMANCE BUDGETING & ACCOUNTABILITY SYSTEM**  
**ANALYSIS OF BUDGET REQUEST**  
**2003 - 2005**

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Assistant II are recommended.

The first year net reduction in Operating Expenses is recommended.

The Capital Outlay and Professional Fess & Services requests are recommended, along with the reductions in the Data Processing line item.

<b>AGENCY</b> Name: State Insurance Department  Code: 425	<b>APPROPRIATION</b> Name: Public Employee Claims Section  Code: 354	<b>TREASURY FUND</b> Name: State General Services  Code: HUA	<b>ANALYSIS OF BUDGET REQUEST</b>	<b>PAGE</b>  <b>261</b>
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ARKANSAS PERFORMANCE BUDGETING & ACCOUNTABILITY SYSTEM  
Biennial Appropriation Summary

Agency Name STATE INSURANCE DEPARTMENT  
 Agency Code 425  
 Appropriation Name Public Employee Claims Section  
 Appropriation Code 354  
 Fund Name State General Services  
 Fund Code HHA

Character Name	Expenditures						Agency Request										Recommendations					
	2001-02		2002-03		2003-04		2003-04		2003-04		2003-04		2004-05		2004-05		2004-05		Executive		Executive	
	Actual	Budget	Pos.	Authorized	Pos.	Base Level	Pos.	Change Level	Pos.	Total	Pos.	Base Level	Pos.	Change Level	Pos.	Total	Pos.	2003-04	Pos.	2004-05	Pos.	
Regular Salaries	791,103	609,001	24	606,918	24	830,644	24	19,767	0	850,612	24	853,277	24	20,301	0	873,578	24	835,384	24	857,940	24	
Personal Serv Match	196,311	214,453	0	214,486	0	227,783	0	3,501	0	231,283	0	231,755	0	3,595	0	235,351	0	228,587	0	232,581	0	
Operating Expenses	137,329	208,249	0	217,200	0	208,249	0	(10,371)	0	197,878	0	208,249	0	14,561	0	222,810	0	197,878	0	208,249	0	
Travel-Conferences	3,939	9,700	0	9,700	0	9,700	0	0	0	9,700	0	9,700	0	0	0	9,700	0	9,700	0	9,700	0	
Capital Outlay	10,730	20,500	0	20,500	0	0	0	18,000	0	18,000	0	0	0	5,000	0	5,000	0	18,000	0	5,000	0	
Prof. Fees & Serv.	0	0	0	0	0	0	0	1,000	0	1,000	0	0	0	1,000	0	1,000	0	1,000	0	1,000	0	
Data Processing	3,858	14,222	0	14,222	0	14,222	0	(222)	0	14,000	0	14,222	0	(222)	0	14,000	0	14,000	0	14,000	0	
<b>Grand Total</b>	<b>1,143,270</b>	<b>1,276,125</b>	<b>24</b>	<b>1,283,026</b>	<b>24</b>	<b>1,290,798</b>	<b>24</b>	<b>31,675</b>	<b>0</b>	<b>1,322,473</b>	<b>24</b>	<b>1,317,203</b>	<b>24</b>	<b>44,236</b>	<b>0</b>	<b>1,361,439</b>	<b>24</b>	<b>1,304,549</b>	<b>24</b>	<b>1,328,470</b>	<b>24</b>	

Funding Sources Name	2001-02 Actual	2002-03 Budget	2002-03 Pos.	2003-04 Authorized	2003-04 Pos.	2003-04 Base Level	2003-04 Pos.	2003-04 Change Level	2003-04 Pos.	2003-04 Total	2003-04 Pos.	2004-05 Base Level	2004-05 Pos.	2004-05 Change Level	2004-05 Pos.	2004-05 Total	2004-05 Pos.	2003-04	2003-04 Pos.	2004-05	2004-05 Pos.
Special Revenue	1,143,270	1,276,125	*****	*****	*****	1,290,798	*****	31,675	*****	1,322,473	*****	1,317,203	*****	44,236	*****	1,361,439	*****	1,304,549	*****	1,328,470	*****
Total Funding	1,143,270	1,276,125	*****	*****	*****	1,290,798	*****	31,675	*****	1,322,473	*****	1,317,203	*****	44,236	*****	1,361,439	*****	1,304,549	*****	1,328,470	*****
Excess Appro[Funding]	0	0	*****	*****	*****	0	*****	0	*****	0	*****	0	*****	0	*****	0	*****	0	*****	0	*****
<b>Grand Total</b>	<b>1,143,270</b>	<b>1,276,125</b>	<b>*****</b>	<b>*****</b>	<b>*****</b>	<b>1,290,798</b>	<b>*****</b>	<b>31,675</b>	<b>*****</b>	<b>1,322,473</b>	<b>*****</b>	<b>1,317,203</b>	<b>*****</b>	<b>44,236</b>	<b>*****</b>	<b>1,361,439</b>	<b>*****</b>	<b>1,304,549</b>	<b>*****</b>	<b>1,328,470</b>	<b>*****</b>

The Budgeted amount for Regular Salaries is greater than the Authorized appropriation amount due to salary adjustments during the 2001-2003 Biennium.

**ARKANSAS PERFORMANCE BUDGETING & ACCOUNTABILITY SYSTEM**

**Biennial Appropriation Summary**

Agency Name                    STATE INSURANCE DEPARTMENT  
 Agency Code                    425  
 Appropriation Name            Public Employee Claims Section  
 Appropriation Code            354  
 Fund Name                      State General Services  
 Fund Code                      HUA

Character		Expenditures				
		2001-02	2002-03		2002-03	
Name	Code	Actual	Budget	Pos.	Authorized	Pos.
Regular Salaries	5010000	791,103	809,001	24	806,918	24
Personal Serv Match	5010003	196,311	214,453	0	214,486	0
Operating Expenses	5020002	137,329	208,249	0	217,200	0
Travel-Conferences	5050009	3,939	9,700	0	9,700	0
Capital Outlay	5120011	10,730	20,500	0	20,500	0
Prof. Fees & Serv.	5060010	0	0	0	0	0
Data Processing	5090012	3,858	14,222	0	14,222	0
<b>Grand Total</b>		<b>1,143,270</b>	<b>1,276,125</b>	<b>24</b>	<b>1,283,026</b>	<b>24</b>

Funding Sources						
Name	Code					
Special Revenue	4000030	1,143,270	1,276,125	*****	*****	*****
Total Funding		1,143,270	1,276,125	*****	*****	*****
Excess Appro/(Funding)		0	0	*****	*****	*****
<b>Grand Total</b>		<b>1,143,270</b>	<b>1,276,125</b>	<b>*****</b>	<b>*****</b>	<b>*****</b>

The Budgeted amount in Regular Salaries is greater than the Authorized appropriation amount due to salary adjustments during the 2001-2003 Biennium.

**ARKANSAS PERFORMANCE BUDGETING & ACCOUNTABILITY SYSTEM**  
**Biennial Appropriation Summary**

Agency Name STATE INSURANCE DEPARTMENT  
 Agency Code 425  
 Appropriation Name Public Employee Claims Section  
 Appropriation Code 354  
 Fund Name State General Services  
 Fund Code HUA

Character		Agency Request											
		2003-04						2004-05					
		Base Level	Pos.	Change Level	Pos.	Total	Pos.	Base Level	Pos.	Change Level	Pos.	Total	Pos.
Name	Code												
Regular Salaries	5010000	830,844	24	19,767	0	850,612	24	853,277	24	20,301	0	873,578	24
Personal Serv Match	5010003	227,783	0	3,501	0	231,283	0	231,755	0	3,595	0	235,351	0
Operating Expenses	5020002	208,249	0	(10,371)	0	197,878	0	208,249	0	14,561	0	222,810	0
Travel-Conferences	5050009	9,700	0	0	0	9,700	0	9,700	0	0	0	9,700	0
Capital Outlay	5120011	0	0	18,000	0	18,000	0	0	0	5,000	0	5,000	0
Prof. Fees & Serv.	5060010	0	0	1,000	0	1,000	0	0	0	1,000	0	1,000	0
Data Processing	5090012	14,222	0	(222)	0	14,000	0	14,222	0	(222)	0	14,000	0
<b>Grand Total</b>		<b>1,290,798</b>	<b>24</b>	<b>31,675</b>	<b>0</b>	<b>1,322,473</b>	<b>24</b>	<b>1,317,203</b>	<b>24</b>	<b>44,236</b>	<b>0</b>	<b>1,361,439</b>	<b>24</b>

Funding Sources													
Name	Code												
Special Revenue	4000030	1,290,798	*****	31,675	*****	1,322,473	*****	1,317,203	*****	44,236	*****	1,361,439	*****
Total Funding		1,290,798	*****	31,675	*****	1,322,473	*****	1,317,203	*****	44,236	*****	1,361,439	*****
Excess Appro/(Funding)		0	*****	0	*****	0	*****	0	*****	0	*****	0	*****
<b>Grand Total</b>		<b>1,290,798</b>	<b>*****</b>	<b>31,675</b>	<b>*****</b>	<b>1,322,473</b>	<b>*****</b>	<b>1,317,203</b>	<b>*****</b>	<b>44,236</b>	<b>*****</b>	<b>1,361,439</b>	<b>*****</b>

**ARKANSAS PERFORMANCE BUDGETING & ACCOUNTABILITY SYSTEM**  
**Biennial Appropriation Summary**

Agency Name                STATE INSURANCE DEPARTMENT  
 Agency Code                425  
 Appropriation Name        Public Employee Claims Section  
 Appropriation Code        354  
 Fund Name                  State General Services  
 Fund Code                  HUA

Character		Recommendations							
		Executive				Legislative			
Name	Code	2003-04	Pos.	2004-05	Pos.	2003-04	Pos.	2004-05	Pos.
Regular Salaries	5010000	835,384	24	857,940	24	0	0	0	0
Personal Serv Match	5010003	228,587	0	232,581	0	0	0	0	0
Operating Expenses	5020002	197,878	0	208,249	0	0	0	0	0
Travel-Conferences	5050009	9,700	0	9,700	0	0	0	0	0
Capital Outlay	5120011	18,000	0	5,000	0	0	0	0	0
Prof. Fees & Serv.	5060010	1,000	0	1,000	0	0	0	0	0
Data Processing	5090012	14,000	0	14,000	0	0	0	0	0
<b>Grand Total</b>		<b>1,304,549</b>	<b>24</b>	<b>1,328,470</b>	<b>24</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Funding Sources									
Name	Code								
Special Revenue	4000030	1,304,549	*****	1,328,470	*****	0	*****	0	*****
Total Funding		1,304,549	*****	1,328,470	*****	0	*****	0	*****
Excess Appro/(Funding)		0	*****	0	*****	0	*****	0	*****
<b>Grand Total</b>		<b>1,304,549</b>	<b>*****</b>	<b>1,328,470</b>	<b>*****</b>	<b>0</b>	<b>*****</b>	<b>0</b>	<b>*****</b>

ARKANSAS PERFORMANCE BUDGETING & ACCOUNTABILITY SYSTEM  
Biennial Rank by Appropriation

Agency Name STATE INSURANCE DEPARTMENT  
 Agency Code 425  
 Appropriation Name Public Employee Claims Section  
 Appropriation Code 354  
 Fund Name State General Services  
 Fund Code HUA

Rank	Justification	Designation		Cost Center		2001-02	2002-03		Agency Request				Executive Recommendation			Legislative Recommendation				
		BL	Base Level	Total		Actual	Budget	Pos.	2003-04	Pos.	2004-05	Pos.	2003-04	Pos.	2004-05	Pos.	2003-04	Pos.	2004-05	Pos.
1	Increases are requested in Operating Expenses for additional postage, rent, and other expenses, with Capital Outlay each year for purchase of higher value data processing equipment, and \$1,000 each year in Professional Fees & Services to provide an interpreter for hearing impaired employee in training sessions and mandatory meetings.	C01		326351	PECD Operations	0	0	0	30,029	0	24,561	0	19,000	0	6,000	0	0	0	0	0
		C01		Total		0	0	0	30,029	0	24,561	0	19,000	0	6,000	0	0	0	0	0
1	Reductions are requested in data processing supplies, with a minor reduction in the Data Processing line item.	C08	Technology	326352	PECD Operations IT	0	0	0	(21,622)	0	(4,222)	0	(10,593)	0	(222)	0	0	0	0	0
		C08	Technology	Total		0	0	0	(21,622)	0	(4,222)	0	(10,593)	0	(222)	0	0	0	0	0
1	Change of a Health Care Analyst to Health Care Analyst II, an Administrative Office Supervisor to Administrative Assistant II, a Legal Secretary to Legal Assistant, and 4 Secretary II positions to Medical or Legal Secretary is requested under provisions of the Career Ladder Incentive Program (CLIP).	C09	CLIP	326351	PECD Operations	0	0	0	13,459	0	13,822	0	5,344	0	5,489	0	0	0	0	0
		C09	CLIP	Total		0	0	0	13,459	0	13,822	0	5,344	0	5,489	0	0	0	0	0
1	Reclassification of 2 Agency Program Coordinator positions to a Program Support Manager and a Benefits Determination Manager is requested.	C10	Reclass	326351	PECD Operations	0	0	0	6,074	0	6,238	0	0	0	0	0	0	0	0	0
		C10	Reclass	Total		0	0	0	6,074	0	6,238	0	0	0	0	0	0	0	0	0
1	Upgrading of the Assistant Director position from Grade 24 to Grade 25 is requested to bring the position into line with the level of duties assigned.	C11	Up/Downgrades	326351	PECD Operations	0	0	0	3,736	0	3,837	0	0	0	0	0	0	0	0	0
		C11	Up/Downgrades	Total		0	0	0	3,736	0	3,837	0	0	0	0	0	0	0	0	0
		Grand Total		Total		1,143,270	1,276,125	24	1,322,473	24	1,351,439	24	1,304,549	24	1,328,470	24	0	0	0	0

**ARKANSAS PERFORMANCE BUDGETING & ACCOUNTABILITY SYSTEM**  
**ANALYSIS OF BUDGET REQUEST**  
**2003 - 2005**

The Fraud Investigation Unit was created with the passage of Act 1136 of 1993 and became an operating section of the State Insurance Department at the beginning of the 1993-95 Biennium. Up to \$100,000 of its funding each year is transferred to the State Insurance Department Trust Fund from the Workers' Compensation Commission, as authorized in Arkansas Code §11-9-106. Base Level for this appropriation provides salary increases of 2.7% each year over the FY03 salary levels, along with related Personal Services Matching costs for 3 positions. Also included in Personal Services Matching is a \$33 per month increase in the monthly contribution for State employee's health insurance for a total state contribution of \$280 per month per budgeted employee. Changes are requested as follows:

Career Ladder Incentive Program (CLIP) increases for 2 criminal investigator positions to Senior Criminal Insurance Fraud Investigator. Costs are \$7,089 in the first year and \$7,279 in the second year.

Addition of a Management Project Analyst II position to assume part of an expanding criminal investigation caseload. Costs are \$35,973 for FY04 and \$36,855 for FY05.

Increases of \$8,000 each year in Conference Fees & Travel for training of the requested new employee and for additional criminal certification training expenses for current investigators.

The Executive Recommendation provides for Base Level, plus the additional position and the Conference Fees & Travel request.

AGENCY	APPROPRIATION	TREASURY FUND	ANALYSIS OF BUDGET REQUEST	PAGE
Name: State Insurance Department  Code: 425	Name: Fraud Investigation Unit  Code: 359	Name: State Insurance Dept. Trust Fund  Code: TSI		267

ARKANSAS PERFORMANCE BUDGETING & ACCOUNTABILITY SYSTEM  
Biennial Appropriation Summary

Agency Name STATE INSURANCE DEPARTMENT  
 Agency Code 425  
 Appropriation Name Fraud Investigation Unit  
 Appropriation Code 359  
 Fund Name State Insurance Department Trust Fund  
 Fund Code TSI

Character Name	Expenditures						Agency Request										Recommendations				
	2001-02		2002-03		2002-03		2003-04				2004-05				Executive						
	Actual	Budget	Pos.	Authorized	Pos.	Base Level	Pos.	Change Level	Pos.	Total	Pos.	Base Level	Pos.	Change Level	Pos.	Total	Pos.	2003-04	Pos.	2004-05	Pos.
Regular Salaries	126,720	108,604	3	104,749	3	111,535	3	33,729	1	145,265	4	114,548	3	34,639	1	149,187	4	139,244	4	143,004	4
Personal Serv Match	30,330	28,061	0	27,446	0	29,833	0	9,333	0	39,166	0	30,366	0	9,495	0	39,861	0	38,100	0	38,766	0
Operating Expenses	38,630	102,386	0	102,386	0	102,386	0	0	0	102,386	0	102,386	0	0	0	102,386	0	102,386	0	102,386	0
Travel-Conferences	3,991	4,000	0	4,000	0	4,000	0	8,000	0	12,000	0	4,000	0	8,000	0	12,000	0	12,000	0	12,000	0
Prof. Fees & Serv.	185	11,000	0	11,000	0	11,000	0	0	0	11,000	0	11,000	0	0	0	11,000	0	11,000	0	11,000	0
<b>Grand Total</b>	<b>199,858</b>	<b>254,051</b>	<b>3</b>	<b>249,581</b>	<b>3</b>	<b>258,755</b>	<b>3</b>	<b>51,062</b>	<b>1</b>	<b>309,817</b>	<b>4</b>	<b>262,300</b>	<b>3</b>	<b>52,134</b>	<b>1</b>	<b>314,434</b>	<b>4</b>	<b>302,730</b>	<b>4</b>	<b>307,156</b>	<b>4</b>

Funding Sources Name	2001-02 Actual	2002-03 Budget	2002-03 Pos.	2002-03 Authorized	2002-03 Pos.	2003-04 Base Level	2003-04 Pos.	2003-04 Change Level	2003-04 Pos.	2003-04 Total	2003-04 Pos.	2004-05 Base Level	2004-05 Pos.	2004-05 Change Level	2004-05 Pos.	2004-05 Total	2004-05 Pos.	2003-04	2004-05	
Special Revenue	99,858	154,051	*****	*****	*****	158,755	*****	51,062	*****	209,817	*****	162,300	*****	52,134	*****	214,434	*****	202,730	*****	207,156
Transfer from Workers Comp.	100,000	100,000	*****	*****	*****	100,000	*****	0	*****	100,000	*****	100,000	*****	0	*****	100,000	*****	100,000	*****	100,000
<b>Total Funding</b>	<b>199,858</b>	<b>254,051</b>	<b>*****</b>	<b>*****</b>	<b>*****</b>	<b>258,755</b>	<b>*****</b>	<b>51,062</b>	<b>*****</b>	<b>309,817</b>	<b>*****</b>	<b>262,300</b>	<b>*****</b>	<b>52,134</b>	<b>*****</b>	<b>314,434</b>	<b>*****</b>	<b>302,730</b>	<b>*****</b>	<b>307,156</b>
Excess Appro(Funding)	0	0	*****	*****	*****	0	*****	0	*****	0	*****	0	*****	0	*****	0	*****	0	*****	0
<b>Grand Total</b>	<b>199,858</b>	<b>254,051</b>	<b>*****</b>	<b>*****</b>	<b>*****</b>	<b>258,755</b>	<b>*****</b>	<b>51,062</b>	<b>*****</b>	<b>309,817</b>	<b>*****</b>	<b>262,300</b>	<b>*****</b>	<b>52,134</b>	<b>*****</b>	<b>314,434</b>	<b>*****</b>	<b>302,730</b>	<b>*****</b>	<b>307,156</b>

The Budgeted amounts for Regular Salaries and Personal Services Matching are greater than the Authorized appropriation amounts due to salary adjustments during the 2001-2003 Biennium.

**ARKANSAS PERFORMANCE BUDGETING & ACCOUNTABILITY SYSTEM**  
**Biennial Appropriation Summary**

Agency Name                    STATE INSURANCE DEPARTMENT  
 Agency Code                    425  
 Appropriation Name            Fraud Investigation Unit  
 Appropriation Code            359  
 Fund Name                      State Insurance Department Trust Fund  
 Fund Code                      TSI

Character		Expenditures				
		2001-02	2002-03		2002-03	
Name	Code	Actual	Budget	Pos.	Authorized	Pos.
Regular Salaries	5010000	126,720	108,604	3	104,749	3
Personal Serv Match	5010003	30,330	28,061	0	27,446	0
Operating Expenses	5020002	38,630	102,386	0	102,386	0
Travel-Conferences	5050009	3,991	4,000	0	4,000	0
Prof. Fees & Serv.	5060010	185	11,000	0	11,000	0
<b>Grand Total</b>		<b>199,858</b>	<b>254,051</b>	<b>3</b>	<b>249,581</b>	<b>3</b>

Funding Sources						
Name	Code					
Special Revenue	4000030	99,858	154,051	*****	*****	*****
Transfer from Workers Comp.	4000070	100,000	100,000	*****	*****	*****
<b>Total Funding</b>		<b>199,858</b>	<b>254,051</b>	<b>*****</b>	<b>*****</b>	<b>*****</b>
Excess Appro/(Funding)		0	0	*****	*****	*****
<b>Grand Total</b>		<b>199,858</b>	<b>254,051</b>	<b>*****</b>	<b>*****</b>	<b>*****</b>

The Budgeted amount in Regular Salaries and Personal Services Matching are greater than the Authorized appropriation amounts due to salary adjustments during the 2001-2003 Biennium.

ARKANSAS PERFORMANCE BUDGETING & ACCOUNTABILITY SYSTEM  
Biennial Appropriation Summary

Agency Name STATE INSURANCE DEPARTMENT  
 Agency Code 425  
 Appropriation Name Fraud Investigation Unit  
 Appropriation Code 359  
 Fund Name State Insurance Department Trust Fund  
 Fund Code TSI

Character		Agency Request											
		2003-04						2004-05					
Name	Code	Base Level	Pos.	Change Level	Pos.	Total	Pos.	Base Level	Pos.	Change Level	Pos.	Total	Pos.
Regular Salaries	5010000	111,536	3	33,729	1	145,265	4	114,548	3	34,639	1	149,187	4
Personal Serv Match	5010003	29,833	0	9,333	0	39,166	0	30,366	0	9,495	0	39,861	0
Operating Expenses	5020002	102,386	0	0	0	102,386	0	102,386	0	0	0	102,386	0
Travel-Conferences	5050009	4,000	0	8,000	0	12,000	0	4,000	0	8,000	0	12,000	0
Prof. Fees & Serv.	5060010	11,000	0	0	0	11,000	0	11,000	0	0	0	11,000	0
<b>Grand Total</b>		<b>258,755</b>	<b>3</b>	<b>51,062</b>	<b>1</b>	<b>309,817</b>	<b>4</b>	<b>262,300</b>	<b>3</b>	<b>52,134</b>	<b>1</b>	<b>314,434</b>	<b>4</b>

Funding Sources													
Name	Code												
Special Revenue	4000030	158,755	*****	51,062	*****	209,817	*****	162,300	*****	52,134	*****	214,434	*****
Transfer from Workers Comp.	4000070	100,000	*****	0	*****	100,000	*****	100,000	*****	0	*****	100,000	*****
Total Funding		258,755	*****	51,062	*****	309,817	*****	262,300	*****	52,134	*****	314,434	*****
Excess Appro/(Funding)		0	*****	0	*****	0	*****	0	*****	0	*****	0	*****
<b>Grand Total</b>		<b>258,755</b>	<b>*****</b>	<b>51,062</b>	<b>*****</b>	<b>309,817</b>	<b>*****</b>	<b>262,300</b>	<b>*****</b>	<b>52,134</b>	<b>*****</b>	<b>314,434</b>	<b>*****</b>

ARKANSAS PERFORMANCE BUDGETING & ACCOUNTABILITY SYSTEM  
Biennial Appropriation Summary

Agency Name                    STATE INSURANCE DEPARTMENT  
 Agency Code                    425  
 Appropriation Name            Fraud Investigation Unit  
 Appropriation Code            359  
 Fund Name                      State Insurance Department Trust Fund  
 Fund Code                      TSI

Character		Recommendations							
		Executive				Legislative			
		2003-04	Pos.	2004-05	Pos.	2003-04	Pos.	2004-05	Pos.
Regular Salaries	5010000	139,244	4	143,004	4	0	0	0	0
Personal Serv Match	5010003	38,100	0	38,766	0	0	0	0	0
Operating Expenses	5020002	102,386	0	102,386	0	0	0	0	0
Travel-Conferences	5050009	12,000	0	12,000	0	0	0	0	0
Prof. Fees & Serv.	5060010	11,000	0	11,000	0	0	0	0	0
<b>Grand Total</b>		<b>302,730</b>	<b>4</b>	<b>307,156</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Funding Sources									
Name	Code								
Special Revenue	4000030	202,730	*****	207,156	*****	0	*****	0	*****
Transfer from Workers Comp.	4000070	100,000	*****	100,000	*****	0	*****	0	*****
Total Funding		302,730	*****	307,156	*****	0	*****	0	*****
Excess Appro/(Funding)		0	*****	0	*****	0	*****	0	*****
<b>Grand Total</b>		<b>302,730</b>	<b>*****</b>	<b>307,156</b>	<b>*****</b>	<b>0</b>	<b>*****</b>	<b>0</b>	<b>*****</b>

ARKANSAS PERFORMANCE BUDGETING & ACCOUNTABILITY SYSTEM  
Biennial Rank by Appropriation

Agency Name STATE INSURANCE DEPARTMENT  
 Agency Code 425  
 Appropriation Name Fraud Investigation Unit  
 Appropriation Code 359  
 Fund Name State Insurance Department Trust Fund  
 Fund Code TSI

Rank	Justification	Designation		Cost Center		2001-02	2002-03		Agency Request			Executive Recommendation			Legislative Recommendation					
		BL	Base Level	Total		Actual	Budget	Pos.	2003-04	Pos.	2004-05	Pos.	2003-04	Pos.	2004-05	Pos.	2003-04	Pos.	2004-05	Pos.
						199,858	254,051	3	258,755	3	262,300	3	258,756	3	262,300	3	0	0	0	0
1	Addition of one position, Management Project Analyst II, to act as a criminal insurance fraud investigator to assist with an expanding caseload is requested. \$8,000 each year in Conference Fees & travel is also requested for training of the requested new employee and for additional criminal certification training expenses.	C01		326361	WC Fraud	0	0	0	43,974	1	44,855	1	43,974	1	44,856	1	0	0	0	0
		C01		Total		0	0	0	43,974	1	44,855	1	43,974	1	44,856	1	0	0	0	0
1	Changes of 2 Criminal Insurance Fraud Investigator positions to Senior Criminal Insurance Fraud Investigator are requested under provisions of the Career Ladder Incentive Program (CLIP).	C09	CLIP	326361	WC Fraud	0	0	0	7,088	0	7,279	0	0	0	0	0	0	0	0	0
		C09	CLIP	Total		0	0	0	7,088	0	7,279	0	0	0	0	0	0	0	0	0
				Grand Total	Total	199,858	254,051	3	309,817	4	314,434	4	302,730	4	307,156	4	0	0	0	0

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**ARKANSAS PERFORMANCE BUDGETING & ACCOUNTABILITY SYSTEM**  
**ANALYSIS OF BUDGET REQUEST**  
**2003 - 2005**

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Act 1043 of 2001 established the Prepaid Funeral Contracts Recovery Program to reimburse purchasers of preneed funeral contracts who suffer financial loss due to impairment, insolvency, business interruption, or improper inactivity of a licensed prepaid funeral organization. Funding is authorized from one-time fees of not less than \$5 per contract, up to a maximum set by the State Insurance Commissioner. Such fees collected are to be deposited into the State Insurance Department Prepaid Trust Fund. A portion of these collections may be designated for transfer by the State Insurance Commissioner to the Prepaid Funeral Contracts Recovery Program Fund to pay expenses and claims incurred.

Act 1149 of 2001 provided a biennial appropriation of \$1,000,000 for the 2001-03 Biennium for the start up of this program. The Agency is requesting that the \$1,000,000 Base Level be continued for the 2003-05 Biennium as a biennial appropriation.

The Executive Recommendation provides for the Agency Request.

AGENCY	APPROPRIATION	TREASURY FUND	ANALYSIS OF BUDGET REQUEST	PAGE
Name: State Insurance Department  Code: 425	Name: Prepaid Funeral Contracts Recovery Program  Code: 513	Name: Prepaid Funeral Contracts Recovery Program Fund  Code: TIP		273

ARKANSAS PERFORMANCE BUDGETING & ACCOUNTABILITY SYSTEM  
Biennial Appropriation Summary

Agency Name            STATE INSURANCE DEPARTMENT  
 Agency Code            425  
 Appropriation Name    Prepaid Funeral Contracts Recovery Program  
 Appropriation Code    513  
 Fund Name              Prepaid Funeral Contracts Recovery Program Fund  
 Fund Code              TIP

Character Name	Expenditures					Agency Request											Recommendations				
	2001-02		2002-03		2002-03		2003-04					2004-05						Executive			
	Actual	Budget	Pos.	Authorized	Pos.	Base Level	Pos.	Change Level	Pos.	Total	Pos.	Base Level	Pos.	Change Level	Pos.	Total	Pos.	2003-04	Pos.	2004-05	Pos.
Expenses and Claims	0	1,000,000	0	0	0	1,000,000	0	0	0	1,000,000	0	0	0	0	0	0	0	1,000,000	0	0	0
Grand Total	0	1,000,000	0	0	0	1,000,000	0	0	0	1,000,000	0	0	0	0	0	0	0	1,000,000	0	0	0

Funding Sources Name	2001-02	2002-03	2002-03	2003-04	2003-04	2004-05	2004-05	2004-05	2004-05	2004-05	2004-05	2004-05	2004-05	2004-05	2004-05	2004-05	2004-05	2004-05	2004-05	2004-05	2004-05
	Actual	Budget	Pos.	Authorized	Pos.	Base Level	Pos.	Change Level	Pos.	Total	Pos.	Base Level	Pos.	Change Level	Pos.	Total	Pos.	2003-04	Pos.	2004-05	Pos.
Special Revenue	0	1,000,000	*****	*****	*****	1,000,000	*****	0	*****	1,000,000	*****	0	*****	0	*****	0	*****	1,000,000	*****	0	*****
Total Funding	0	1,000,000	*****	*****	*****	1,000,000	*****	0	*****	1,000,000	*****	0	*****	0	*****	0	*****	1,000,000	*****	0	*****
Excess Appr/(Funding)	0	0	*****	*****	*****	0	*****	0	*****	0	*****	0	*****	0	*****	0	*****	0	*****	0	*****
Grand Total	0	1,000,000	*****	*****	*****	1,000,000	*****	0	*****	1,000,000	*****	0	*****	0	*****	0	*****	1,000,000	*****	0	*****

Act 1149 of 2001 provided a Biennial appropriation for this Program for the 2001-2003 Biennium. The Agency Request and the Executive Recommendation provide for a Biennial appropriation for the 2003-2005 Biennium.

**ARKANSAS PERFORMANCE BUDGETING & ACCOUNTABILITY SYSTEM**  
**Biennial Appropriation Summary**

Agency Name                    STATE INSURANCE DEPARTMENT  
 Agency Code                    425  
 Appropriation Name            Prepaid Funeral Contracts Recovery Program  
 Appropriation Code            513  
 Fund Name                      Prepaid Funeral Contracts Recovery Program Fund  
 Fund Code                      TIP

Character		Expenditures				
		2001-02	2002-03		2002-03	
Name	Code	Actual	Budget	Pos.	Authorized	Pos.
Expenses and Claims	5020002	0	1,000,000	0	0	0
Grand Total		0	1,000,000	0	0	0

Funding Sources						
Name	Code					
Special Revenue	4000030	0	1,000,000	*****	*****	*****
Total Funding		0	1,000,000	*****	*****	*****
Excess Appro/(Funding)		0	0	*****	*****	*****
Grand Total		0	1,000,000	*****	*****	*****

Act 1149 of 2001 provided a Biennial appropriation for this Program for the 2001-2003 Biennium.  
 The Agency Request and the Executive Recommendation provide for a Biennial appropriation for  
 the 2003-2005 Biennium.

ARKANSAS PERFORMANCE BUDGETING & ACCOUNTABILITY SYSTEM  
Biennial Appropriation Summary

Agency Name STATE INSURANCE DEPARTMENT  
 Agency Code 425  
 Appropriation Name Prepaid Funeral Contracts Recovery Program  
 Appropriation Code 513  
 Fund Name Prepaid Funeral Contracts Recovery Program Fund  
 Fund Code TIP

Character		Agency Request											
		2003-04						2004-05					
Name	Code	Base Level	Pos.	Change Level	Pos.	Total	Pos.	Base Level	Pos.	Change Level	Pos.	Total	Pos.
Expenses and Claims	5020002	1,000,000	0	0	0	1,000,000	0	0	0	0	0	0	0
Grand Total		1,000,000	0	0	0	1,000,000	0	0	0	0	0	0	0

Funding Sources													
Name	Code												
Special Revenue	4000030	1,000,000	*****	0	*****	1,000,000	*****	0	*****	0	*****	0	*****
Total Funding		1,000,000	*****	0	*****	1,000,000	*****	0	*****	0	*****	0	*****
Excess Appr/(Funding)		0	*****	0	*****	0	*****	0	*****	0	*****	0	*****
Grand Total		1,000,000	*****	0	*****	1,000,000	*****	0	*****	0	*****	0	*****

Act 1149 of 2001 provided a Biennial appropriation for this Program for the 2001-2003 Biennium. The Agency Request and the Executive Recommendation provide for a Biennial appropriation for the 2003-2005 Biennium.

**ARKANSAS PERFORMANCE BUDGETING & ACCOUNTABILITY SYSTEM**  
**Biennial Appropriation Summary**

Agency Name                    STATE INSURANCE DEPARTMENT  
 Agency Code                    425  
 Appropriation Name            Prepaid Funeral Contracts Recovery Program  
 Appropriation Code            513  
 Fund Name                      Prepaid Funeral Contracts Recovery Program Fund  
 Fund Code                      TIP

Character		Recommendations							
		Executive				Legislative			
		2003-04	Pos.	2004-05	Pos.	2003-04	Pos.	2004-05	Pos.
Expenses and Claims	5020002	1,000,000	0	0	0	0	0	0	0
Grand Total		1,000,000	0	0	0	0	0	0	0

Funding Sources									
Name	Code								
Special Revenue	4000030	1,000,000	*****	0	*****	0	*****	0	*****
Total Funding		1,000,000	*****	0	*****	0	*****	0	*****
Excess Appro/(Funding)		0	*****	0	*****	0	*****	0	*****
Grand Total		1,000,000	*****	0	*****	0	*****	0	*****

Act 1149 of 2001 provided a Biennial appropriation for this Program for the 2001-2003 Biennium.  
 The Agency Request and the Executive Recommendation provide for a Biennial appropriation for the 2003-2005 Biennium.

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**ARKANSAS PERFORMANCE BUDGETING & ACCOUNTABILITY SYSTEM**  
**ANALYSIS OF BUDGET REQUEST**  
**2003 - 2005**

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Act 372 of 1997 (Arkansas Code § 23-40-107 et. seq.) provides for administration of prepaid funeral benefit plans in the State of Arkansas and established a Division of Prepaid Funeral Benefits within the State Insurance Department for this purpose. Funding is derived from initial application or renewal fees for annual permits to sell prepaid funeral benefits. Base Levels for this appropriation include salary increases of 2.7% each year over the FY03 salary levels, along with appropriate Personal Services Matching costs for 4 positions. Also included in Personal Services Matching is a \$33 per month increase in the monthly contribution for State employee's health insurance for a total state contribution of \$280 per month per budgeted employee.

Changes requested for the 2003-2005 Biennium are additions in Operating Expenses of \$6,700 each year for data processing maintenance, supplies, and software costs. A reduction of \$1,000 each year in the Data Processing line item is requested to offset a portion of the increases requested in Operating Expenses.

The Executive Recommendation provides for Base Level and the reduction in the Data Processing line item.

<b>AGENCY</b> Name: State Insurance Department  Code: 425	<b>APPROPRIATION</b> Name: Prepaid Funeral Benefits Division  Code: 756	<b>TREASURY FUND</b> Name: State Insurance Dept. Prepaid Trust Fund  Code: TIP	<b>ANALYSIS OF</b> <b>BUDGET REQUEST</b>	<b>PAGE</b>  278
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ARKANSAS PERFORMANCE BUDGETING & ACCOUNTABILITY SYSTEM  
Biennial Appropriation Summary

Agency Name STATE INSURANCE DEPARTMENT  
 Agency Code 425  
 Appropriation Name Prepaid Funeral Benefits Division  
 Appropriation Code 756  
 Fund Name State Insurance Department Prepaid Trust Fund  
 Fund Code TIP

Character Name	Expenditures					Agency Request										Recommendations					
	2001-02		2002-03		2002-03		2003-04				2004-05						Executive				
	Actual	Budget	Pos.	Authorized	Pos.	Base Level	Pos.	Change Level	Pos.	Total	Pos.	Base Level	Pos.	Change Level	Pos.	Total	Pos.	2003-04	Pos.	2004-05	Pos.
Regular Salaries	121,796	141,399	4	139,482	4	145,217	4	0	0	145,217	4	149,138	4	0	0	149,138	4	145,217	4	149,138	4
Personal Serv Match	32,632	36,874	0	36,557	0	39,158	0	0	0	39,158	0	39,852	0	0	0	39,852	0	39,158	0	39,852	0
Operating Expenses	8,191	69,390	0	69,390	0	69,390	0	6,700	0	76,090	0	69,390	0	6,700	0	76,090	0	69,390	0	69,390	0
Travel-Conferences	1,568	4,000	0	4,000	0	4,000	0	0	0	4,000	0	4,000	0	0	0	4,000	0	4,000	0	4,000	0
Capital Outlay	0	6,500	0	6,500	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Prof. Fees & Serv.	0	2,000	0	2,000	0	2,000	0	0	0	2,000	0	2,000	0	0	0	2,000	0	2,000	0	2,000	0
Data Processing	0	3,000	0	3,000	0	3,000	0	(1,000)	0	2,000	0	3,000	0	(1,000)	0	2,000	0	2,000	0	2,000	0
Contract Services	0	25,000	0	25,000	0	25,000	0	0	0	25,000	0	25,000	0	0	0	25,000	0	25,000	0	25,000	0
Grand Total	164,187	288,163	4	285,929	4	287,765	4	5,700	0	293,465	4	292,380	4	5,700	0	298,080	4	288,765	4	291,380	4

Funding Sources Name	2001-02	2002-03	2002-03	2003-04	2004-05	2004-05	2004-05	2004-05	2004-05	2004-05	2004-05	2004-05	2004-05	2004-05	2004-05	2004-05	2004-05	2004-05	2004-05	2004-05
Fund Balance	664,125	769,589	*****	739,426	*****	0	*****	739,426	*****	703,961	*****	0	*****	703,961	*****	739,426	*****	710,661	*****	*****
Special Revenue	269,651	258,000	*****	252,300	*****	5,700	*****	258,000	*****	252,300	*****	5,700	*****	258,000	*****	258,000	*****	258,000	*****	*****
Total Funding	933,776	1,027,589	*****	991,726	*****	5,700	*****	997,426	*****	956,261	*****	5,700	*****	961,961	*****	997,426	*****	968,661	*****	*****
Excess Appro/(Funding)	(769,589)	(739,426)	*****	(703,961)	*****	0	*****	(703,961)	*****	(663,861)	*****	0	*****	(663,861)	*****	(710,661)	*****	(677,281)	*****	*****
Grand Total	164,187	288,163	*****	287,765	*****	5,700	*****	293,465	*****	292,380	*****	5,700	*****	298,080	*****	288,765	*****	291,380	*****	*****

The Budgeted amounts in Regular Salaries and Personal Services Matching are greater than the Authorized appropriation amounts due to salary adjustments during the 2001-2003 Biennium.

**ARKANSAS PERFORMANCE BUDGETING & ACCOUNTABILITY SYSTEM**

**Biennial Appropriation Summary**

Agency Name STATE INSURANCE DEPARTMENT  
 Agency Code 425  
 Appropriation Name Prepaid Funeral Benefits Division  
 Appropriation Code 756  
 Fund Name State Insurance Department Prepaid Trust Fund  
 Fund Code TIP

Character		Expenditures				
		2001-02	2002-03		2002-03	
Name	Code	Actual	Budget	Pos.	Authorized	Pos.
Regular Salaries	5010000	121,796	141,399	4	139,482	4
Personal Serv Match	5010003	32,632	36,874	0	36,557	0
Operating Expenses	5020002	8,191	69,390	0	69,390	0
Travel-Conferences	5050009	1,568	4,000	0	4,000	0
Capital Outlay	5120011	0	6,500	0	6,500	0
Prof. Fees & Serv.	5060010	0	2,000	0	2,000	0
Data Processing	5090012	0	3,000	0	3,000	0
Contract Services	5900043	0	25,000	0	25,000	0
<b>Grand Total</b>		<b>164,187</b>	<b>288,163</b>	<b>4</b>	<b>285,929</b>	<b>4</b>

Funding Sources						
Name	Code					
Fund Balance	4000005	664,125	769,589	*****	*****	*****
Special Revenue	4000030	269,651	258,000	*****	*****	*****
Total Funding		933,776	1,027,589	*****	*****	*****
Excess Appro/(Funding)		(769,589)	(739,426)	*****	*****	*****
<b>Grand Total</b>		<b>164,187</b>	<b>288,163</b>	<b>*****</b>	<b>*****</b>	<b>*****</b>

The Budgeted amounts in Regular Salaries and Personal Services Matching are greater than the Authorized appropriation amounts due to salary adjustments during the 2001-2003 Biennium.

ARKANSAS PERFORMANCE BUDGETING & ACCOUNTABILITY SYSTEM  
Biennial Appropriation Summary

Agency Name STATE INSURANCE DEPARTMENT  
 Agency Code 425  
 Appropriation Name Prepaid Funeral Benefits Division  
 Appropriation Code 756  
 Fund Name State Insurance Department Prepaid Trust Fund  
 Fund Code TIP

Character		Agency Request											
		2003-04						2004-05					
		Name	Code	Base Level	Pos.	Change Level	Pos.	Total	Pos.	Base Level	Pos.	Change Level	Pos.
Regular Salaries	5010000	145,217	4	0	0	145,217	4	149,138	4	0	0	149,138	4
Personal Serv Match	5010003	39,158	0	0	0	39,158	0	39,852	0	0	0	39,852	0
Operating Expenses	5020002	69,390	0	6,700	0	76,090	0	69,390	0	6,700	0	76,090	0
Travel-Conferences	5050009	4,000	0	0	0	4,000	0	4,000	0	0	0	4,000	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0	0	0	0
Prof. Fees & Serv.	5060010	2,000	0	0	0	2,000	0	2,000	0	0	0	2,000	0
Data Processing	5090012	3,000	0	(1,000)	0	2,000	0	3,000	0	(1,000)	0	2,000	0
Contract Services	5900043	25,000	0	0	0	25,000	0	25,000	0	0	0	25,000	0
<b>Grand Total</b>		<b>287,765</b>	<b>4</b>	<b>5,700</b>	<b>0</b>	<b>293,465</b>	<b>4</b>	<b>292,380</b>	<b>4</b>	<b>5,700</b>	<b>0</b>	<b>298,080</b>	<b>4</b>

Funding Sources													
Name	Code												
Fund Balance	4000005	739,426	*****	0	*****	739,426	*****	703,961	*****	0	*****	703,961	*****
Special Revenue	4000030	252,300	*****	5,700	*****	258,000	*****	252,300	*****	5,700	*****	258,000	*****
<b>Total Funding</b>		<b>991,726</b>	<b>*****</b>	<b>5,700</b>	<b>*****</b>	<b>997,426</b>	<b>*****</b>	<b>956,261</b>	<b>*****</b>	<b>5,700</b>	<b>*****</b>	<b>961,961</b>	<b>*****</b>
Excess Appro/(Funding)		(703,961)	*****	0	*****	(703,961)	*****	(663,881)	*****	0	*****	(663,881)	*****
<b>Grand Total</b>		<b>287,765</b>	<b>*****</b>	<b>5,700</b>	<b>*****</b>	<b>293,465</b>	<b>*****</b>	<b>292,380</b>	<b>*****</b>	<b>5,700</b>	<b>*****</b>	<b>298,080</b>	<b>*****</b>

**ARKANSAS PERFORMANCE BUDGETING & ACCOUNTABILITY SYSTEM**  
**Biennial Appropriation Summary**

Agency Name                    STATE INSURANCE DEPARTMENT  
Agency Code                    425  
Appropriation Name            Prepaid Funeral Benefits Division  
Appropriation Code            756  
Fund Name                        State Insurance Department Prepaid Trust Fund  
Fund Code                        TIP

Character		Recommendations							
		Executive				Legislative			
Name	Code	2003-04	Pos.	2004-05	Pos.	2003-04	Pos.	2004-05	Pos.
Regular Salaries	5010000	145,217	4	149,138	4	0	0	0	0
Personal Serv Match	5010003	39,158	0	39,852	0	0	0	0	0
Operating Expenses	5020002	69,390	0	69,390	0	0	0	0	0
Travel-Conferences	5050009	4,000	0	4,000	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0
Prof. Fees & Serv.	5060010	2,000	0	2,000	0	0	0	0	0
Data Processing	5090012	2,000	0	2,000	0	0	0	0	0
Contract Services	5900043	25,000	0	25,000	0	0	0	0	0
<b>Grand Total</b>		<b>286,765</b>	<b>4</b>	<b>291,380</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Funding Sources									
Name	Code								
Fund Balance	4000005	739,426	*****	710,661	*****	0	*****	0	*****
Special Revenue	4000030	258,000	*****	258,000	*****	0	*****	0	*****
<b>Total Funding</b>		<b>997,426</b>	<b>*****</b>	<b>968,661</b>	<b>*****</b>	<b>0</b>	<b>*****</b>	<b>0</b>	<b>*****</b>
Excess Appro/(Funding)		(710,661)	*****	(677,281)	*****	0	*****	0	*****
<b>Grand Total</b>		<b>286,765</b>	<b>*****</b>	<b>291,380</b>	<b>*****</b>	<b>0</b>	<b>*****</b>	<b>0</b>	<b>*****</b>

ARKANSAS PERFORMANCE BUDGETING & ACCOUNTABILITY SYSTEM  
Biennial Rank by Appropriation

Agency Name STATE INSURANCE DEPARTMENT  
 Agency Code 425  
 Appropriation Name Prepaid Funeral Benefits Division  
 Appropriation Code 756  
 Fund Name State Insurance Department Prepaid Trust Fund  
 Fund Code TIP

Rank	Justification	Designation	Cost Center	2001-02	2002-03		Agency Request				Executive Recommendation			Legislative Recommendation				
				Actual	Budget	Pos.	2003-04 Pos.	2004-05 Pos.	2003-04 Pos.	2004-05 Pos.	2003-04 Pos.	2004-05 Pos.	2003-04 Pos.	2004-05 Pos.				
		BL Base Level	Total	164,187	288,163	4	287,765	4	292,380	4	287,765	4	292,380	4	0	0	0	0
1	Increases in Operating Expenses of \$6,700 each year are requested for data processing maintenance, supplies, and software costs. A reduction of \$1,000 each year in the Data Processing line item is requested to partially offset the requested increases.	C08 Technology	326372 Prepaid Funeral IT	0	0	0	5,700	0	5,700	0	(1,000)	0	(1,000)	0	0	0	0	0
		C08 Technology	Total	0	0	0	5,700	0	5,700	0	(1,000)	0	(1,000)	0	0	0	0	0
		Grand Total	Total		164,187	288,163	4	293,465	4	298,080	4	286,765	4	291,380	4	0	0	0

**ARKANSAS PERFORMANCE BUDGETING & ACCOUNTABILITY SYSTEM**  
**ANALYSIS OF BUDGET REQUEST**  
**2003 - 2005**

Act 337 of 1997 (Arkansas Code § 23-100-101 et. seq.) provides for funding of an Insurance Fraud Investigation Division established in the State Insurance Department to investigate suspected cases of fraud over a broad range of activities in the insurance industry in Arkansas. An annual administrative and regulatory fee exclusively to support fraud investigation efforts is collected from each company under the Department's jurisdiction. Base Levels for this appropriation include salary increases of 2.7% each year over the FY03 salary levels, along with related Personal Services Matching costs for 12 positions. Also included in Personal Services Matching is a \$33 per month increase in the monthly contribution for State employee's health insurance for a total state contribution of \$280 per month per budgeted employee. Changes requested for this program are as follows:

Change of three positions to Senior Criminal Insurance Fraud Investigator in accordance with provisions of the Career Ladder Incentive Program and an extraordinary salary increase of 7.6% for the Division Director position. Costs are \$14,519 for FY04 and \$14,912 for FY05.

Increases in Operating Expenses of \$5,950 each year for data processing maintenance and software costs. A corresponding reduction of \$5,000 each year in the Data Processing line item to partially offset the Operating Expenses increases.

Additions of \$9,000 each year in Conference Fees & Travel for additional training to maintain the level of criminal investigation certification.

Capital Outlay of \$6,070 each year for purchase of data processing equipment with value above the current capitalization threshold.

The Executive Recommendation provides for Base Level, plus the Capital Outlay increases and the Data Processing line item reductions.

AGENCY	APPROPRIATION	TREASURY FUND	ANALYSIS OF BUDGET REQUEST	PAGE
Name: State Insurance Department  Code: 425	Name: Insurance Fraud Investigation Division  Code: 757	Name: Insurance Fraud Investigation Division Trust Fund  Code: TIF		284

ARKANSAS PERFORMANCE BUDGETING & ACCOUNTABILITY SYSTEM  
Biennial Appropriation Summary

Agency Name STATE INSURANCE DEPARTMENT  
 Agency Code 425  
 Appropriation Name Insurance Fraud Investigation Division  
 Appropriation Code 757  
 Fund Name Insurance Fraud Investigation Trust Fund  
 Fund Code TIF

Character Name	Expenditures						Agency Request												Recommendations			
	2001-02		2002-03		2002-03		2003-04				2004-05				2004-05				Executive			
	Actual	Budget	Pos.	Authorized	Pos.	Base Level	Pos.	Change Level	Pos.	Total	Pos.	Base Level	Pos.	Change Level	Pos.	Total	Pos.	2003-04	Pos.	2004-05	Pos.	
Regular Salaries	447,850	494,810	12	456,502	12	508,170	12	12,335	0	520,505	12	521,891	12	12,669	0	534,560	12	508,170	12	521,891	12	
Personal Serv Match	112,307	122,963	0	116,414	0	130,317	0	2,184	0	132,501	0	132,747	0	2,243	0	134,990	0	130,317	0	132,747	0	
Operating Expenses	124,477	165,405	0	155,805	0	165,405	0	5,950	0	171,355	0	165,405	0	5,950	0	171,355	0	165,405	0	165,405	0	
Travel/Conferences	13,048	13,000	0	13,000	0	13,000	0	9,000	0	22,000	0	13,000	0	9,000	0	22,000	0	13,000	0	13,000	0	
Capital Outlay	3,390	8,900	0	18,500	0	0	0	6,070	0	6,070	0	0	0	6,070	0	6,070	0	6,070	0	6,070	0	
Prof. Fees & Secv.	1,855	11,000	0	11,000	0	11,000	0	0	0	11,000	0	11,000	0	0	0	11,000	0	11,000	0	11,000	0	
Data Processing	1,690	6,000	0	6,000	0	6,000	0	(5,000)	0	1,000	0	6,000	0	(5,000)	0	1,000	0	1,000	0	1,000	0	
Grand Total	704,617	822,079	12	777,221	12	833,892	12	30,539	0	864,431	12	850,043	12	30,932	0	880,975	12	834,962	12	851,113	12	

Funding Sources Name	2001-02 Actual	2002-03 Budget	2002-03 Pos.	2002-03 Authorized	2002-03 Pos.	2003-04 Base Level	2003-04 Pos.	2003-04 Change Level	2003-04 Pos.	2003-04 Total	2003-04 Pos.	2004-05 Base Level	2004-05 Pos.	2004-05 Change Level	2004-05 Pos.	2004-05 Total	2004-05 Pos.	2003-04	2004-05		
Fund Balance	1,278,383	1,288,945	*****	*****	*****	1,161,616	*****	0	*****	1,161,616	*****	991,935	*****	0	*****	991,935	*****	1,161,616	*****	1,021,404	*****
Special Revenue	715,179	694,750	*****	*****	*****	664,211	*****	30,539	*****	694,750	*****	663,818	*****	30,932	*****	694,750	*****	694,750	*****	694,750	*****
Total Funding	1,993,562	1,983,695	*****	*****	*****	1,825,827	*****	30,539	*****	1,856,366	*****	1,655,753	*****	30,932	*****	1,686,685	*****	1,856,366	*****	1,716,154	*****
Excess Appr(Funding)	(1,288,945)	(1,161,616)	*****	*****	*****	(991,935)	*****	0	*****	(991,935)	*****	(805,710)	*****	0	*****	(805,710)	*****	(1,021,404)	*****	(865,041)	*****
Grand Total	704,617	822,079	*****	*****	*****	833,892	*****	30,539	*****	864,431	*****	850,043	*****	30,932	*****	880,975	*****	834,962	*****	851,113	*****

The Budgeted amounts for Regular Salaries and Personal Services Matching are greater than the Authorized appropriation amounts due to salary adjustments during the 2001-2003 Biennium.

The Budgeted amount for Operating Expenses is greater than the Authorized appropriation amount due to a reclassification transfer processed in FY03.

**ARKANSAS PERFORMANCE BUDGETING & ACCOUNTABILITY SYSTEM**  
**Biennial Appropriation Summary**

Agency Name                   STATE INSURANCE DEPARTMENT  
 Agency Code                   425  
 Appropriation Name           Insurance Fraud Investigation Division  
 Appropriation Code           757  
 Fund Name                     Insurance Fraud Investigation Trust Fund  
 Fund Code                     TIF

Character		Expenditures				
		2001-02	2002-03		2002-03	
Name	Code	Actual	Budget	Pos.	Authorized	Pos.
Regular Salaries	5010000	447,850	494,810	12	456,502	12
Personal Serv Match	5010003	112,307	122,963	0	116,414	0
Operating Expenses	5020002	124,477	165,405	0	155,805	0
Travel-Conferences	5050009	13,048	13,000	0	13,000	0
Capital Outlay	5120011	3,390	8,900	0	18,500	0
Prof. Fees & Serv.	5060010	1,855	11,000	0	11,000	0
Data Processing	5090012	1,690	6,000	0	6,000	0
<b>Grand Total</b>		<b>704,617</b>	<b>822,079</b>	<b>12</b>	<b>777,221</b>	<b>12</b>

Funding Sources						
Name	Code					
Fund Balance	4000005	1,278,383	1,288,945	*****	*****	*****
Special Revenue	4000030	715,179	694,750	*****	*****	*****
<b>Total Funding</b>		<b>1,993,562</b>	<b>1,983,695</b>	<b>*****</b>	<b>*****</b>	<b>*****</b>
<b>Excess Appr/(Funding)</b>		<b>(1,288,945)</b>	<b>(1,161,616)</b>	<b>*****</b>	<b>*****</b>	<b>*****</b>
<b>Grand Total</b>		<b>704,617</b>	<b>822,079</b>	<b>*****</b>	<b>*****</b>	<b>*****</b>

The Budgeted amount in Regular Salaries and Personal Services Matching are greater than the Authorized appropriation amounts due to salary adjustments during the 2001-2003 Biennium.

The Budgeted amount in Operating Expenses is greater than the Authorized appropriation amount due to a budget classification transfer processed in FY03.

ARKANSAS PERFORMANCE BUDGETING & ACCOUNTABILITY SYSTEM  
Biennial Appropriation Summary

Agency Name STATE INSURANCE DEPARTMENT  
 Agency Code 425  
 Appropriation Name Insurance Fraud Investigation Division  
 Appropriation Code 757  
 Fund Name Insurance Fraud Investigation Trust Fund  
 Fund Code TIF

Character		Agency Request											
		2003-04						2004-05					
		Base Level	Pos.	Change Level	Pos.	Total	Pos.	Base Level	Pos.	Change Level	Pos.	Total	Pos.
Name	Code												
Regular Salaries	5010000	508,170	12	12,335	0	520,505	12	521,891	12	12,669	0	534,560	12
Personal Serv Match	5010003	130,317	0	2,184	0	132,501	0	132,747	0	2,243	0	134,990	0
Operating Expenses	5020002	165,405	0	5,950	0	171,355	0	165,405	0	5,950	0	171,355	0
Travel-Conferences	5050009	13,000	0	9,000	0	22,000	0	13,000	0	9,000	0	22,000	0
Capital Outlay	5120011	0	0	6,070	0	6,070	0	0	0	6,070	0	6,070	0
Prof. Fees & Serv.	5060010	11,000	0	0	0	11,000	0	11,000	0	0	0	11,000	0
Data Processing	5090012	6,000	0	(5,000)	0	1,000	0	6,000	0	(5,000)	0	1,000	0
<b>Grand Total</b>		<b>833,892</b>	<b>12</b>	<b>30,539</b>	<b>0</b>	<b>864,431</b>	<b>12</b>	<b>850,043</b>	<b>12</b>	<b>30,932</b>	<b>0</b>	<b>880,975</b>	<b>12</b>

Funding Sources													
Name	Code												
Fund Balance	4000005	1,161,616	*****	0	*****	1,161,616	*****	991,935	*****	0	*****	991,935	*****
Special Revenue	4000030	664,211	*****	30,539	*****	694,750	*****	663,818	*****	30,932	*****	694,750	*****
<b>Total Funding</b>		<b>1,825,827</b>	<b>*****</b>	<b>30,539</b>	<b>*****</b>	<b>1,856,366</b>	<b>*****</b>	<b>1,655,753</b>	<b>*****</b>	<b>30,932</b>	<b>*****</b>	<b>1,686,685</b>	<b>*****</b>
Excess Appr/(Funding)		(991,935)	*****	0	*****	(991,935)	*****	(805,710)	*****	0	*****	(805,710)	*****
<b>Grand Total</b>		<b>833,892</b>	<b>*****</b>	<b>30,539</b>	<b>*****</b>	<b>864,431</b>	<b>*****</b>	<b>850,043</b>	<b>*****</b>	<b>30,932</b>	<b>*****</b>	<b>880,975</b>	<b>*****</b>

**ARKANSAS PERFORMANCE BUDGETING & ACCOUNTABILITY SYSTEM**  
**Biennial Appropriation Summary**

Agency Name                    STATE INSURANCE DEPARTMENT  
 Agency Code                    425  
 Appropriation Name            Insurance Fraud Investigation Division  
 Appropriation Code            757  
 Fund Name                        Insurance Fraud Investigation Trust Fund  
 Fund Code                        TIF

Character		Recommendations							
		Executive				Legislative			
		Name	Code	2003-04	Pos.	2004-05	Pos.	2003-04	Pos.
Regular Salaries	5010000	508,170	12	521,891	12	0	0	0	0
Personal Serv Match	5010003	130,317	0	132,747	0	0	0	0	0
Operating Expenses	5020002	165,405	0	165,405	0	0	0	0	0
Travel-Conferences	5050009	13,000	0	13,000	0	0	0	0	0
Capital Outlay	5120011	6,070	0	6,070	0	0	0	0	0
Prof. Fees & Serv.	5060010	11,000	0	11,000	0	0	0	0	0
Data Processing	5090012	1,000	0	1,000	0	0	0	0	0
<b>Grand Total</b>		<b>834,962</b>	<b>12</b>	<b>851,113</b>	<b>12</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Funding Sources									
Name	Code								
Fund Balance	4000005	1,161,616	*****	1,021,404	*****	0	*****	0	*****
Special Revenue	4000030	694,750	*****	694,750	*****	0	*****	0	*****
<b>Total Funding</b>		<b>1,856,366</b>	<b>*****</b>	<b>1,716,154</b>	<b>*****</b>	<b>0</b>	<b>*****</b>	<b>0</b>	<b>*****</b>
Excess Appro/(Funding)		(1,021,404)	*****	(865,041)	*****	0	*****	0	*****
<b>Grand Total</b>		<b>834,962</b>	<b>*****</b>	<b>851,113</b>	<b>*****</b>	<b>0</b>	<b>*****</b>	<b>0</b>	<b>*****</b>

ARKANSAS PERFORMANCE BUDGETING & ACCOUNTABILITY SYSTEM  
Biennial Rank by Appropriation

Agency Name STATE INSURANCE DEPARTMENT  
 Agency Code 425  
 Appropriation Name Insurance Fraud Investigation Division  
 Appropriation Code 757  
 Fund Name Insurance Fraud Investigation Trust Fund  
 Fund Code TIF

Rank	Justification	Designation	Cost Center	2001-02	2002-03		Agency Request			Executive Recommendation			Legislative Recommendation			
				Actual	Budget	Pos.	2003-04 Pos.	2004-05 Pos.	2003-04 Pos.	2004-05 Pos.	2003-04 Pos.	2004-05 Pos.				
		BL Base Level	Total	704,617	822,079	12	833,892	12	850,043	12	833,892	12	850,043	12	0	0
1	Request is for additions in Conference Fees & Travel for additional expenses to maintain certified levels of criminal investigators.	C01	326381 Fraud Investigation	0	0	0	9,000	0	9,000	0	0	0	0	0	0	0
		C01	Total	0	0	0	9,000	0	9,000	0	0	0	0	0	0	0
1	Capital Outlay of \$6,070 each year is requested for purchase of higher value data processing equipment. Additional Operating Expenses of \$5,950 each year is for data processing maintenance and software purchases. A reduction of \$5,000 each year is requested in the Data Processing line item to offset part of the requested additional IT expenses.	C08 Technology	326382 Fraud Invest. IT	0	0	0	7,020	0	7,020	0	1,070	0	1,070	0	0	0
		C08 Technology	Total	0	0	0	7,020	0	7,020	0	1,070	0	1,070	0	0	0
1	Changes of 2 Insurance Fraud Investigator positions and a Management Project Analyst II to Senior Insurance Fraud Investigator are requested under provisions of the Career Ladder Incentive Program (CLIP).	C09 CLIP	326381 Fraud Investigation	0	0	0	10,631	0	10,918	0	0	0	0	0	0	0
		C09 CLIP	Total	0	0	0	10,631	0	10,918	0	0	0	0	0	0	0
1	For the Director, Fraud Investigation position, an additional salary increase above the projected 2.7% cost-of-living increase is requested.	C10 Reclass	326381 Fraud Investigation	0	0	0	3,888	0	3,994	0	0	0	0	0	0	0
		C10 Reclass	Total	0	0	0	3,888	0	3,994	0	0	0	0	0	0	0
		Grand Total	Total	704,617	822,079	12	864,431	12	880,975	12	834,962	12	851,113	12	0	0

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**ARKANSAS PERFORMANCE BUDGETING & ACCOUNTABILITY SYSTEM**  
**ANALYSIS OF BUDGET REQUEST**  
**2003 - 2005**

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The Insurance Department's Consumer Information System Cash Fund is requested for continuation at \$173,000 each year. Each licensed insurer is assessed at the rate of \$100 annually, as authorized in Arkansas Code § 23-63-108, to provide funding for dispensing of information to the public concerning the various policy types, coverages, and purchasing options offered by the insurance industry.

The Executive Recommendation provides for the Agency Request.

<b>AGENCY</b> Name: State Insurance Department  Code: 425	<b>APPROPRIATION</b> Name: Consumer Information System -- Cash  Code: 874	<b>TREASURY FUND</b> Name: Insurance Dept. - Cash  Code: NDD	<b>ANALYSIS OF BUDGET REQUEST</b>	<b>PAGE</b>  290
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ARKANSAS PERFORMANCE BUDGETING & ACCOUNTABILITY SYSTEM  
Biennial Appropriation Summary

Agency Name STATE INSURANCE DEPARTMENT  
Agency Code 425  
Appropriation Name Consumer Information System - Cash  
Appropriation Code 874  
Fund Name Insurance Department - Cash  
Fund Code NDD

Character	2001-02			2002-03			2003-04			2004-05		
	Actual	Budget	Pos.	Authorized	Pos.	Base Level	Pos.	Change Level	Pos.	Total	Pos.	Total
Operating Expenses	15,983	93,000	0	93,000	0	93,000	0	0	0	93,000	0	93,000
Travel-Conferences	545	5,000	0	5,000	0	5,000	0	0	0	5,000	0	5,000
Prof. Fees & Serv.	0	75,000	0	75,000	0	75,000	0	0	0	75,000	0	75,000
Grand Total	16,528	173,000	0	173,000	0	173,000	0	0	0	173,000	0	173,000

Name	2001-02			2002-03			2003-04			2004-05					
	Fund Balance	Cash Funds	Total Funding	Excess Approp(Funding)	Grand Total	Fund Balance	Cash Funds	Total Funding	Excess Approp(Funding)	Grand Total	Fund Balance	Cash Funds	Total Funding	Excess Approp(Funding)	Grand Total
Funding Sources	409,112	402,264	402,264	173,000	173,000	402,264	402,264	402,264	173,000	173,000	402,264	402,264	402,264	173,000	173,000
Fund Balance	9,680	123,000	123,000	123,000	123,000	123,000	123,000	123,000	123,000	123,000	123,000	123,000	123,000	123,000	123,000
Cash Funds	418,792	525,264	475,264	475,264	475,264	475,264	475,264	475,264	475,264	475,264	475,264	475,264	475,264	475,264	475,264
Total Funding	(402,264)	(352,264)	(302,264)	(302,264)	(302,264)	(302,264)	(302,264)	(302,264)	(302,264)	(302,264)	(302,264)	(302,264)	(302,264)	(302,264)	(302,264)
Excess Approp(Funding)	16,528	173,000	173,000	173,000	173,000	173,000	173,000	173,000	173,000	173,000	173,000	173,000	173,000	173,000	173,000
Grand Total	409,112	402,264	402,264	173,000	173,000	402,264	402,264	402,264	173,000	173,000	402,264	402,264	402,264	173,000	173,000

**ARKANSAS PERFORMANCE BUDGETING & ACCOUNTABILITY SYSTEM**  
**Biennial Appropriation Summary**

Agency Name                    STATE INSURANCE DEPARTMENT  
 Agency Code                    425  
 Appropriation Name            Consumer Information System - Cash  
 Appropriation Code            874  
 Fund Name                      Insurance Department - Cash  
 Fund Code                      NDD

Character		Expenditures				
		2001-02	2002-03		2002-03	
Name	Code	Actual	Budget	Pos.	Authorized	Pos.
Operating Expenses	5020002	15,983	93,000	0	93,000	0
Travel-Conferences	5050009	545	5,000	0	5,000	0
Prof. Fees & Serv.	5060010	0	75,000	0	75,000	0
<b>Grand Total</b>		<b>16,528</b>	<b>173,000</b>	<b>0</b>	<b>173,000</b>	<b>0</b>

Funding Sources						
Name	Code					
Fund Balance	4000005	409,112	402,264	*****	*****	*****
Cash Funds	4000045	9,680	123,000	*****	*****	*****
<b>Total Funding</b>		<b>418,792</b>	<b>525,264</b>	<b>*****</b>	<b>*****</b>	<b>*****</b>
<b>Excess Appr/(Funding)</b>		<b>(402,264)</b>	<b>(352,264)</b>	<b>*****</b>	<b>*****</b>	<b>*****</b>
<b>Grand Total</b>		<b>16,528</b>	<b>173,000</b>	<b>*****</b>	<b>*****</b>	<b>*****</b>

ARKANSAS PERFORMANCE BUDGETING & ACCOUNTABILITY SYSTEM  
Biennial Appropriation Summary

Agency Name            STATE INSURANCE DEPARTMENT  
 Agency Code            425  
 Appropriation Name     Consumer Information System - Cash  
 Appropriation Code     874  
 Fund Name               Insurance Department - Cash  
 Fund Code               NDD

Character		Agency Request											
		2003-04						2004-05					
Name	Code	Base Level	Pos.	Change Level	Pos.	Total	Pos.	Base Level	Pos.	Change Level	Pos.	Total	Pos.
Operating Expenses	5020002	93,000	0	0	0	93,000	0	93,000	0	0	0	93,000	0
Travel-Conferences	5050009	5,000	0	0	0	5,000	0	5,000	0	0	0	5,000	0
Prof. Fees & Serv.	5060010	75,000	0	0	0	75,000	0	75,000	0	0	0	75,000	0
<b>Grand Total</b>		<b>173,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>173,000</b>	<b>0</b>	<b>173,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>173,000</b>	<b>0</b>

Funding Sources													
Name	Code												
Fund Balance	4000005	352,264	*****	0	*****	352,264	*****	302,264	*****	0	*****	302,264	*****
Cash Funds	4000045	123,000	*****	0	*****	123,000	*****	123,000	*****	0	*****	123,000	*****
<b>Total Funding</b>		<b>475,264</b>	<b>*****</b>	<b>0</b>	<b>*****</b>	<b>475,264</b>	<b>*****</b>	<b>425,264</b>	<b>*****</b>	<b>0</b>	<b>*****</b>	<b>425,264</b>	<b>*****</b>
Excess Appro/(Funding)		(302,264)	*****	0	*****	(302,264)	*****	(252,264)	*****	0	*****	(252,264)	*****
<b>Grand Total</b>		<b>173,000</b>	<b>*****</b>	<b>0</b>	<b>*****</b>	<b>173,000</b>	<b>*****</b>	<b>173,000</b>	<b>*****</b>	<b>0</b>	<b>*****</b>	<b>173,000</b>	<b>*****</b>

**ARKANSAS PERFORMANCE BUDGETING & ACCOUNTABILITY SYSTEM**  
**Biennial Appropriation Summary**

Agency Name                    STATE INSURANCE DEPARTMENT  
 Agency Code                    425  
 Appropriation Name            Consumer Information System - Cash  
 Appropriation Code            874  
 Fund Name                      Insurance Department - Cash  
 Fund Code                      NDD

Character		Recommendations							
		Executive				Legislative			
		2003-04	Pos.	2004-05	Pos.	2003-04	Pos.	2004-05	Pos.
Operating Expenses	5020002	93,000	0	93,000	0	0	0	0	0
Travel-Conferences	5050009	5,000	0	5,000	0	0	0	0	0
Prof. Fees & Serv.	5060010	75,000	0	75,000	0	0	0	0	0
<b>Grand Total</b>		<b>173,000</b>	<b>0</b>	<b>173,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Funding Sources									
Name	Code								
Fund Balance	4000005	352,264	*****	302,264	*****	0	*****	0	*****
Cash Funds	4000045	123,000	*****	123,000	*****	0	*****	0	*****
<b>Total Funding</b>		<b>475,264</b>	<b>*****</b>	<b>425,264</b>	<b>*****</b>	<b>0</b>	<b>*****</b>	<b>0</b>	<b>*****</b>
Excess Appro/(Funding)		(302,264)	*****	(252,264)	*****	0	*****	0	*****
<b>Grand Total</b>		<b>173,000</b>	<b>*****</b>	<b>173,000</b>	<b>*****</b>	<b>0</b>	<b>*****</b>	<b>0</b>	<b>*****</b>

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**ARKANSAS PERFORMANCE BUDGETING & ACCOUNTABILITY SYSTEM**  
**ANALYSIS OF BUDGET REQUEST**  
**2003 - 2005**

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The Insurance Department's Travel and Subsistence Cash Fund is requested to continue at \$190,000 each year. Arkansas Code §23-67-220 provides for recovery of reasonable costs incurred by the Department in conducting financial examinations of entities under its jurisdiction. Part of the recovered costs are passed through this account to reimburse individual examiners for their personal expenses incurred during the examination process.

The Executive Recommendation provides for the Agency Request.

<b>AGENCY</b> Name: State Insurance Department  Code: 425	<b>APPROPRIATION</b> Name: Travel & Subsistence -- Cash  Code: 880	<b>TREASURY FUND</b> Name: Insurance Dept. - Cash  Code: NDD	<b>ANALYSIS OF BUDGET REQUEST</b>	<b>PAGE</b>  295
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ARKANSAS PERFORMANCE BUDGETING & ACCOUNTABILITY SYSTEM  
Biennial Appropriation Summary

Agency Name STATE INSURANCE DEPARTMENT  
 Agency Code 425  
 Appropriation Name Travel & Subsistence - Cash  
 Appropriation Code 680  
 Fund Name Insurance Department - Cash  
 Fund Code NDD

Character Name	Expenditures					Agency Request										Recommendations							
	2001-02		2002-03		Pos.	2003-04					2004-05					Executive							
	Actual	Budget	Authorized	Pos.		Base Level	Pos.	Change Level	Pos.	Total	Pos.	Base Level	Pos.	Change Level	Pos.	Total	Pos.	2003-04	Pos.	2004-05	Pos.		
Travel & Subsistence Exp	20,707	190,000	0	190,000	0	190,000	0	0	0	190,000	0	190,000	0	0	0	190,000	0	190,000	0	190,000	0	190,000	0
Grand Total	20,707	190,000	0	190,000	0	190,000	0	0	0	190,000	0	190,000	0	0	0	190,000	0	190,000	0	190,000	0	190,000	0

Funding Sources Name	2001-02 Actual	2002-03 Budget	2002-03 Pos.	2002-03 Authorized	2002-03 Pos.	2003-04 Base Level	2003-04 Pos.	2003-04 Change Level	2003-04 Pos.	2003-04 Total	2003-04 Pos.	2004-05 Base Level	2004-05 Pos.	2004-05 Change Level	2004-05 Pos.	2004-05 Total	2004-05 Pos.	2003-04	Pos.	2004-05	Pos.
Cash Funds	20,707	190,000	*****	*****	*****	190,000	*****	0	*****	190,000	*****	190,000	*****	0	*****	190,000	*****	190,000	*****	190,000	*****
Total Funding	20,707	190,000	*****	*****	*****	190,000	*****	0	*****	190,000	*****	190,000	*****	0	*****	190,000	*****	190,000	*****	190,000	*****
Excess Appro(Funding)	0	0	*****	*****	*****	0	*****	0	*****	0	*****	0	*****	0	*****	0	*****	0	*****	0	*****
Grand Total	20,707	190,000	*****	*****	*****	190,000	*****	0	*****	190,000	*****	190,000	*****	0	*****	190,000	*****	190,000	*****	190,000	*****

This appropriation is a "pass through account" to reimburse examiners for their travel expenses. Disbursements are made immediately upon receipt of funds. Therefore, no fund balances are retained.

**ARKANSAS PERFORMANCE BUDGETING & ACCOUNTABILITY SYSTEM**  
**Biennial Appropriation Summary**

Agency Name                    STATE INSURANCE DEPARTMENT  
 Agency Code                    425  
 Appropriation Name            Travel & Subsistence - Cash  
 Appropriation Code            880  
 Fund Name                      Insurance Department - Cash  
 Fund Code                      NDD

Character		Expenditures				
		2001-02	2002-03		2002-03	
Name	Code	Actual	Budget	Pos.	Authorized	Pos.
Travel & Subsistence Exp	5900046	20,707	190,000	0	190,000	0
Grand Total		20,707	190,000	0	190,000	0

Funding Sources						
Name	Code					
Cash Funds	4000045	20,707	190,000	*****	*****	*****
Total Funding		20,707	190,000	*****	*****	*****
Excess Appro/(Funding)		0	0	*****	*****	*****
Grand Total		20,707	190,000	*****	*****	*****

ARKANSAS PERFORMANCE BUDGETING & ACCOUNTABILITY SYSTEM  
Biennial Appropriation Summary

Agency Name STATE INSURANCE DEPARTMENT  
 Agency Code 425  
 Appropriation Name Travel & Subsistence - Cash  
 Appropriation Code 880  
 Fund Name Insurance Department - Cash  
 Fund Code NDD

Character Name Code		Agency Request											
		2003-04				2004-05							
		Base Level	Pos.	Change Level	Pos.	Total	Pos.	Base Level	Pos.	Change Level	Pos.	Total	Pos.
Travel & Subsistence Exp	5900046	190,000	0	0	0	190,000	0	190,000	0	0	0	190,000	0
Grand Total		190,000	0	0	0	190,000	0	190,000	0	0	0	190,000	0

Funding Sources Name Code													
Cash Funds	4000045	190,000	*****	0	*****	190,000	*****	190,000	*****	0	*****	190,000	*****
Total Funding		190,000	*****	0	*****	190,000	*****	190,000	*****	0	*****	190,000	*****
Excess Appro/(Funding)		0	*****	0	*****	0	*****	0	*****	0	*****	0	*****
Grand Total		190,000	*****	0	*****	190,000	*****	190,000	*****	0	*****	190,000	*****

ARKANSAS PERFORMANCE BUDGETING & ACCOUNTABILITY SYSTEM  
Biennial Appropriation Summary

Agency Name                    STATE INSURANCE DEPARTMENT  
 Agency Code                    425  
 Appropriation Name            Travel & Subsistence - Cash  
 Appropriation Code            880  
 Fund Name                      Insurance Department - Cash  
 Fund Code                      NDD

Character		Recommendations							
		Executive				Legislative			
		2003-04	Pos.	2004-05	Pos.	2003-04	Pos.	2004-05	Pos.
Travel & Subsistence Exp	5900046	190,000	0	190,000	0	0	0	0	0
Grand Total		190,000	0	190,000	0	0	0	0	0

Funding Sources									
Name	Code	Executive		Legislative		Executive		Legislative	
Cash Funds	4000045	190,000	*****	190,000	*****	0	*****	0	*****
Total Funding		190,000	*****	190,000	*****	0	*****	0	*****
Excess Appro/(Funding)		0	*****	0	*****	0	*****	0	*****
Grand Total		190,000	*****	190,000	*****	0	*****	0	*****

Arkansas Budget System  
Program Performance Budget Request

Section 1. Program Goals:

Agency, Director and Program Name	Program Description	Program Goals
State Insurance Department-0425 Mike Pickens, Insurance Commissioner Administration and Regulatory Support Services Program	This program is composed of all activities and resources necessary to administer and support the regulatory activities of the other Programs.	Goal 1. Effectively administer and support the regulatory activities of the other Programs.

Objective ID	Objective	Objective Description
Administration and Regulatory Services Program	1	Provide Department resources (management, personnel, systems and material) necessary to continue to improve consumer protection by insurance industry regulation in Arkansas.

Section 2. Performance Measures:

Objective	Measure Type	Measure Description	03 Projected	04 Target	05 Target
1	Efficiency	% of agency performance measures met.	75%	76%	77%
1	Outcome	% of agency staff in Administration and support services as compared to total agency positions	30%	30%	30%
1	Outcome	% of agency budget in Administration and support services as compared to total agency budget.	47%	47%	47%
1	Outcome	Number of prior year audit findings repeated in subsequent audit.	0%	0%	0%
1	Outcome	Agency information technology budget as a percent of total agency budget	4.7%	4.7%	4.7%
1	Efficiency	Implement all Commissioner approved National Association of Insurance Commissioners technology initiatives.	100%	100%	100%
1	Output	Number of proprietary information systems maintained by agency staff or maintained through contractual services.	10	10	10
1	Efficiency	% Gramm-Leach-Bliley (GLB) Financial Services Modernization Act- required changes in state regulation of insurance substantially complied with.	100%	100%	100%

Arkansas Budget System  
Program Performance Budget Request

Section 3. Line Items:

	FY02 Actual	FY03 Budgeted	FY04 Base	FY04 Change Level	FY04 Request	FY05 Base	FY05 Change Level	FY05 Request	FY04 Exec. Rec.	FY05 Exec. Rec.	FY04 Legis.	FY05 Legis.
Regular Salaries	1,741,359	2,174,894	2,233,617	132,191	2,365,808	2,293,924	135,761	2,429,685	2,243,033	2,303,595		
-Number of Positions	53	53	53	3	56	53	3	56	53	53		
Extra Help	97,936	140,000	140,000	0	140,000	140,000	0	140,000	140,000	140,000		
-Number of Positions	19	19	19	0	19	19	0	19	19	19		
Personal Services	447,664	551,344	576,653	33,491	610,144	587,335	34,123	621,458	578,321	589,048		
Overtime	1,707	35,000	35,000	0	35,000	35,000	0	35,000	35,000	35,000		
Operating Expenses	1,582,950	2,134,605	2,134,605	78,719	2,213,324	2,134,605	96,000	2,230,605	2,134,605	2,134,605		
Conference Fees/ Travel	60,978	193,636	193,636	20,000	213,636	193,636	20,000	213,636	193,636	193,636		
Professional Fees & Svcs	458	75,871	75,871	210,000	285,871	75,871	210,000	285,871	85,871	85,871		
Capital Outlay	215,010	188,600	0	240,000	240,000	0	240,000	240,000	100,000	100,000		
Data Processing	31,997	198,719	198,719	(48,719)	150,000	198,719	(43,719)	155,000	150,000	155,000		
Refunds/Reimbursements	5,304,697	11,150,000	11,150,000	0	11,150,000	11,150,000	0	11,150,000	11,150,000	11,150,000		
Claims	203,430	1,000,000	1,000,000	0	1,000,000	1,000,000	0	1,000,000	1,000,000	1,000,000		
Investments	0	760,637	760,637	0	760,637	760,637	0	760,637	760,637	760,637		
Special Maintenance	16,101	50,000	50,000	0	50,000	50,000	0	50,000	50,000	50,000		
Professional Services	191,223	336,000	336,000	200,000	536,000	336,000	200,000	536,000	436,000	436,000		
Reinsurance-Travel Reimb	20,707	329,218	329,218	0	329,218	329,218	0	329,218	329,218	329,218		
<b>Total</b>	<b>9,916,217</b>	<b>19,318,526</b>	<b>19,213,956</b>	<b>865,682</b>	<b>20,079,638</b>	<b>19,284,945</b>	<b>892,186</b>	<b>20,177,111</b>	<b>19,386,321</b>	<b>19,462,610</b>		

Section 4. Program Funding:

	FY02 Actual	FY03 Budgeted	FY04 Base	FY04 Change Level	FY04 Request	FY05 Base	FY05 Change Level	FY05 Request	FY04 Exec Rec.	FY05 Exec Rec.	FY04 Legis.	FY04 Legis.
Fund Balances	26,753,606	26,906,582	25,484,674	0	25,484,674	22,776,083	0	22,776,083	25,484,674	23,822,994		
Special Revenue	4,734,109	6,583,618	5,192,365	865,682	6,058,047	5,076,923	892,165	5,969,089	6,411,641	6,331,503		
Cash Funds	30,387	313,000	313,000	0	313,000	313,000	0	313,000	313,000	313,000		
Misc. Revolving Fund	5,304,697	11,000,000	11,000,000	0	11,000,000	11,000,000	0	11,000,000	11,000,000	11,000,000		
Total Funding	36,822,799	44,803,200	41,990,039	865,682	42,855,721	39,166,006	892,165	40,058,172	43,209,315	41,467,497		
Excess Appro./(Funding)	(26,906,582)	(25,484,674)	(22,776,083)	0	(22,776,083)	(19,881,061)	0	(19,881,061)	(23,822,994)	(22,004,887)		
<b>Totals</b>	<b>9,916,217</b>	<b>19,318,525</b>	<b>19,213,956</b>	<b>865,682</b>	<b>20,079,638</b>	<b>19,284,945</b>	<b>892,165</b>	<b>20,177,111</b>	<b>19,386,321</b>	<b>19,462,610</b>		

Arkansas Budget System  
Program Performance Budget Request

Section 5. Analysis of Program Objectives:

	FY02 Actual	FY03 Budgeted	FY04 Base	FY04 Change Level	FY04 Request	FY05 Base	FY05 Change Level	FY05 Request	FY04 Exec. Rec.	FY05 Exec. Rec.	FY04 Legis.	FY05 Legis.
Objective 1	9,916,217	19,318,526	19,213,956	865,682	20,079,638	19,284,945	892,186	20,177,111	19,386,321	19,462,610		

EXPLANATION OF DECISION ISSUES FOR OBJECTIVE 1

Request the addition of 3 positions: A management Project Analyst II, a PC Support Specialist, and an Administrative Assistant II. Also requested are additional Operating Expenses for postage, maintenance, and supplies; increases in Conference Fees & Travel to train the requested new employees; Capital Outlay of \$140,000 each year to purchase modular furniture for current and new employees; increases of \$210,000 each year in Professional Fees & Services for court reporter fees and bank charges for processing reports relating to Electronic Fund Transfer transactions from insurance companies; and \$200,000 each year in Professional services special line item for additional actuarial services contracted from outside sources.

For the IT program, Capital Outlay is requested in the amounts of \$100,000 each year to replace higher value DP equipment; reductions in the Data Processing line item of \$48,719 for FY04 and \$43,719 for FY05 to support equal increases in Operating Expenses for DP maintenance, supplies, and software costs.

Arkansas Budget System  
Program Performance Budget Request

Section 1. Program Goals:

Agency, Director and Program Name	Program Description	Program Goals
State Insurance Department-0425 Mike Pickens, Insurance Commissioner Insurance Regulation & Consumer Protection Program	This program is composed of all regulatory operations necessary to administer and provide current protection and future assurance to Arkansas insurance consumers; to safe-guard the consumer's right to local, state-based insurance regulation by protecting it from federal encroachment; and to fulfill any additional responsibilities that may be vested in the Insurance Commissioner from time to time by the Legislature or Administration.	Goal 1. Preserve State Regulation of Insurance through cooperation with the other States, and by conducting regulatory operations in such a manner as to provide the best insurance regulatory services possible.

Objective ID	Objective	Objective Description
Insurance Regulation & Consumer Protection Program	1	Protect insurance consumers
	2	Inform and assist insurance consumers.
	3	Minimize State government insurance costs and losses

Section 2. Performance Measures:

Objective	Measure Type	Measure Description	03 Projected	04 Target	05 Target
2	Outcome	Number of consumer monetary awards resulting from investigation of complaints.	\$2.0M	\$1.98M	\$1.96M
2	Output	Number of consumer complaints filed.	4,200	4,400	4,600
2	Efficiency	% of consumer complaints closed.	90%	91%	92%
2	Efficiency	Number consumer calls received/handled.	28,000	28,500	29,000
2	Output	% of Governor's Dislocated Worker Workshops participated in.	95%	96%	97%
1	Outcome	Percentage of resident agents meeting continuing education requirements.	97%	97%	97%
1	Outcome	Number resident and non-resident agents with active licenses.	43,000	43,200	43,400
1	Efficiency	Average processing time for agent licenses.	10 days	9.5 days	9 days
3	Outcome	Number of on site inspections and analysis of State owned facilities in order to develop enhanced real property appraisals.	1400	1500	1550
3	Efficiency	% of insured State structures inspected to promote increased safety awareness and operating conditions, and to facilitate loss control and loss prevention.	50	50	50
3	Output	Number of Fidelity Bond Trust Fund contracts made.	1300	1400	1500
3	Output	Number of updates to Insurance Risk Assessment System (IRAS) property databases.	1500	1600	1650
1	Efficiency	Maintain full accreditation by annually achieving ever improving financial regulation standards.	100	100	100
1	Efficiency	% of company applications for admission which were processed for initial response within 120 days.	70%	75%	80%
1	Efficiency	% of domestic insurance companies required to be examined by Arkansas Statute, performed.	100%	100%	100%
1	Efficiency	Examinations performed as a % of domestic insurance companies licensed in Arkansas.	18%	20%	18%
1	Efficiency	% of domestic insurance companies on which financial analysis reviews were performed.	100%	100%	100%

Arkansas Budget System  
Program Performance Budget Request

Section 3. Line Items:

	FY02 Actual	FY03 Budgeted	FY04 Base	FY04 Change Level	FY04 Request	FY05 Base	FY05 Change Level	FY05 Request	FY04 Exec. Rec.	FY05 Exec. Rec.	FY04 Legis.	FY05 Legis.
Regular Salaries	2,463,654	2,648,315	2,719,818	338,479	3,058,297	2,793,253	347,617	3,140,870	2,777,380	2,852,369		
-Number of Positions	76	76	76	8	84	76	8	84	76	76		
Extra Help	0	0	0	0	0	0	0	0	0	0		
-Number of Positions	0	0	0	0	0	0	0	0	0	0		
Personal Services	658,169	692,752	737,040	86,824	823,864	750,045	88,443	838,488	747,234	760,514		
Operating Expenses	96,138	1,162,499	1,162,499	56,297	1,218,796	162,499	61,063	223,562	1,212,096	216,862		
Conference Fees/ Travel	3,674	7,000	7,000	5,000	12,000	7,000	5,000	12,000	12,000	12,000		
Professional Services	0	5,000	5,000	0	5,000	5,000	0	5,000	5,000	5,000		
Capital Outlay	0	11,500	0	0	0	0	0	0	0	0		
Data Processing	0	4,600	4,600	(1,000)	3,600	4,600	(1,000)	3,600	3,600	3,600		
Contract Services	0	25,000	25,000	0	25,000	25,000	0	25,000	25,000	25,000		
<b>Total</b>	<b>3,221,635</b>	<b>4,556,666</b>	<b>4,660,957</b>	<b>485,600</b>	<b>5,146,557</b>	<b>3,747,397</b>	<b>501,123</b>	<b>4,248,520</b>	<b>4,782,310</b>	<b>3,875,345</b>		

Section 4. Program Funding:

	FY02 Actual	FY03 Budgeted	FY04 Base	FY04 Change Level	FY04 Request	FY05 Base	FY05 Change Level	FY05 Request	FY04 Exec. Rec.	FY05 Exec. Rec.	FY04 Legis.	FY04 Legis.
Fund Balances	953,228	1,122,969	1,093,094	0	1,093,094	1,056,923	0	1,056,923	1,093,094	1,063,623		
Special Revenue	3,290,847	4,304,236	4,402,758	427,050	4,829,808	3,481,067	437,700	3,918,767	4,476,214	3,556,352		
Federal Revenue	100,529	222,555	222,028	58,550	280,578	224,941	63,423	288,364	276,625	284,304		
<b>Total Funding</b>	<b>4,344,604</b>	<b>5,649,760</b>	<b>5,717,880</b>	<b>485,600</b>	<b>6,203,480</b>	<b>4,762,931</b>	<b>501,123</b>	<b>5,264,054</b>	<b>5,845,933</b>	<b>4,904,279</b>		
Excess Appro./(Funding)	(1,122,969)	(1,093,094)	(1,056,923)	0	(1,056,923)	(1,015,534)	0	(1,015,534)	(1,063,623)	(1,028,934)		
<b>Totals</b>	<b>3,221,635</b>	<b>4,556,666</b>	<b>4,660,957</b>	<b>485,600</b>	<b>5,146,557</b>	<b>3,747,397</b>	<b>501,123</b>	<b>4,248,520</b>	<b>4,782,310</b>	<b>3,875,345</b>		

Arkansas Budget System  
Program Performance Budget Request

Section 5. Analysis of Program Objectives:

	FY02 Actual	FY03 Budgeted	FY04 Base	FY04 Change Level	FY04 Request	FY05 Base	FY05 Change Level	FY05 Request	FY04 Exec. Rec.	FY05 Exec. Rec.	FY04 Legis.	FY05 Legis.
Objective 1	2,442,443	2,639,112	3,719,456	414,049	4,133,505	2,785,099	424,347	3,209,446	3,786,212	2,853,684		
Objective 2	459,409	589,919	602,961	58,550	661,511	615,162	63,423	678,585	657,558	674,525		
Objective 3	319,783	327,635	338,540	13,002	351,542	347,136	13,353	360,489	338,540	347,136		

EXPLANATION OF DECISION ISSUES FOR GOAL 1 - OBJECTIVE 1

Request the addition of 8 positions: A Certified Financial Examiner, 2 Insurance Senior Examiners, 2 Insurance Investigators, and 3 Secretary II's for increasing examination and consumer services workloads. CLIP changes and reclasses are requested for several current positions.

EXPLANATION OF DECISION ISSUES FOR GOAL 1 - OBJECTIVE 2

Additions in Operating Expenses and Conference Fees & Travel are requested to gain knowledge of changing insurance coverages and to provide this information to senior citizens and other insurance consumers, employing additional federal funds offered by the U.S. Department of Health & Human Services for this purpose. Also requested are additions in Operating Expenses for data processing maintenance, supplies, and software costs. Reclassification of one position is also requested.

Arkansas Budget System  
Program Performance Budget Request

EXPLANATION OF DECISION ISSUES FOR GOAL 1 - OBJECTIVE 3

Request increases of \$6,700 each year in Operating Expenses for data processing maintenance, supplies, and software costs. A reduction of \$1,000 each year is requested in the Data Processing line item to partially offset these additions. Clip changes and reclasses are requested for several risk management positions.

Arkansas Budget System  
Program Performance Budget Request

Section 1. Program Goals:

Agency, Director and Program Name	Program Description	Program Goals
State Insurance Department Mike Pickens, Insurance Commissioner Insurance Fraud Investigation	This program is composed of operations necessary to enforce the criminal fraud provisions of the Arkansas Insurance Code and the Workers' Compensation Law.	Goal 1. To fully and equitably enforce the criminal fraud provisions of the Arkansas Insurance Code and the Workers' Compensation Law.

Objective ID	Objective	Objective Description
Insurance Fraud Investigation	1	Investigate and prosecute fraudulent insurance code and Workers' Compensation Act violations.

Section 2. Performance Measures:

Objective	Measure Type	Measure Description	03 Projected	04 Target	05 Target
1	Efficiency	Review and assign referrals to an investigator within 48 hours of receipt.	80%	85%	90%
1	Output	Investigation completed and closed or prosecution referred to local prosecutor prior to the expiration of the statute of limitation	100%	100%	100%
1	Outcome	Prosecuting Attorney accept 80% of referred cases.	90%	95%	100%
1	Outcome	90% conviction rate on arraigned cases.	90%	95%	100%

Section 3. Line Items:

	FY02 Actual	FY03 Budgeted	FY04 Base	FY04 Change Level	FY04 Request	FY05 Base	FY05 Change Level	FY05 Request	FY04 Exec. Rec.	FY05 Exec. Rec.	FY04 Legis.	FY05 Legis.
Regular Salaries	574,570	603,415	619,707	46,064	665,771	636,439	47,308	683,747	647,414	664,894		
-Number of Positions	15	15	15	1	16	15	1	16	16	16		
Extra Help	0	0	0	0	0	0	0	0	0	0		
-Number of Positions	0	0	0	0	0	0	0	0	0	0		
Personal Services	142,638	151,024	160,150	11,517	171,667	163,113	11,738	174,852	168,417	171,513		
Operating Expenses	163,108	267,791	267,791	5,950	273,741	267,791	5,950	273,741	267,791	267,791		
Conference Fees/ Travel	17,039	17,000	17,000	17,000	34,000	17,000	17,000	34,000	25,000	25,000		
Professional Services	2,040	22,000	22,000	0	22,000	22,000	0	22,000	22,000	22,000		
Capital Outlay	3,390	8,900	0	6,070	6,070	0	6,070	6,070	6,070	6,070		
Data Processing	1,690	6,000	6,000	(5,000)	1,000	6,000	(5,000)	1,000	1,000	1,000		
Total	904,475	1,076,130	1,092,648	81,601	1,174,249	1,112,343	83,066	1,195,409	1,137,692	1,158,268		

Arkansas Budget System  
Program Performance Budget Request

**Section 4. Program Funding:**

	FY02 Actual	FY03 Budgeted	FY04 Base	FY04 Change Level	FY04 Request	FY05 Base	FY05 Change Level	FY05 Request	FY04 Exec. Rec.	FY05 Exec. Rec.	FY04 Legis.	FY04 Legis.
Fund Balances	1,278,383	1,288,945	1,161,616	0	1,161,616	991,934	0	991,934	1,161,616	1,021,404		
Special Revenue	815,037	848,801	822,966	81,601	904,567	826,118	83,066	909,184	897,480	901,906		
Transfer from Workers Comp	100,000	100,000	100,000	0	100,000	100,000	0	100,000	100,000	100,000		
Total Funding	2,193,420	2,237,746	2,084,582	81,601	2,166,183	1,918,052	83,066	2,001,118	2,159,096	2,023,310		
Excess Appro./(Funding)	(1,288,945)	(1,161,616)	(991,935)	0	(991,934)	(805,709)	0	(805,709)	(1,021,404)	(865,041)		
Totals	904,475	1,076,130	1,092,648	81,601	1,174,249	1,112,343	83,066	1,195,409	1,137,692	1,158,268		

**Section 5. Analysis of Program Objectives:**

Objective 1	FY02 Actual	FY03 Budgeted	FY04 Base	FY04 Change Level	FY04 Request	FY05 Base	FY05 Change Level	FY05 Request	FY04 Exec. Rec.	FY05 Exec. Rec.	FY04 Legis.	FY05 Legis.
Insurance Fraud Investigation	904,475	1,076,130	1,092,648	81,601	1,174,249	1,112,343	83,066	1,195,409	1,137,692	1,158,268		

**EXPLANATION OF DECISION ISSUES FOR OBJECTIVE 1**

The change of 5 investigator level positions to Senior Insurance Criminal Fraud Investigator is requested under provisions of the Career Ladder Incentive Program (CLIP). The addition of a Management Project Analyst II, to act as a criminal fraud investigator is also requested, along with additions in Conference Fees & Travel for training of the new position and for additional criminal certification training expenses. Capital Outlay is requested for purchase of higher value data processing equipment. Increases in Operating Expenses are requested for data processing maintenance, supplies, and software costs, with a reduction in the Data Processing line item to partially offset the Operating Expenses request.

For the Director, Fraud Investigation position, an additional salary increase above the standard 2.7% is requested.

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Program Performance Budget Request

Section 1. Program Goals:

Agency, Director and Program Name	Program Description	Program Goals
State Insurance Department Mike Pickens, Insurance Commissioner Worker's Compensation for State Employees	The Worker's Compensation Claim Management Program for state employees is responsible for providing worker's compensation benefits for state employees with work related injuries or illnesses and residual claims of other public employees.	Goal 1. Efficiently administer the public employee Worker's Compensation Program and minimize state employee injuries and claims costs.

Objective ID	Objective	Objective Description
Worker's Compensation for State Employees	1	To efficiently process claims and make an eligibility decision on 75% on new lost time claims within 15 days of receipt of the claim in Public Employees Claims Division.

Section 2. Performance Measures:

Objective	Measure Type	Measure Description	03 Projected	04 Target	05 Target
1	Efficiency	Percent of new claim with eligibility decisions within 15 days.	71%	72%	73%
1	Outcome	State government worker's compensation benefit cost rate per \$100 of payroll	\$.48	\$.47	\$.46
1	Outcome	Administrative costs as percent of claim expenditures.	12%	12%	12%
1	Outcome	Administrative costs per dollar amount of payroll	.0775%	.0750%	.0725%

Section 3. Line Items:

	FY02 Actual	FY03 Budgeted	FY04 Base	FY04 Change Level	FY04 Request	FY05 Base	FY05 Change Level	FY05 Request	FY04 Exec. Rec.	FY05 Exec. Rec.	FY04 Legis.	FY05 Legis.
Regular Salaries	791,103	809,001	830,844	19,767	850,612	853,277	20,301	873,578	835,384	857,940		
-Number of Positions	24	24	24	0	24	24	0	24	24	24		
Extra Help	0	0	0	0	0	0	0	0	0	0		
-Number of Positions	0	0	0	0	0	0	0	0	0	0		
Personal Services	196,311	214,453	227,783	3,501	231,283	231,755	3,595	235,351	228,587	232,581		
Operating Expenses	137,329	208,249	208,249	(10,371)	197,878	208,249	14,561	222,810	197,878	208,249		
Conference Fees/ Travel	3,939	9,700	9,700	0	9,700	9,700	0	9,700	9,700	9,700		
Professional Services	0	0	0	1,000	1,000	0	1,000	1,000	1,000	1,000		
Capital Outlay	10,730	20,500	0	18,000	18,000	0	5,000	5,000	18,000	5,000		
Data Processing	3,858	14,222	14,222	(222)	14,000	14,222	(222)	14,000	14,000	14,000		
Claims	9,169,492	11,125,000	11,125,000	0	11,125,000	11,125,000	0	11,125,000	11,125,000	11,125,000		
Total	10,312,762	12,401,125	12,415,798	31,675	12,447,473	12,442,203	44,236	12,486,439	12,429,549	12,453,470		

Arkansas Budget System  
Program Performance Budget Request

**Section 4. Program Funding:**

	FY02 Actual	FY03 Budgeted	FY04 Base	FY04 Change Level	FY04 Request	FY05 Base	FY05 Change Level	FY05 Request	FY04 Exec. Rec.	FY05 Exec. Rec.	FY04 Legis.	FY04 Legis.
Special Revenue	1,143,270	1,276,125	1,290,798	31,675	1,322,473	1,317,203	44,236	1,361,439	1,304,549	1,328,470		
Misc. Revolving Fund	541,490	875,000	875,000	0	875,000	875,000	0	875,000	875,000	875,000		
Wrkrs Comp Revolving	8,628,002	10,250,000	10,250,000	0	10,250,000	10,250,000	0	10,250,000	10,250,000	10,250,000		
<b>Total Funding</b>	<b>10,312,762</b>	<b>12,401,125</b>	<b>12,415,798</b>	<b>31,675</b>	<b>12,447,473</b>	<b>12,442,203</b>	<b>44,236</b>	<b>12,486,439</b>	<b>12,429,549</b>	<b>12,453,470</b>		
Excess Appro/(Funding)	0	0	0	0	0	0	0	0	0	0		
<b>Totals</b>	<b>10,312,762</b>	<b>12,401,125</b>	<b>12,415,798</b>	<b>31,675</b>	<b>12,447,473</b>	<b>12,442,203</b>	<b>44,236</b>	<b>12,486,439</b>	<b>12,429,549</b>	<b>12,453,470</b>		

**Section 5. Analysis of Program Objectives:**

Objective 1	FY02 Actual	FY03 Budgeted	FY04 Base	FY04 Change Level	FY04 Request	FY05 Base	FY05 Change Level	FY05 Request	FY04 Exec. Rec.	FY05 Exec. Rec.	FY04 Legis.	FY05 Legis.
Worker's Compensation for State Employees	10,312,762	12,401,125	12,415,798	31,675	12,447,473	12,442,203	44,236	12,486,439	12,429,549	12,453,470		

**EXPLANATION OF DECISION ISSUES FOR OBJECTIVE 1**

This request includes CLIP adjustments, reclasses, and upgrades for 10 positions, a reduction in the first year in Operating Expenses, but increases in the second year for postage and rent, Capital Outlay of \$18,000 for FY04 and \$5,000 for FY05 for purchase of high value data processing equipment, \$1,000 each year in Professional Fees & Services to provide an interpreter for hearing impaired employee when attending training sessions and assigned meetings, and a minor decrease each year in the Data Processing line item to be reallocated for DP expenses in the Operating Expenses line item.