

**SUMMARY BUDGET INFORMATION**

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**VOLUME 3**

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## 2012 AGENCY FUND TRANSFERS

For your information, the Office of Budget has enumerated the following fund transfers which were made from agency treasury fund accounts but do not appear on the Appropriation Summary as expenditures

<u>Agency</u>	<u>Blanket Surety Bond Premiums ACA §21-2-710</u>	<u>Claims ACA §19-10-204</u>	<u>Workers' Compensation Administrative Cost Reimbursement ACA §11-9-307</u>
Aeronautics, Arkansas Department of	\$13	\$0	\$0
Assessment Coordination Department	\$104	\$0	\$0
Bank Department, State	\$215	\$0	\$0
Barber Examiners, State Board of	\$10	\$0	\$0
Capitol Zoning District Commission	\$10	\$0	\$0
Disability Determination for Social Security Administration	\$1,301	\$0	\$0
Fair Housing Commission, Arkansas	\$26	\$0	\$0
Geographic Information Services, Office of	\$0	\$0	\$0
Office of Health Information Technology	\$0	\$0	\$0
Information Systems, Department of	\$790	\$0	\$33
Insurance Department	\$533	\$12,106	\$2,140
Judicial Discipline and Disability Commission	\$20	\$0	\$0
Minority Health Commission, Arkansas	\$23	\$0	\$0
Oil and Gas Commission	\$124	\$0	\$33
Parks & Tourism, Department of	\$2,456	\$0	\$49,175
Parks & Tourism - History Commission	\$78	\$0	\$0
Private Career Education, State Board of	\$13	\$0	\$373
Bail Bondsman Licensing Board, Professional	\$10	\$0	\$0
Public Service Commission, Arkansas	\$364	\$109	\$79
Real Estate Commission	\$46	\$0	\$0
Rural Services, Department of	\$16	\$0	\$0
Securities Department	\$124	\$0	\$0
Spinal Cord Commission	\$75	\$0	\$71
Tobacco Control Board, Arkansas	\$62	\$0	\$0

**2012 AGENCY FUND TRANSFERS**

**For your information, the Office of Budget has enumerated the following fund transfers which were made from agency treasury fund accounts but do not appear on the Appropriation Summary as expenditures**

<b><u>Agency</u></b>	<b><u>Blanket Surety Bond Premiums ACA §21-2-710</u></b>	<b><u>Claims ACA §19-10-204</u></b>	<b><u>Workers' Compensation Administrative Cost Reimbursement ACA §11-9-307</u></b>
Tobacco Settlement Commission, Arkansas	\$10	\$0	\$0
War Memorial Stadium Commission	\$16	\$4,075	\$0
Waterways Commission, Arkansas	\$7	\$0	\$0

## AGENCY POSITION USAGE REPORT

Agency	FY2012 - FY2013						3 YEAR AVERAGE(FY11,FY12,FY13)					
	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused
		Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total	
Accountancy, State Board of	9	9	0	9	0	0.00 %	9	8	0	8	1	11.11 %
Acupuncture & Related Techniques, AR State Board of	0	0	0	0	0	0.00 %	0	0	0	0	0	0.00 %
Aeronautics, Arkansas Department of	5	4	1	5	0	20.00 %	4	4	0	4	0	0.00 %
Appraiser Licensing & Certification Board, Arkansas	4	4	0	4	0	0.00 %	4	3	0	3	1	25.00 %
Assessment Coordination Department	36	33	3	36	0	8.33 %	36	32	3	35	1	11.11 %
Auctioneer's Licensing Board	1	1	0	1	0	0.00 %	1	1	0	1	0	0.00 %
Bank Department, State	74	66	8	74	0	10.81 %	74	66	7	73	1	10.81 %
Barber Examiners, State Board of	3	3	0	3	0	0.00 %	3	3	0	3	0	0.00 %
Capitol Zoning District Commission	3	3	0	3	0	0.00 %	3	3	0	3	0	0.00 %
Collection Agencies, State Board of	4	3	1	4	0	25.00 %	4	3	1	4*	0	25.00 %
Development Finance Authority, Arkansas	62	56	6	62	0	9.68 %	62	56	6	62	0	9.68 %
Disability Determination for Social Security Administration	538	347	191	538	0	35.50 %	453	368	157	525	-72	18.76 %
Fair Housing Commission, Arkansas	10	7	4	11	-1	30.00 %	10	7	3	10	0	30.00 %
Geographic Information Services, Office of	6	6	0	6	0	0.00 %	5	5	0	5	0	0.00 %
Office of Health Information Technology	11	7	4	11	0	36.36 %	3	2	1	3	0	33.33 %
Hearing Instrument Dispensers, Arkansas Board of	0	0	0	0	0	0.00 %	0	0	0	0	0	0.00 %
Information Systems, Department of	257	233	24	257	0	9.34 %	257	236	20	256	1	8.17 %
Insurance Department	194	177	23	200	-6	8.76 %	190	177	16	193	-3	6.84 %
Judicial Discipline and Disability Commission	6	6	0	6	0	0.00 %	6	6	0	6	0	0.00 %
Minority Health Commission, Arkansas	9	6	3	9	0	33.33 %	9	7	1	8	1	22.22 %
Oil and Gas Commission	40	37	3	40	0	7.50 %	39	37	2	39	0	5.13 %
Parks & Tourism, Department of	785	741	38	779	6	5.61 %	781	744	35	779	2	4.74 %
Parks & Tourism - History Commission	25	24	1	25	0	4.00 %	25	24	1	25	0	4.00 %
Physical Therapy, Arkansas State Board of	2	2	0	2	0	0.00 %	2	2	0	2	0	0.00 %
Private Career Education, State Board of	4	4	0	4	0	0.00 %	4	4	0	4	0	0.00 %
Bail Bondsman Licensing Board, Professional	3	3	0	3	0	0.00 %	3	3	0	3	0	0.00 %
Psychology Board, Arkansas	2	2	1	3	-1	0.00 %	2	2	1	3	-1	0.00 %

## AGENCY POSITION USAGE REPORT

Agency	FY2012 - FY2013						3 YEAR AVERAGE(FY11,FY12,FY13)					
	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused
		Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total	
Public Service Commission, Arkansas	118	102	15	117	1	13.56 %	117	105	11	116	1	10.26 %
Real Estate Commission	15	14	1	15	0	6.67 %	15	14	0	14	1	6.67 %
Rural Services, Department of	6	4	2	6	0	33.33 %	6	4	1	5	1	33.33 %
Sanitarians Board, Arkansas State Board of	0	0	0	0	0	0.00 %	0	0	0	0	0	0.00 %
Securities Department	40	36	4	40	0	10.00 %	39	36	2	38	1	7.69 %
Spinal Cord Commission	25	27	0	27	-2	-8.00 %	25	25	0	25	0	0.00 %
Student Loan Authority, Arkansas	20	5	5	10	10	75.00 %	15	5	3	8	7	66.67 %
Tobacco Control Board, Arkansas	28	25	6	31	-3	10.71 %	26	23	6	29	-3	11.54 %
Tobacco Settlement Commission, Arkansas	3	2	1	3	0	33.33 %	3	2	1	3	0	33.33 %
War Memorial Stadium Commission	7	5	2	7	0	28.57 %	7	5	2	7	0	28.57 %
Waterways Commission, Arkansas	2	3	0	3	-1	-50.00 %	2	2	0	2	0	0.00 %

Disability Determination for Social Security Administration (0311) - Total Budgeted positions exceed Authorized due to positions authorized through the Miscellaneous Federal Grant process.

Fair Housing Commission (0229) - Total Budgeted positions exceed Authorized due to positions authorized through the Miscellaneous Federal Grant process.

Office of Health Information Technology (0655) - Agency established in FY13.

Insurance Department (0425) - Total Budgeted positions exceed Authorized due to positions authorized through the Miscellaneous Federal Grant process.

Department of Parks and Tourism (0900) - Total Budgeted positions exceed Authorized amount due to positions authorized from the Central Growth Pool.

Board of Examiners in Psychology (0289) - Total Budgeted positions exceed Authorized amount due to positions authorized from the Central Growth Pool.

Public Service Commission (0450) - Total Budgeted positions exceed Authorized due to positions authorized through the Miscellaneous Federal Grant process.

Spinal Cord Commission (0295) - Total Budgeted positions exceed Authorized amount due to positions authorized from the Central Growth Pool.

Tobacco Control Board (0261) - Total Budgeted positions exceed Authorized due to positions authorized through the Miscellaneous Federal Grant process.

Waterways Commission (0341) - Total Budgeted positions exceed Authorized amount due to positions authorized from the Central Growth Pool.

# STATE BOARD OF ACCOUNTANCY

## Enabling Laws

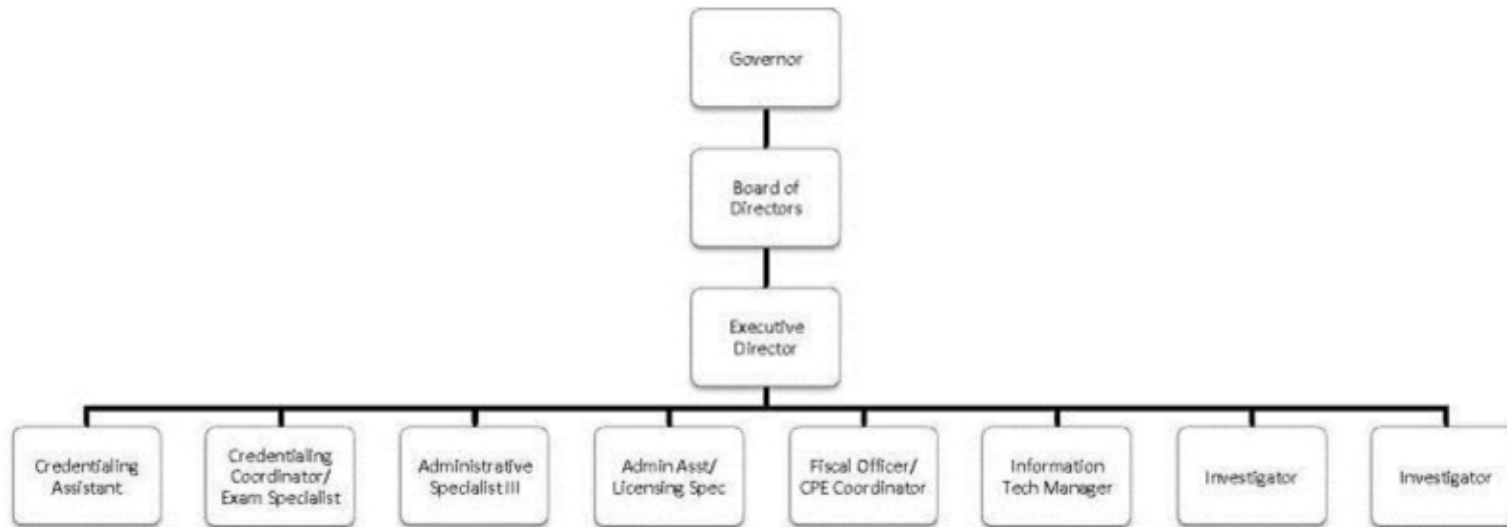
Act 34 of 2012  
A.C.A. §17-12-101 et seq.

## History and Organization

Act 229 of 1915 established the Accountancy Board. Act 160 of 1975 repealed Act 229 and is known as the Public Accountancy Act of 1975. It authorized a seven member Board that is made up of five CPA's, a consumer representative and a senior citizen. The mission of the Board is to protect the public welfare by establishing and maintaining a high standard of integrity and dignity in the practice of public accountancy. The statutory responsibility of the Board is to see that persons attesting as experts in accountancy as to the reliability or fairness of presentation of financial information be qualified to do so and that such be reserved to persons who demonstrate their ability and fitness to observe and apply the standards of the accounting profession.

The primary activities of the Board are to:

- Process applications, evaluate and certify education of exam candidates for eligibility to take the Uniform CPA Examination.
- Grant certifications to those who pass the CPA examination and those that otherwise qualify.
- Determine whether those who apply for a license to practice qualify.
- Annually register and issue licenses to all CPA's, PA's and Firms practicing public accounting.
- Investigate violations of the Public Accountancy Act and take disciplinary action when appropriate after conducting a hearing.
- Monitor mandatory continuing professional education on CPA's and PA's who hold licenses to practice.
- Administer a Quality Review Program on audit, compilation, review and governmental audit reports.



## Agency Commentary

The State Board of Public Accountancy was authorized by Arkansas Code Annotated § 17-12-201, and is responsible for oversight and regulation of the practice of public accounting and those persons who are performing duties as a certified public accountant and public accountant. The Board is responsible for promulgating and amending rules of professional conduct appropriate to establishing and maintaining a high standard of integrity and dignity in the profession of public accounting; and issuing rules of professional conduct pertaining to corporations practicing public accounting. Further, the Board is responsible for determining the qualifications of applicants for the CPA examination, processing applications, certifying education and continuing educational requirements and authorizing the issuance of new and renewal licenses to those individuals meeting the standards established for the practice of public accounting. The Board investigates all alleged and factual violations of the accountancy's licensing law as well as holds hearings and assesses penalties to ensure compliance. The Agency receives no funding from the State because the operations of the Board are cash funded from the receipt of fees charged for licensing, issuance, renewal of licenses, examination, and penalties and fines associated with violations of regulations. The budget request for the agency reflects Base Level of \$1,174,481 for FY14 and FY15. Change level requests total \$24,500 for FY14 and \$34,500 for FY15.

### Capital Outlay:

The Board requests \$10,000 for FY14 and FY15. These amounts are for anticipated office equipment and furniture expenses to replace equipment and furniture that is beyond repair or obsolete and for leasehold improvements.

Exam Fees:

The Board requests an increase of \$10,000 for FY14 and \$20,000 for FY15. The increases are in anticipated increases in third-party costs of administration of the CPA examination and an anticipated increase in the number of candidates applying and taking the exam.

Refunds:

The Board requests an increase of \$4,500 for FY14 and FY15. The increases are due to the online application process being implemented. The application fees for the exam are collected prior to the Board's review of the CPA exam candidate's applications. If the applicant does not meet the requirements, the application fees must be refunded.

**Audit Findings**

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
ARKANSAS STATE BOARD OF PUBLIC ACCOUNTANCY  
FOR THE YEAR ENDED JUNE 30, 2011

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Findings

Recommendations

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None

None

**State Contracts Over \$25,000 Awarded To Minority Owned Businesses Fiscal Year 2012**

None



## **Employment Summary**

	Male	Female	Total	%	
White Employees	4	4	8	89%	
Black Employees	0	1	1	11%	
Other Racial Minorities	0	0	0	0 %	
			Total Minorities	1	11 %
			Total Employees	9	100 %

## **Cash Fund Balance Description as of June 30, 2012**

Fund Account	Balance	Type	Location
3030000	\$1,275,257	Investment	Regions Investment/Morgan Keegan

### Statutory/Other Restrictions on use:

Public Accountancy Act of 1975 as amended. A.C.A. §17-12-100 et seq. All fees and other moneys received by the Arkansas State Board of Public Accountancy pursuant to the provisions of this chapter shall be kept in a separate fund and expended solely for the purposes of this chapter.

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

Public Accountancy Act of 1975 as amended A.C.A §17-12-306 – The Arkansas State Board of Public Accountancy shall charge a fee to each applicant applying to sit for the examination.

### Revenue Receipts Cycle:

Fall/Winter receipt of Annual Registration from registrants. Year round registration for Uniform CPA Examination.

### Fund Balance Utilization:

Funds expended to meet expenditures in accordance with appropriations act for the Board of Public Accountancy.

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Fund Account	Balance	Type	Location
3030000	\$217,819	Checking/Savings	Regions Bank

Statutory/Other Restrictions on use:

Public Accountancy Act of 1975 as amended. A.C.A. §17-12-100 et seq. All fees and other moneys received by the Arkansas State Board of Public Accountancy pursuant to the provisions of this chapter shall be kept in a separate fund and expended solely for the purposes of this chapter.

Statutory Provisions for Fees, Fines, Penalties:

Public Accountancy Act of 1975 as amended A.C.A §17-12-306 – The Arkansas State Board of Public Accountancy shall charge a fee to each applicant applying to sit for the examination.

Revenue Receipts Cycle:

Fall/Winter receipt of Annual Registration from registrants. Year round registration for Uniform CPA Examination.

Fund Balance Utilization:

Funds expended to meet expenditures in accordance with appropriations act for the Board of Public Accountancy.

**Publications**

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

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
Directory of Licensees	A.C.A.17-12-203 (b)	N	N	10	Existence of Statutory Requirement

**Agency Position Usage Report**

FY2010 - 2011						FY2011 - 2012						FY2012 - 2013					
Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused
	Filled	Unfilled	Total				Filled	Unfilled	Total				Filled	Unfilled	Total		
9	9	0	9	0	0.00 %	9	8	1	9	0	11.11 %	9	9	0	9	0	0.00 %

## **Analysis of Budget Request**

**Appropriation:** A25 - Accounting Board-Cash Operations

**Funding Sources:** 303 - Accountancy Board - Cash

The State Board of Public Accountancy was authorized by Arkansas Code Annotated §17-12-201, and is responsible for oversight of the practice of public accounting and individuals performing duties as a certified public accountant. The Board is responsible for promulgating and amending the rules of professional conduct to establish and maintain high standards of integrity and dignity within the profession; printing and distributing to the public a register of all practitioners holding permits for the practice public accountancy; and issuing rules of professional conduct pertaining to corporations practicing public accounting. Further, the Board is responsible for administering an examination, certifying educational and continuing educational requirements, and issuing certificates and licenses to those individuals meeting established standards for the practice of public accounting. The operations of the Board are funded from examination and license fees charged by the agency.

Base Level Regular Salaries and Personal Services Matching includes Career Service payments for eligible employees. Personal Services Matching also includes a \$20 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$410 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay increases. The Base Level request for Regular Salaries includes board member stipend payments.

The Board's Change Level Request of \$24,500 and \$34,500 for FY14 and FY15 provides for the following:

- For FY14 and FY15, the Board requests an increase of \$4,500 for Refunds/Reimbursements due to the implementation of an online exam application process. This online process deposits the exam application fees into the Board's account. If the candidate does not meet the exam requirements, the payment received is refunded. Prior to this online process, fees were not deposited until application review. If the applicant did not meet the requirements, the application and fees were mailed back to the candidate.
- Capital Outlay of \$10,000 is for leasehold improvements and replacement of office furniture and office equipment which is obsolete or irreparable.
- Exam Fees increase of \$10,000 in FY14 and an increase of \$20,000 in FY15 for estimated increases in third party costs associated with the Certified Public Accountant's exam and estimated increase in the number of exam candidates.

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

## Appropriation Summary

**Appropriation:** A25 - Accounting Board-Cash Operations

**Funding Sources:** 303 - Accountancy Board - Cash

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			2013-2014			2014-2015		
		2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	394,191	432,366	410,861	432,966	432,966	432,966	432,966	432,966	432,966
<b>#Positions</b>		<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>
Extra Help	5010001	0	0	5,000	0	0	0	0	0	0
<b>#Extra Help</b>		<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Personal Services Matching	5010003	127,579	143,778	124,295	146,209	146,209	146,209	146,209	146,209	146,209
Operating Expenses	5020002	185,134	270,662	270,662	270,662	270,662	270,662	270,662	270,662	270,662
Conference & Travel Expenses	5050009	7,870	15,583	15,583	15,583	15,583	15,583	15,583	15,583	15,583
Professional Fees	5060010	17,903	39,041	39,041	39,041	39,041	39,041	39,041	39,041	39,041
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Refunds/Reimbursements	5110014	4,740	10,020	10,020	10,020	14,520	14,520	10,020	14,520	14,520
Capital Outlay	5120011	0	10,000	10,000	0	10,000	10,000	0	10,000	10,000
Exam Fees	5900046	231,633	260,000	260,000	260,000	270,000	270,000	260,000	280,000	280,000
<b>Total</b>		<b>969,050</b>	<b>1,181,450</b>	<b>1,145,462</b>	<b>1,174,481</b>	<b>1,198,981</b>	<b>1,198,981</b>	<b>1,174,481</b>	<b>1,208,981</b>	<b>1,208,981</b>
<b>Funding Sources</b>										
Fund Balance	4000005	1,448,287	1,493,076		1,302,770	1,302,770	1,302,770	1,108,289	1,083,789	1,083,789
Cash Fund	4000045	1,013,839	991,144		980,000	980,000	980,000	990,000	990,000	990,000
<b>Total Funding</b>		<b>2,462,126</b>	<b>2,484,220</b>		<b>2,282,770</b>	<b>2,282,770</b>	<b>2,282,770</b>	<b>2,098,289</b>	<b>2,073,789</b>	<b>2,073,789</b>
Excess Appropriation/(Funding)		(1,493,076)	(1,302,770)		(1,108,289)	(1,083,789)	(1,083,789)	(923,808)	(864,808)	(864,808)
<b>Grand Total</b>		<b>969,050</b>	<b>1,181,450</b>		<b>1,174,481</b>	<b>1,198,981</b>	<b>1,198,981</b>	<b>1,174,481</b>	<b>1,208,981</b>	<b>1,208,981</b>

The FY13 Budget amount in Regular Salaries and Personal Services Matching exceeds the authorized amount due salary and matching rate adjustments during the 2011-2013 Biennium.

## Change Level by Appropriation

**Appropriation:** A25 - Accounting Board-Cash Operations  
**Funding Sources:** 303 - Accountancy Board - Cash

### Agency Request

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>1,174,481</b>	<b>9</b>	<b>1,174,481</b>	<b>100.0</b>	<b>1,174,481</b>	<b>9</b>	<b>1,174,481</b>	<b>100.0</b>
C01	Existing Program	24,500	0	1,198,981	102.1	34,500	0	1,208,981	102.9

### Executive Recommendation

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>1,174,481</b>	<b>9</b>	<b>1,174,481</b>	<b>100.0</b>	<b>1,174,481</b>	<b>9</b>	<b>1,174,481</b>	<b>100.0</b>
C01	Existing Program	24,500	0	1,198,981	102.1	34,500	0	1,208,981	102.9

### Justification

C01	The Board requests a change level of \$24,500 and \$34,500 for FY14 and FY15; respectively. For FY14 and FY15, the Board requests an increase of \$10,000 for Capital Outlay and \$4,500 for Refunds/Reimbursements. The Capital Outlay request is for leasehold improvements and replacement of office furniture and office equipment which is obsolete or irreparable. The increase for Refunds/Reimbursements is due to the implementation of an online exam application process. This online process deposits the exam application fees into the board's account. If the candidate does not meet the exam requirements, the payment received is refunded. Prior to this online process, fees were not deposited until application review. If the applicant did not meet the requirements, the application and fees were mailed back to the candidate. The Board requests an increase of \$10,000 in FY14 and an increase of \$20,000 in FY15 for the Exam Fees line item. This increase is needed due to estimated increases in third party costs associated with the Certified Public Accountant's exam and estimated increase in the number of exam candidates.
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# BOARD OF ACUPUNCTURE & RELATED TECHNIQUES

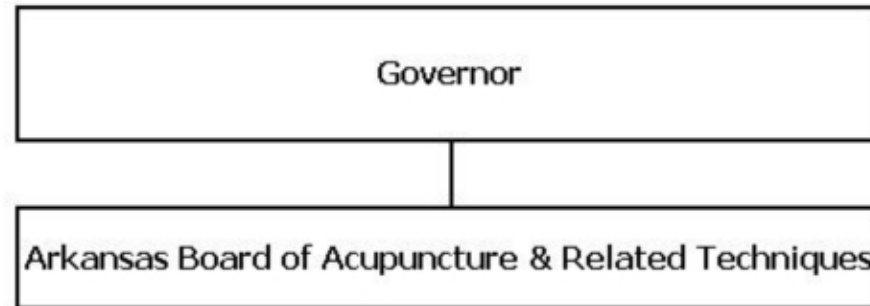
## Enabling Laws

Act 63 of 2012  
A.C.A. §17-102-101 et seq.

## History and Organization

The purpose of the Board is to protect the public from those persons who are untrained and unqualified to practice acupuncture and related techniques, license those individuals who meet the qualifications of licensure under the Act, and hear and resolve such disciplinary matters as may come before it.

The Board currently contracts for part-time administrative support and office facilities in order to provide a central place for records storage, Board meetings, and service to licensees and the general public.



## Agency Commentary

The Arkansas State Board of Acupuncture and Related Techniques was created by Act 816 of 1997. The Board evaluates qualifications of applicants and investigates complaints or allegations of practices violating provisions of the Act.

The Board is funded by licensing and administrative fees.

The Board is requesting Base Level appropriation for the 2013-2015 Biennium. The Board has sufficient funding to cover the appropriation.

## **Audit Findings**

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
ARKANSAS STATE BOARD OF ACUPUNCTURE AND RELATED TECHNIQUES  
FOR THE YEAR ENDED JUNE 30, 2011

Findings	Recommendations
None	None

## **State Contracts Over \$25,000 Awarded To Minority Owned Businesses Fiscal Year 2012**

None

## **Cash Fund Balance Description as of June 30, 2012**

Fund Account	Balance	Type	Location
3900000	\$11,609	Checking	Bank of America

Statutory/Other Restrictions on use:

A.C.A. 17-102-206 establishes that the agency can use funds collected for expenses and to carry on the functions of the agency.

Statutory Provisions for Fees, Fines, Penalties:

A.C.A. 17-102-304 authorizes the Board to collect fees.

Revenue Receipts Cycle:

License fees are collected on an irregular basis throughout the year and renewal fees are collected at the end of each year.

Fund Balance Utilization:

Funds are used to carry out the stated purpose of the Board.

**Publications**

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

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

**Agency Position Usage Report**

FY2010 - 2011						FY2011 - 2012						FY2012 - 2013					
Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused
	Filled	Unfilled	Total				Filled	Unfilled	Total				Filled	Unfilled	Total		
0	0	0	0	0	0.00 %	0	0	0	0	0	0.00 %	0	0	0	0	0	0.00 %



## **Analysis of Budget Request**

**Appropriation:** C13 - Acupuncture Operations

**Funding Sources:** 390 - Acupuncture Board Cash

Act 816 of 1997 created the State Board of Acupuncture and Related Techniques. The Board is funded from fees as authorized by A.C.A. § 17-102-204. The Board regulates the licensure and activities of practitioners of this discipline and shelters the public from those who are unqualified to practice in this field. The second aspect of the Board's responsibility is the resolution of disciplinary matters as they arise due to violations of the law.

The Board requests a Base Level budget of \$11,000 for each year of the 2013-2015 Biennium.

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

## Appropriation Summary

**Appropriation:** C13 - Acupuncture Operations

**Funding Sources:** 390 - Acupuncture Board Cash

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			2013-2014			2014-2015		
		2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	1,245	2,999	1,000	2,999	2,999	2,999	2,999	2,999	2,999
Conference & Travel Expenses	5050009	0	0	0	0	0	0	0	0	0
Professional Fees	5060010	6,967	8,001	10,000	8,001	8,001	8,001	8,001	8,001	8,001
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>		<b>8,212</b>	<b>11,000</b>	<b>11,000</b>	<b>11,000</b>	<b>11,000</b>	<b>11,000</b>	<b>11,000</b>	<b>11,000</b>	<b>11,000</b>
<b>Funding Sources</b>										
Fund Balance	4000005	10,048	11,609		11,609	11,609	11,609	11,609	11,609	11,609
Cash Fund	4000045	9,773	11,000		11,000	11,000	11,000	11,000	11,000	11,000
<b>Total Funding</b>		<b>19,821</b>	<b>22,609</b>		<b>22,609</b>	<b>22,609</b>	<b>22,609</b>	<b>22,609</b>	<b>22,609</b>	<b>22,609</b>
Excess Appropriation/(Funding)		(11,609)	(11,609)		(11,609)	(11,609)	(11,609)	(11,609)	(11,609)	(11,609)
<b>Grand Total</b>		<b>8,212</b>	<b>11,000</b>		<b>11,000</b>	<b>11,000</b>	<b>11,000</b>	<b>11,000</b>	<b>11,000</b>	<b>11,000</b>

Budget exceeds Authorized Appropriation in Operating Expenses by authority of a Budget Classification Transfer.

# AR DEPARTMENT OF AERONAUTICS

## Enabling Laws

Act 253 of 2012  
A.C.A. §27-115-101 et seq.

## History and Organization

The mission of the Arkansas Department of Aeronautics is to create a safer, more desirable atmosphere for the pilot, and at the same time, create and improve airports to better serve Arkansas communities, industries, and the general public.

The Department was created by Act 457 of 1941, as amended by Act 373 of 1965, and is currently charged with the following duties:

- Provide for the examination and licensing of airports in the State;
- adopt rules and regulations for the issuance, expiration, suspension, or revocation of licenses of airports;
- establish air space reservations within the State;
- designate, establish, and chart civil airways, and publish a map of such;
- investigate accidents in air navigation;
- encourage the establishment of airports, civil airways, and other navigation facilities;
- supervise and regulate the safety of airports;
- adopt rules and regulations for flight instruction;
- adopt rules and regulations for aerial markings;
- adopt rules and regulations for aerial beacon lights;
- exchange with other government agencies information pertaining to civil air navigation;
- enforce the regulations and air traffic rules through local authorities; and
- establish minimum safe altitudes for flight in the State.

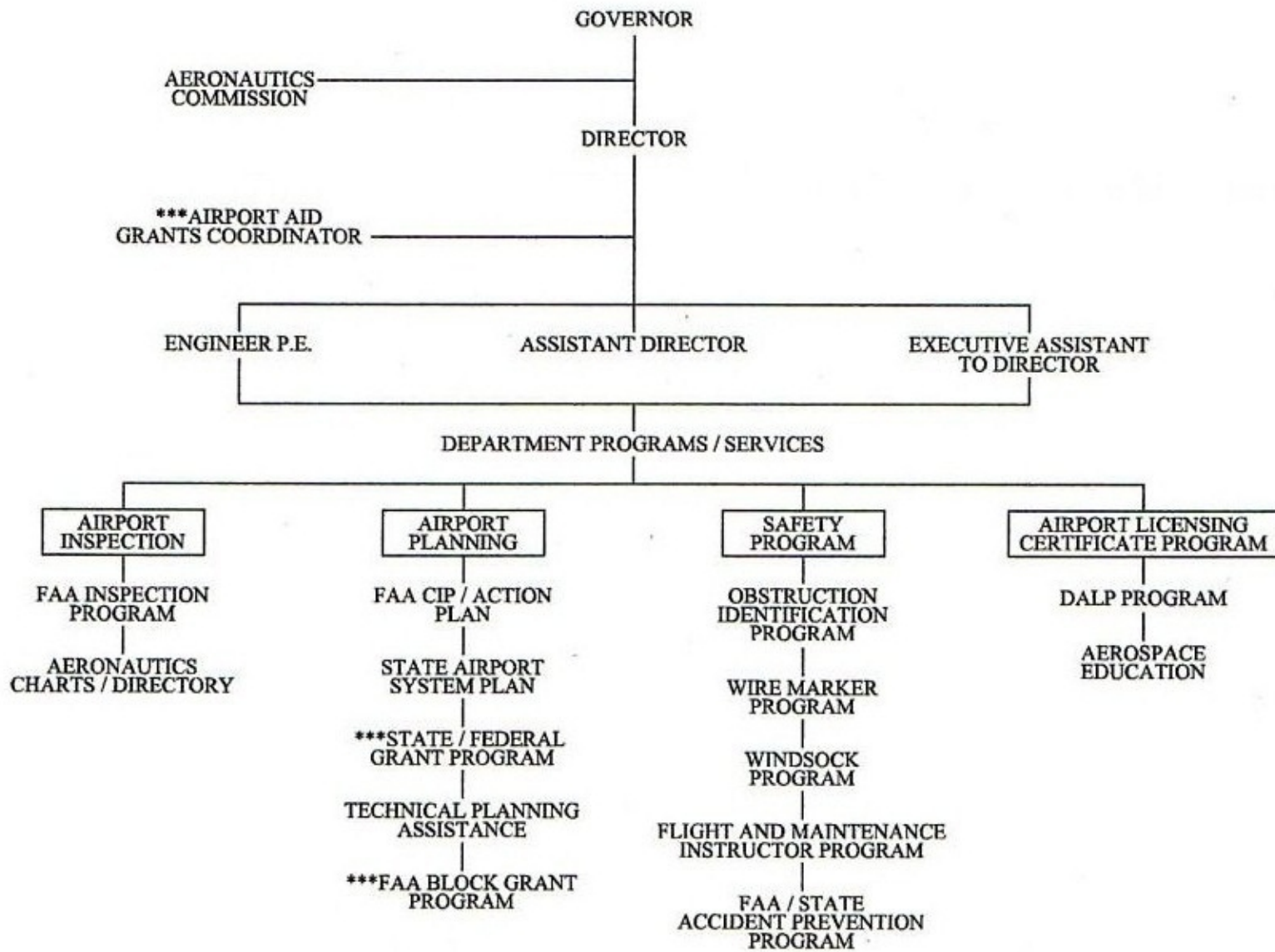
In 1967, Act 499 provided that all revenue derived from the Gross Receipts Tax on aviation fuel shall be deposited in the State Treasury to the credit of the Arkansas Department of Aeronautics Fund to be used solely for constructing airports, civil airways, and other navigational facilities in the State.

Act 38 of 1971 transferred the Arkansas Department of Aeronautics by a Type 2 transfer to the Department of Planning as the Division of Aeronautics. Act 64 of 1973 increased the Aeronautics Commission from five members to seven.

Act 278 of 1975 abolished the Department of Planning and placed the Division of Aeronautics in the Department of Local Services. Act 733 of 1977 provided that all revenues derived from the Arkansas Gross Receipts Tax on aircraft, aviation fuel, aircraft services, and aircraft parts and accessories shall go to the Arkansas Division of Aeronautics Special Fund.

Act 764 of 1981 transferred the Division of Aeronautics to the Arkansas Department of Commerce by a Type 2 transfer. This change placed the Division of Aeronautics under the Director of the Department of Commerce and the Governor, with the seven member Aeronautics Commission continuing in an advisory capacity.

Act 691 of 1983 abolished the Department of Commerce and restored the Arkansas Department of Aeronautics to independent status to function in the same manner as it functioned prior to its transfer to the Department of Local Services and the Department of Commerce. Provided, however, that the administrative head of the Department shall be appointed by the Aeronautics Commission, with the approval of



## **Agency Commentary**

The Arkansas Department of Aeronautics was established to foster and maintain a safer environment for flight and to create and improve airports to better serve communities, industries, and the general public. Base Level for the State Operations Program is \$15,617,181 each year and is the Agency Request.

In the Department's Federal Grant appropriation, the request is for continuation of the current level of authorization for dispensing anticipated federal airport aid block grant funds.

## **Audit Findings**

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
DEPARTMENT OF AERONAUTICS  
FOR THE YEAR ENDED JUNE 30, 2011

Findings

Recommendations

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None

None

## **State Contracts Over \$25,000 Awarded To Minority Owned Businesses Fiscal Year 2012**

None

## Employment Summary

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

## Publications

### A.C.A. 25-1-204

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
State Aeronautical Chart	N/A	N	N	10,000	Provided as a service to general flying public for safety and informational purposes. Requested by individuals and businesses State and nationwide. (Published biennially)
State Airport Directory	N/A	N	N	5,000	Provides information to the flying public concerning individual Arkansas airports. (Published biennially)

# Department Appropriation Summary

## Historical Data

## Agency Request and Executive Recommendation

Appropriation	2011-2012		2012-2013		2012-2013		2013-2014						2014-2015							
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos		
665 Aeronautics-State Operations	10,813,345	5	15,608,592	5	15,643,993	5	15,617,181	5	15,617,181	5	15,617,181	5	15,617,181	5	15,617,181	5	15,617,181	5	15,617,181	5
666 Aeronautics-Federal Grants	114,037	0	12,000,000	0	12,000,000	0	12,000,000	0	12,000,000	0	12,000,000	0	12,000,000	0	12,000,000	0	12,000,000	0	12,000,000	0
Total	10,927,382	5	27,608,592	5	27,643,993	5	27,617,181	5	27,617,181	5	27,617,181	5	27,617,181	5	27,617,181	5	27,617,181	5	27,617,181	5

Funding Sources		%		%		%		%		%		%		%		%		%
Fund Balance 4000005	14,979,738	65.6	11,916,143	37.7			4,007,551	16.9	4,007,551	16.9	4,007,551	16.9	0	0.0	0	0.0	0	0.0
Federal Revenue 4000020	114,037	0.5	12,000,000	38.0			12,000,000	50.6	12,000,000	50.6	12,000,000	50.6	12,000,000	60.9	12,000,000	60.9	12,000,000	60.9
Special Revenue 4000030	7,749,750	33.9	7,700,000	24.4			7,700,000	32.5	7,700,000	32.5	7,700,000	32.5	7,700,000	39.1	7,700,000	39.1	7,700,000	39.1
Total Funds	22,843,525	100.0	31,616,143	100.0			23,707,551	100.0	23,707,551	100.0	23,707,551	100.0	19,700,000	100.0	19,700,000	100.0	19,700,000	100.0
Excess Appropriation/(Funding)	(11,916,143)		(4,007,551)				3,909,630		3,909,630		3,909,630		7,917,181		7,917,181		7,917,181	
Grand Total	10,927,382		27,608,592				27,617,181		27,617,181		27,617,181		27,617,181		27,617,181		27,617,181	



## Agency Position Usage Report

FY2010 - 2011						FY2011 - 2012						FY2012 - 2013					
Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused
	Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total	
4	4	0	4	0	0.00 %	5	4	1	5	0	20.00 %	5	4	1	5	0	20.00 %

## **Analysis of Budget Request**

**Appropriation:** 665 - Aeronautics-State Operations

**Funding Sources:** SDA - Department of Aeronautics Fund

The Department of Aeronautics' State Operations appropriation is funded entirely by Special Revenues derived from a tax on the sale of aviation fuels and aviation related products sold for use in aircraft weighing less than 12,500 lbs., as authorized in Arkansas Code § 27-115-110. Base Level for this program is \$15,617,181 each year.

Base Level Regular Salaries and Personal Services Matching include Career Service payments for eligible employees. Personal Services Matching also includes a \$20 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$410 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases. The Base Level salary of the unclassified Director's position reflects the FY13 line item maximum.

The Agency is requesting Base Level for the 2013-2015 Biennium.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 665 - Aeronautics-State Operations

**Funding Sources:** SDA - Department of Aeronautics Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	2013-2014			2014-2015		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	306,535	297,533	331,682	303,445	303,445	303,445	303,445	303,445	303,445
<b>#Positions</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>
Personal Services Matching 5010003	85,880	88,530	89,782	91,207	91,207	91,207	91,207	91,207	91,207
Operating Expenses 5020002	88,984	200,029	200,029	200,029	200,029	200,029	200,029	200,029	200,029
Conference & Travel Expenses 5050009	5,020	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000
Professional Fees 5060010	10,595	13,500	13,500	13,500	13,500	13,500	13,500	13,500	13,500
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Grants and Aid 5100004	10,316,331	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000
Capital Outlay 5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>10,813,345</b>	<b>15,608,592</b>	<b>15,643,993</b>	<b>15,617,181</b>	<b>15,617,181</b>	<b>15,617,181</b>	<b>15,617,181</b>	<b>15,617,181</b>	<b>15,617,181</b>
<b>Funding Sources</b>									
Fund Balance 4000005	14,979,738	11,916,143		4,007,551	4,007,551	4,007,551	0	0	0
Special Revenue 4000030	7,749,750	7,700,000		7,700,000	7,700,000	7,700,000	7,700,000	7,700,000	7,700,000
Total Funding	22,729,488	19,616,143		11,707,551	11,707,551	11,707,551	7,700,000	7,700,000	7,700,000
Excess Appropriation/(Funding)	(11,916,143)	(4,007,551)		3,909,630	3,909,630	3,909,630	7,917,181	7,917,181	7,917,181
<b>Grand Total</b>	<b>10,813,345</b>	<b>15,608,592</b>		<b>15,617,181</b>	<b>15,617,181</b>	<b>15,617,181</b>	<b>15,617,181</b>	<b>15,617,181</b>	<b>15,617,181</b>

## **Analysis of Budget Request**

**Appropriation:** 666 - Aeronautics-Federal Grants

**Funding Sources:** FAA - Aeronautics Department - Federal

The Aeronautics-Federal Grants appropriation is authorized for disbursement of Federal Airport Aid Block Grant Funds when and if those funds are approved by the U.S. Congress for the State of Arkansas. The Agency requests continuation of this appropriation at the \$12,000,000 level currently authorized to improve airport infrastructures and to upgrade safety features and equipment.

During FY12, \$114,037 was expended to assess and update the State Airport System Plan to determine priorities for repairs and upgrading.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 666 - Aeronautics-Federal Grants

**Funding Sources:** FAA - Aeronautics Department - Federal

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			2013-2014			2014-2015		
		2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid	5100004	114,037	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000
Total		114,037	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000
<b>Funding Sources</b>										
Federal Revenue	4000020	114,037	12,000,000		12,000,000	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000
Total Funding		114,037	12,000,000		12,000,000	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		114,037	12,000,000		12,000,000	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000

# AR APPRAISER LICENSING AND CERTIFICATION BOARD

## Enabling Laws

Act 143 of 2012  
A.C.A. § 17-14-101 et seq.

## History and Organization

The necessity for establishing this agency was prompted by enactment of Title XI of the Federal Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA), which requires that all federally related transactions requiring appraisals will be performed by state licensed and/or certified appraisers. Act 541 of the 1991 Regular Session was the instrument that set in motion the mechanics for Arkansas to pre-qualify, test, and issue licenses to appraisers in order that the State might be in compliance with the Federal Act.

In its general purpose statement, Title XI of FIRREA states that it is to “provide that federal, financial, and public interest in real estate related transactions will be protected by requiring that real estate appraisals utilized in connection with federally related transactions are performed in writing, in accordance with the Uniform Standards, by individuals whose competency has been demonstrated and whose professional conduct will be subject to effective supervision.”

The mission of the state agency is primarily to maintain a system for licensing and regulating real estate appraisers, which is in compliance with federal guidelines and results in license holders that have verified qualifying education, experience, and have demonstrated a competency to provide quality service consistent with their specific credentials.

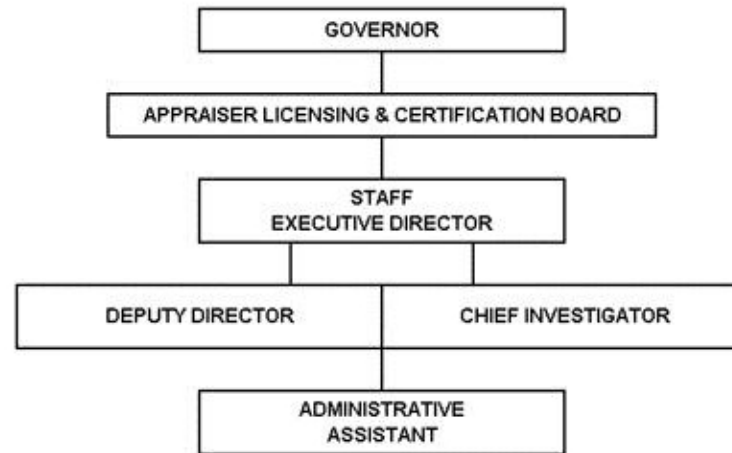
The Arkansas Appraiser Licensing Board was officially constituted in July of 1991 and members immediately began drafting Rules and Regulations to implement the provisions of Act 541 in conformity with the Title XI provisions. In 1993, the General Assembly approved Act 1270, which clarified certain provisions of the initial Act and limited financial institutions’ liability on non-federally related transactions. In 2001, the General Assembly expanded the role of this Board by adding a fourth classification of appraisers, State Registered. This Amendment has added more than 375 individuals to its roster.

The Arkansas Appraiser Licensing Board is composed of ten (10) members appointed by the Governor, seven of whom are practicing appraisers, and the primary duties of this Board are to establish, maintain, and periodically update meaningful qualification standards for state registered, licensed, and certified appraisers practicing in Arkansas. This includes testing, reviewing work experience and educational backgrounds that are adequate to demonstrate the applicant’s knowledge and competency of the profession. The agency is charged with

maintaining a roster of the names, addresses, and phone numbers of all persons licensed/certified under Act 541 (A.C.A. 17-14-203) and in accordance with Title XI of FIRREA must update and submit this roster monthly to the Appraisal Subcommittee. The Act also provides for the Board to promulgate rules and regulations for handling complaints, disciplinary matters and to establish administrative procedures for the setting and collection of fees necessary for operation of this Board.

Some of the more significant activities this Agency is called on to perform are:

- To process applications for registration, license, or certification in compliance with the Agency's Rules and Regulations and to personally interview (where applicable) all applicants prior to examination;
- To provide an approved examination for all applicants meeting the minimum qualifications for licensing;
- To issue, where appropriate, a registration, license, or certificate to qualified applicants;
- To establish annual fees to be billed in May/June and November of each year;
- To monitor the continuing education of each registered or licensed appraiser and to validate compliance prior to the annual issuance of a new license and/or certificate;
- To investigate and adjudicate all complaints, an area that has become a major activity of this Board;
- To develop and distribute on a quarterly basis a newsletter addressing appraisal issues;
- To sponsor and/or coordinate annual seminars for the purpose of updating licensees of changes within the industry standards;
- To provide annually, subject to budgetary consideration, all licensees with a current version of the Uniform Standards of Professional Appraisal Practice;
- To maintain a current website via Arkansas home Page whereby practitioners, potential applicants, and the consuming public can go to learn more about regulations impacting real estate appraiser licensing; and
- To insure the Agency's adherence to federal guidelines and cooperate with the Federal reviewers from ASC when auditing the agency's operation.



## **Agency Commentary**

The Arkansas General Assembly created, by passing House Bill 1694, an act to provide for registration and regulation of appraisal management companies by amending A.C.A. §17-14-101. Act 628 of 2009 effectively added a subchapter 4 titled The Appraisal Management Company Registration Act to the existing Appraiser Licensing & Certification Board Statutes. The purpose and intent of this act is to give the Arkansas Appraiser Licensing and Certification Board statutory authority to develop and implement rules and regulations resulting in the registration and government oversight of individuals or companies offering to or providing appraisal management services in Arkansas. This Board is charged by statute the overall responsibilities of administering the act in accordance with any and all promulgated rules and regulations.

The Board requests Base Level appropriation for the 2013-2015 Biennium.



## Audit Findings

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
ARKANSAS APPRAISER LICENSING AND CERTIFICATION BOARD  
FOR THE YEAR ENDED JUNE 30, 2011

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Findings

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Through observation and inquiry, audit staff noted numerous instances in which Agency personnel were not in the office and failed to record sick or annual leave. The Agency did not have a Board-approved policy for an alternative work schedule.

- Kelli Black, Executive Assistant to the Director, was absent from work from 10:30 am to 12:30 pm four days each week during a 12-week period to participate in a wellness program.
- Frank Manzer, Executive Director, was absent from work consistently during the assessment engagement. When audit staff noted several days he was out of the office, Agency personnel responded by stating that he had not yet arrived or that he is typically out of the office several days each week for several hours at a time.

Upon further discussion, Mr. Manzer stated he is "connected to the office by phone" when he is out. In addition, he indicated approving flexibility in Ms. Black's schedule to participate in the wellness program without using annual leave because she has worked additional hours in the past to complete her assigned tasks.

Governor's Policy Directive #5 states, "All State offices shall be open for business between 8:00 a.m. and 4:30 p.m. However, department directors shall have flexibility to establish other working hours for their department personnel so long as all employees work an eight-hour day. Deviations from the five day, 40-hour work week shall be approved by the Governor."

License renewal information is maintained in an electronic database. To properly safeguard assets and ensure reliability of license information, the Agency should ensure controls are in place to support the reconciliation of receipts and deposits to licenses issued. The review of license revenue revealed that the Agency does not reconcile receipts and deposits to licenses issued.

According to the travel regulations established by Department of Finance and Administration in accordance with R4-19-4-903, lodging costs that exceed the rates listed in the Federal Travel Directory (excluding tax) may not be paid without a letter of authorization by the administrative head of the agency and must include justification as

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Recommendations

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We recommend the Agency adopt a written policy regarding flexible working schedules, obtain approval from the Governor, and appropriately account for staff hours worked. In addition, we recommend the Agency consult with the Board to determine what, if any, absences should be recorded.

We recommend the Agency strengthen internal controls related to cash and the issuance of licenses.

We recommend the Agency follow established policies as set forth by the State of Arkansas travel rules and regulations. In addition, the Agency should obtain reimbursement from Board members for duplicate travel-related expenses.

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
ARKANSAS APPRAISER LICENSING AND CERTIFICATION BOARD  
FOR THE YEAR ENDED JUNE 30, 2011

Findings

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to why it was in the best interest of the State to exceed the standard reimbursement rate. With regard to meals, the maximum full-day allowance (including tax and up to 15% tip) cannot exceed the federal per diem rate, and reimbursement for meals is allowed only in connection with overnight travel. Additionally, all claims for reimbursement of expenses must be attested to by the claimant and approved by the Executive Director. Our testing revealed that the Agency was not following established travel regulations and the TR-1 reimbursement forms for Board members were completed by the Executive Assistant to the Director instead of the claimant. In addition we noted the following:

- The former Executive Director, Board Investigator, and three Board members attended a five-day conference in San Antonio, and each day's lodging rate exceeded the daily per diem by \$73, resulting in expenditures of \$1,460 more than allowed.
- In three instances totaling \$69, the Board Investigator received reimbursement for meals without an overnight stay.
- In five instances totaling \$172, two Board members received duplicate reimbursement for meals.
- In two instances totaling \$29, Board members received reimbursements in excess of the daily per diem rate for meals.
- In one instance totaling \$182, a Board member received duplicate mileage.

Recommendations

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**State Contracts Over \$25,000 Awarded To Minority Owned Businesses Fiscal Year 2012**

None

## Employment Summary

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

## Cash Fund Balance Description as of June 30, 2012

Fund Account	Balance	Type	Location
3450000	\$545,081	Checking	Regions Bank - Little Rock

### Statutory/Other Restrictions on use:

A.C.A. 17-14-203(10) authorizes the setting and collection of fees and for pass through payment of a fee as required by Section 1109 (a)(2) of the Federal Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA), currently set at \$40 per license.

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

A.C.A. 17-14-203(6)(g) establishes maximum fees not including exams for license. A.C.A. 17-14-206 (a) authorizes fines for disciplinary action.

### Revenue Receipts Cycle:

Fines and penalties are collected throughout the year. The majority of fees are collected in June and December. Funds are deposited in bank account as received.

### Fund Balance Utilization:

The Board anticipates more expenses in the budget thereby reducing the agency reserves. Funds are used for expenditures and to purchase CDs and transfer monies into the State Treasury Money Market Account.

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Fund Account	Balance	Type	Location
3450000	\$60,885	Certificate of Deposit	Regions Bank - Little Rock

Statutory/Other Restrictions on use:

N/A

Statutory Provisions for Fees, Fines, Penalties:

N/A

Revenue Receipts Cycle:

Upon maturity, interest rates are checked and either the CD is continued or cash proceeds are placed in the State Treasury Money Market Account.

Fund Balance Utilization:

To secure funds for future use.

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Fund Account	Balance	Type	Location
3450000	\$77,338	Certificate of Deposit	Bank of the Ozarks - Little Rock

Statutory/Other Restrictions on use:

N/A

Statutory Provisions for Fees, Fines, Penalties:

N/A

Revenue Receipts Cycle:

Upon maturity, interest rates are checked and either the CD is continued or cash proceeds are placed in the State Treasury Money Market Account.

Fund Balance Utilization:

To secure funds for future use.

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Fund Account	Balance	Type	Location
3450000	\$267,506	Cash in Treasury/TMMP	State Treasury

Statutory/Other Restrictions on use:

N/A

Statutory Provisions for Fees, Fines, Penalties:

A.C.A. 17-14-101 et seq.

Revenue Receipts Cycle:

Funds are deposited in money market account or treasury for payroll account and savings.

Fund Balance Utilization:

Use for payroll account and to secure additional CDs.

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Fund Account	Balance	Type	Location
3450000	\$62,317	Certificate of Deposit	Metropolitan Bank

Statutory/Other Restrictions on use:

N/A

Statutory Provisions for Fees, Fines, Penalties:

N/A

Revenue Receipts Cycle:

Upon maturity, interest rates are checked and either the CD is continued or cash proceeds are placed in the State Treasury Money Market Account.

Fund Balance Utilization:

To secure funds for future use.

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Fund Account	Balance	Type	Location
3450000	\$63,497	Certificate of Deposit	Security Bank

Statutory/Other Restrictions on use:

N/A

Statutory Provisions for Fees, Fines, Penalties:

N/A

Revenue Receipts Cycle:

Upon maturity, interest rates are checked and either the CD is continued or cash proceeds are placed in the State Treasury Money Market Account

Fund Balance Utilization:

To secure funds for future use.

## Publications

### A.C.A. 25-1-204

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
Rules and Regulations	A.C.A. 17-14-201	N	N	1,200	Revised periodically for housekeeping purposes and federal guideline updates. Furnished to all registered and licensed appraisers when revised and to newly licensed appraisers.
Statutes and Amendments	A.C.A. 17-14-103	N	N	1,200	Sent to newly registered, licensed, and certified appraisers and other Appraiser State Boards.
The Appraiser	N/A	N	N	1,200	Quarterly newsletter published and mailed to all registered, licensed, and certified appraisers to keep them abreast of the Board's activities, operations, and other helpful information.

## Agency Position Usage Report

FY2010 - 2011						FY2011 - 2012						FY2012 - 2013					
Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused
	Filled	Unfilled	Total				Filled	Unfilled	Total				Filled	Unfilled	Total		
4	3	1	4	0	25.00 %	4	4	0	4	0	0.00 %	4	4	0	4	0	0.00 %

## **Analysis of Budget Request**

**Appropriation:** A86 - Cash Operations

**Funding Sources:** 345 - Appraiser Licensing & Certification - Cash

The mission of the Arkansas Appraiser Licensing & Certification Board is to maintain a system for licensing and regulating real estate appraisers in compliance with federal guidelines and results in license holders who have verified adequate education, experience, and have demonstrated a competency to provide quality service consistent with their specific credentials.

The Appraiser Licensing & Certification Board is funded from the receipt of application fees and annual license renewals.

Base Level Regular Salaries and Personal Services Matching includes Career Service payments for eligible employees. Personal Services Matching also includes a \$20 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$410 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay increases. The Base Level request for Regular Salaries includes board member stipend payments.

The Board requests Base Level appropriation for the 2013-2015 Biennium.

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



## Appropriation Summary

**Appropriation:** A86 - Cash Operations

**Funding Sources:** 345 - Appraiser Licensing & Certification - Cash

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	2013-2014			2014-2015		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	200,887	223,952	244,332	223,952	223,952	223,952	223,952	223,952	223,952
<b>#Positions</b>		<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>
Personal Services Matching	5010003	58,100	66,461	66,552	67,549	67,549	67,549	67,549	67,549	67,549
Operating Expenses	5020002	111,985	147,078	147,078	147,078	147,078	147,078	147,078	147,078	147,078
Conference & Travel Expenses	5050009	24,167	9,700	9,700	9,700	9,700	9,700	9,700	9,700	9,700
Professional Fees	5060010	356	11,500	11,500	11,500	11,500	11,500	11,500	11,500	11,500
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>		<b>395,495</b>	<b>458,691</b>	<b>479,162</b>	<b>459,779</b>	<b>459,779</b>	<b>459,779</b>	<b>459,779</b>	<b>459,779</b>	<b>459,779</b>
<b>Funding Sources</b>										
Fund Balance	4000005	1,011,821	1,076,624		1,135,126	1,135,126	1,135,126	1,001,247	1,001,247	1,001,247
Cash Fund	4000045	460,298	517,193		325,900	325,900	325,900	324,820	324,820	324,820
<b>Total Funding</b>		<b>1,472,119</b>	<b>1,593,817</b>		<b>1,461,026</b>	<b>1,461,026</b>	<b>1,461,026</b>	<b>1,326,067</b>	<b>1,326,067</b>	<b>1,326,067</b>
Excess Appropriation/(Funding)		(1,076,624)	(1,135,126)		(1,001,247)	(1,001,247)	(1,001,247)	(866,288)	(866,288)	(866,288)
<b>Grand Total</b>		<b>395,495</b>	<b>458,691</b>		<b>459,779</b>	<b>459,779</b>	<b>459,779</b>	<b>459,779</b>	<b>459,779</b>	<b>459,779</b>

Cash funding estimates for the biennium are lower than FY13 Budget due to attrition rates as evidenced by applications and examinations.

# ASSESSMENT COORDINATION DEPARTMENT

## Enabling Laws

Act 254 of 2012  
A.C.A. §25-28-101 et seq.

## History and Organization

### MISSION STATEMENT

The Assessment Coordination Department (ACD) exercises general and complete supervision over the valuation, assessment and equalization of all locally assessed ad valorem taxes in Arkansas, and the local officials and employees administering them in all 75 counties. The Department confers with, advises, trains and directs, as needed, these officials regarding their duties and responsibilities for proper and equitable assessment of property.

### COMMENTARY

Property taxes constitute a significant source of revenue for local governments and school districts in Arkansas. The level of equalization funding provided to each school district is based on the average assessed wealth per student in the district. School districts which have a high average assessed property value per student, receive less in equalization funds per pupil than those school districts which have a relatively low average assessed property value per student. The relative wealth of a district is based on the total assessed value of all tangible real and personal property in the county as measured by the county assessor.

The Department performs the following tasks to fulfill that mission: conducts appraisal schools and seminars for county employees; prepares valuation manuals to be used as suggested guidelines by county assessors for the appraisal of real and personal property; performs assessment ratio studies to measure the level and uniformity of assessments; conducts performance audits to ensure accuracy of reappraisals and to help counties identify problems before they become a permanent part of the local tax records; and provides pertinent data necessary for the upkeep of appraisals.

## ENABLING LEGISLATION

Act 436 of 1997 created the Assessment Coordination Department and transferred the Assessment Coordination Division of the Public Service Commission to it by a Type Two transfer. The Director of the Department is appointed by the Governor and serves at the pleasure of the Governor.

Act 903 of 1995 established an Assessment Personnel Educational Incentive Program for local assessment employees paid from the Assessment Coordination Department's budget.

Act 949 of 1991 established the continuing education fund for county assessors to be used to maintain and operate a continuing education program for county assessors and their staffs. Act 342 of 1999, as amended, increased the funds payable from each county assessor's office to the amount of \$600 per year.

Act 1185 of 1999 was to establish a uniform system of assessments and to prevent large increases in property taxes in Arkansas. It places the State on a three year revaluation cycle in which approximately one-third of the counties in the State will be completing reappraisals each year beginning in 2002. It mandated that the reappraisal be professionally run; the ACD audit performance of reappraisal projects on an ongoing basis; the ACD stop reappraisal projects should a county fail to meet, or plan for, professional standards; authorized ACD to employ appraisal contractors should a county fail to meet, or plan for, professional standards. It created the Arkansas Real Property Reappraisal Fund to reimburse counties for the cost of said reappraisals.

Act 1058 of 2001 amended Act 1185, providing that slower growth counties will complete their next reappraisal cycle over five years, instead of the three years provided in Act 1185. High growth counties, measured by total market value increase resulting from reappraisal, will remain on a three year reappraisal cycle. The ACD measures the growth resulting from reappraisal, and if 15% or more, the county will remain on a three year reappraisal cycle, if less, the county will be placed on a five year cycle.

Act 1131 of 2001 altered the ratio study conducted by the ACD. It provided that real estate ratio studies will only be conducted when counties complete reappraisal cycles, or if the Department determines that a county has engaged in inappropriate assessment roll changes or manipulations. It further provided that all counties were to electronically transfer previous year real estate sales data to the Department annually before January 31. The penalty for failing a ratio study was changed to indicate that counties would lose state aid only if they failed to take corrective actions indicated by the sales ratio study results.

## ORGANIZATION AND RESPONSIBILITIES

The Assessment Coordination Department is staffed by a Director, Deputy Director, Legal Counsel, three managers, twenty-one assessment auditors, one research/technical specialist, one data processing person, and three administrative/clerical personnel; and is divided into four major sections:

The Office Administration Section consists of the Director, Deputy Director, Legal Counsel, two managers, two assessment auditors, one research/technical specialist, one data processing person, and three administrative/clerical persons.

The duties of the Director include: (1) management of the Department; (2) visiting, conferring with, and advising County Assessors and Equalization Boards; (3) certifying the percentage of the assessed value of each county of the total state value to each County Judge each year, for the disbursement of state aid and turn back funds; (4) recertifying any taxing unit which was originally below the accepted amount, within the legal time period for unit's compliance; (5) reviewing reappraisal plans of counties mandated to perform such and approve/disapprove as necessary; (6) managing distribution of reappraisal funds to those counties; (7) performing other duties and furnishing assistance to the counties as deemed necessary for the purpose of proper performance of the laws administered by the Department.

The duties of the Section include: (1) promulgating rules and regulations; (2) rendering interpretations of law; (3) preparing and managing budgets and fiscal operations; (4) preparing and promulgating Real Estate Manuals and Personal Property Manuals for the use and guidance of County Assessors and Equalization Boards; (5) preparing a ratio study for the purpose of determining the average ratio of assessed value to the true or actual market value of real property, by classification, and personal property in each of the taxing units of the State; (6) comparing the Equalization Board's Abstract with the Assessor's Abstract to determine if such Board has complied with the less than 5% deviation; (7) assisting counties in administering millage rollbacks and utility tax adjustments; (8) holding and conducting such schools and institutional meetings as deemed necessary for county officials, their employees, and Equalization Boards, dealing with assessment problems, regulations, and new methods for record keeping and appraising; (9) conducting impact studies on various proposed changes in the ad valorem system in Arkansas; (10) performing other duties and furnishing assistance as necessary.

The Field Operations Section consists of one Manager and nineteen property assessment auditors. This section (1) performs compliance audits as required by Act 1185 of 1999; (2) provides special assistance to county officials on new or unusual appraisal situations, and provides a source with which an assessor can verify or compare county appraisals; (3) prescribes uniform appraisal, assessment, and record forms for the use of County Assessors throughout the State; (4) develops, tests, and implements systems for appraising rural land and improvements to be used by assessors, appraisal companies, and the ACD appraisal group; (5) maintains a sales data bank for each county for use by assessors, and the ACD in making market value appraisals for assessment purposes; (6) develops and maintains other appraisal aids such as maps, plats, and land value analysis for use in appraisal work; (7) does field research for the development and/or improvement of real estate appraisal methods.

The Assessor's Education function was created for budget purposes to separate operating funds of the Department and the funds appropriated for the expenses of county personnel attending schools conducted by the Department. It also supports an annual seminar to further inform county assessors and their employees of assessment problems, ways of solving them, and new laws and regulations.

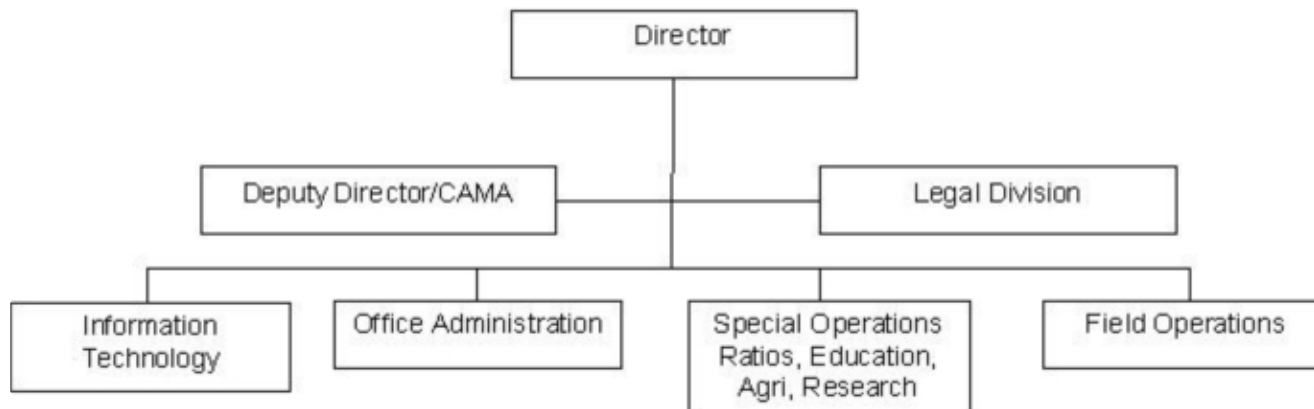
The Cash Operations function was created for budget purposes to separate operating funds of the Department from cash funds created from the sale of manuals and educational materials that are used to replenish such and to fund participation in educational programs.

## GOALS

The Department plans the following: (1) to perform annual ratio studies; (2) to implement and maintain the audit procedures established in Act 1185 of 1999, as amended; (3) to manage state funds used for reappraisals conducted according to the Act; (4) to provide valuation guidelines for Personal Property and Real Estate Property; (5) conduct and improve all existing appraisal courses, expand offerings as necessary, and maintain education records; (6) to provide outside training opportunities through professional organizations; (7) to improve professionalism of all levels of assessment personnel; (8) to develop a better system for handling assistance to counties; (9) to upgrade and improve the Department's computer skills and technology in order to function more efficiently and better communicate with the seventy-five counties, other state agencies and the public; and (10) to help counties take advantage of technological advancements that will improve data collection and records management.

## CONCLUSION

By fulfilling its responsibilities, the Assessment Coordination Department will have an impact on every taxpayer in the State. The Department will help achieve equalization among all properties and ensure that each taxpayer pays only his or her legally mandated share of the tax burden. Therefore, the people of Arkansas will benefit greatly from these services.



## **Agency Commentary**

The primary purposes of the Assessment Coordination Department are to assist counties in the equalization and appraisal of property for ad valorem tax purposes, conduct schools and educational seminars, prepare guidelines for valuation, measure assessments through ratio studies and performance audits, and provide pertinent data necessary for the upkeep of appraisals.

The Department is requesting Base Level for the County Assessors Continuing Education Program, The Real Property Reappraisal Program, and the Cash in Treasury Program. In the State Operations Program, this agency is requesting additions of \$75,000 each year in the Assessor's School special line item and \$38,000 each year in the Assessment Education Incentive line item, with NO increase in general revenue funding. Also requested is continuation of the special language clause that provides for transfer of funds to the Real Property Reappraisal Fund from the Department's operating fund account and authorization of new special language to allow transfers from Operating Expenses to the Assessors' School special line item in the State Operations Program.

## **Audit Findings**

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
ARKANSAS ASSESSMENT COORDINATION DEPARTMENT  
FOR THE YEAR ENDED JUNE 30, 2011

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Findings

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Recommendations

The Agency collects money from seminar registration fees, assessments remitted by Arkansas counties, appraisal contractors, and miscellaneous sales and reimbursements. As repeated from the prior audit, Agency management failed to establish strong internal controls regarding receipts, as demonstrated by the following:

Deposit receipts in a timely manner.

- The Agency failed to deposit receipts in a timely manner. Of the 458 receipts issued, 88 receipts from eight deposits were held more than 30 days before deposit. These receipts amount to \$59,076 or 25% of all receipts issued.

## **State Contracts Over \$25,000 Awarded To Minority Owned Businesses Fiscal Year 2012**

None

## Employment Summary

	Male	Female	Total	%
White Employees	19	9	28	88 %
Black Employees	2	2	4	12 %
Other Racial Minorities	0	0	0	0 %
Total Minorities			4	12 %
Total Employees			32	100 %

## Publications

### A.C.A. 25-1-204

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
Agri Land Values	A.C.A. 26-4-407	N	N	25	Statute requires every county and appraisal company to be provided with listing of agri land values. Also provided electronically.
AR Property Tax Equalization and Appeals System - A Synopsis	None	N	N	250	Biennial update of the property tax system intended to aid public understanding and used as a guide by county equalization boards.
Millage Report	None	N	N	10	Provided upon request to be used as a source to identify all taxing units and their millage rates. Also provided on the Agency website.
Real Estate Manual	None	N	N	10	Provided upon request as a guide in counties for assessment of real property.

# Department Appropriation Summary

## Historical Data

## Agency Request and Executive Recommendation

Appropriation	2011-2012		2012-2013		2012-2013		2013-2014						2014-2015					
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
1VC Real Property Reappraisal Program	14,625,786	0	15,750,000	0	15,750,000	0	15,750,000	0	15,750,000	0	15,750,000	0	15,750,000	0	15,750,000	0	15,750,000	0
215 County Assessors Continuing Education	17,142	0	60,000	0	60,000	0	60,000	0	60,000	0	60,000	0	60,000	0	60,000	0	60,000	0
258 Assessment Coordination-State Operations	2,771,687	33	2,937,603	36	3,019,694	36	2,954,817	36	3,067,817	36	3,067,817	36	2,957,043	36	3,070,043	36	3,070,043	36
99Z Cash Operations	3,588	0	55,000	0	55,000	0	55,000	0	55,000	0	55,000	0	55,000	0	55,000	0	55,000	0
<b>Total</b>	<b>17,418,203</b>	<b>33</b>	<b>18,802,603</b>	<b>36</b>	<b>18,884,694</b>	<b>36</b>	<b>18,819,817</b>	<b>36</b>	<b>18,932,817</b>	<b>36</b>	<b>18,932,817</b>	<b>36</b>	<b>18,822,043</b>	<b>36</b>	<b>18,935,043</b>	<b>36</b>	<b>18,935,043</b>	<b>36</b>

Funding Sources		%		%		%		%		%		%		%		%	
Fund Balance	4000005	1,184,762	6.2	1,755,682	8.7	1,333,079	6.7	1,333,079	6.7	1,333,079	6.7	943,262	4.9	830,262	4.3	830,262	4.3
General Revenue	4000010	1,450,000	7.6	2,200,000	10.9	2,200,000	11.1	2,200,000	11.1	2,200,000	11.1	2,200,000	11.4	2,200,000	11.4	2,200,000	11.4
Cash Fund	4000045	22,434	0.1	35,000	0.2	35,000	0.2	35,000	0.2	35,000	0.2	35,000	0.2	35,000	0.2	35,000	0.2
Ad Valorem Tax	4000060	2,151,264	11.2	1,850,000	9.2	1,900,000	9.6	1,900,000	9.6	1,900,000	9.6	1,900,000	9.8	1,900,000	9.9	1,900,000	9.9
County Assessors Cont Educ	4000170	43,516	0.2	45,000	0.2	45,000	0.2	45,000	0.2	45,000	0.2	45,000	0.2	45,000	0.2	45,000	0.2
Intra-agency Fund Transfer	4000317	61,885	0.3	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Miscellaneous Adjustments	4000345	10,024	0.1	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Real Property Reappraisal	4000405	14,250,000	74.3	14,250,000	70.8	14,250,000	72.1	14,250,000	72.1	14,250,000	72.1	14,250,000	73.6	14,250,000	74.0	14,250,000	74.0
<b>Total Funds</b>		<b>19,173,885</b>	<b>100.0</b>	<b>20,135,682</b>	<b>100.0</b>	<b>19,763,079</b>	<b>100.0</b>	<b>19,763,079</b>	<b>100.0</b>	<b>19,763,079</b>	<b>100.0</b>	<b>19,373,262</b>	<b>100.0</b>	<b>19,260,262</b>	<b>100.0</b>	<b>19,260,262</b>	<b>100.0</b>
Excess Appropriation/(Funding)		(1,755,682)		(1,333,079)		(943,262)		(830,262)		(830,262)		(551,219)		(325,219)		(325,219)	
<b>Grand Total</b>		<b>17,418,203</b>		<b>18,802,603</b>		<b>18,819,817</b>		<b>18,932,817</b>		<b>18,932,817</b>		<b>18,822,043</b>		<b>18,935,043</b>		<b>18,935,043</b>	



## Agency Position Usage Report

FY2010 - 2011						FY2011 - 2012						FY2012 - 2013					
Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused
	Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total	
36	31	5	36	0	13.89 %	36	33	3	36	0	8.33 %	36	33	3	36	0	8.33 %

## **Analysis of Budget Request**

**Appropriation:** 1VC - Real Property Reappraisal Program

**Funding Sources:** GPR - Real Property Reappraisal Fund

The Assessment Coordination Department administers the Real Property Reappraisal Program in which the market value of real property in all of the State's 75 counties is refigured every three to five years for taxation purposes, as mandated by Act 1185 of 1999 (A.C.A. §26-26-1902 et seq.). Current special language provides for funding of this program by proportional transfers from the Public School Fund (76%), the County Aid Fund (16%), and the Municipal Aid Fund (8%) up to a total of \$14,250,000.

The appropriated Base Level is \$15,750,000 each year and is the Agency Request. In addition, the Agency is requesting continuation of another special language clause that provides for intra-agency fund transfers up to \$1,500,000 each year from the Department's operating fund to the Real Property Reappraisal Fund.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 1VC - Real Property Reappraisal Program

**Funding Sources:** GPR - Real Property Reappraisal Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	2011-2012	2012-2013	2012-2013	2013-2014			2014-2015		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Real Property Reappraisal 5900046	14,625,786	15,750,000	15,750,000	15,750,000	15,750,000	15,750,000	15,750,000	15,750,000	15,750,000
Total	14,625,786	15,750,000	15,750,000	15,750,000	15,750,000	15,750,000	15,750,000	15,750,000	15,750,000
<b>Funding Sources</b>									
Intra-agency Fund Transfer 4000317	375,786	1,500,000		1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Real Property Reappraisal 4000405	14,250,000	14,250,000		14,250,000	14,250,000	14,250,000	14,250,000	14,250,000	14,250,000
Total Funding	14,625,786	15,750,000		15,750,000	15,750,000	15,750,000	15,750,000	15,750,000	15,750,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	14,625,786	15,750,000		15,750,000	15,750,000	15,750,000	15,750,000	15,750,000	15,750,000

## **Analysis of Budget Request**

**Appropriation:** 215 - County Assessors Continuing Education

**Funding Sources:** TCA - County Assessors Continuing Education Fund

The Assessment Coordination Department's County Assessors Continuing Education Program is funded by \$600 assessments collected annually from the counties, as authorized by Arkansas Code § 19-5-944. These proceeds are used to provide educational courses for local assessment personnel. The Department is requesting the Base Level of \$60,000 each year for the 2013-2015 Biennium.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 215 - County Assessors Continuing Education

**Funding Sources:** TCA - County Assessors Continuing Education Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	2013-2014			2014-2015		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	13,642	51,600	51,600	51,600	51,600	51,600	51,600	51,600	51,600
Conference & Travel Expenses	5050009	0	0	0	0	0	0	0	0	0
Professional Fees	5060010	3,500	8,400	8,400	8,400	8,400	8,400	8,400	8,400	8,400
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>		<b>17,142</b>	<b>60,000</b>	<b>60,000</b>	<b>60,000</b>	<b>60,000</b>	<b>60,000</b>	<b>60,000</b>	<b>60,000</b>	<b>60,000</b>
<b>Funding Sources</b>										
Fund Balance	4000005	80,330	106,704		91,704	91,704	91,704	76,704	76,704	76,704
County Assessors Cont Educ	4000170	43,516	45,000		45,000	45,000	45,000	45,000	45,000	45,000
<b>Total Funding</b>		<b>123,846</b>	<b>151,704</b>		<b>136,704</b>	<b>136,704</b>	<b>136,704</b>	<b>121,704</b>	<b>121,704</b>	<b>121,704</b>
<b>Excess Appropriation/(Funding)</b>		<b>(106,704)</b>	<b>(91,704)</b>		<b>(76,704)</b>	<b>(76,704)</b>	<b>(76,704)</b>	<b>(61,704)</b>	<b>(61,704)</b>	<b>(61,704)</b>
<b>Grand Total</b>		<b>17,142</b>	<b>60,000</b>		<b>60,000</b>	<b>60,000</b>	<b>60,000</b>	<b>60,000</b>	<b>60,000</b>	<b>60,000</b>

## **Analysis of Budget Request**

**Appropriation:** 258 - Assessment Coordination-State Operations

**Funding Sources:** HUA - Miscellaneous Agencies Fund

The Assessment Coordination Department's State Operations appropriation is funded by a mix of general revenues and Ad Valorem Taxes that are authorized by A.C.A. §19-5-906. Base Level for this appropriation is \$2,954,817 for FY14 and \$2,957,043 for FY15, with 36 positions authorized and budgeted.

Base Level Regular Salaries and Personal Services Matching include Career Service payments for eligible employees. Personal Services Matching also includes a \$20 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$410 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases. The Base Level salary of the unclassified Director's position reflects the FY13 line item maximum.

In addition to Base Level, the Department is requesting an increase of \$75,000 each year in the Assessor's School special line item and \$38,000 each year in the Assessment Education Incentive Program special line item to provide training and incentives for a growing number of changing personnel in local assessment offices. NO additional General Revenues are requested for funding. Also requested is continuation of the special language clause that authorizes intra-agency transfers from the Department's operating fund to the Real Property Reappraisal Fund and new special language that provides for transfers from Operating Expenses to the Assessors' School special line item.

The Executive Recommendation provides for the Agency Request.

# Appropriation Summary

**Appropriation:** 258 - Assessment Coordination-State Operations

**Funding Sources:** HUA - Miscellaneous Agencies Fund

## Historical Data

## Agency Request and Executive Recommendation

Commitment Item	Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
	2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	2013-2014			2014-2015		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	1,471,583	1,494,079	1,607,566	1,500,648	1,500,648	1,500,648	1,502,448	1,502,448	1,502,448
<b>#Positions</b>	<b>33</b>	<b>36</b>	<b>36</b>	<b>36</b>	<b>36</b>	<b>36</b>	<b>36</b>	<b>36</b>	<b>36</b>
Extra Help 5010001	0	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
<b>#Extra Help</b>	<b>0</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>
Personal Services Matching 5010003	475,531	521,915	490,519	532,560	532,560	532,560	532,986	532,986	532,986
Operating Expenses 5020002	538,992	622,240	622,240	622,240	622,240	622,240	622,240	622,240	622,240
Conference & Travel Expenses 5050009	47,656	49,869	49,869	49,869	49,869	49,869	49,869	49,869	49,869
Professional Fees 5060010	1,425	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Capital Outlay 5120011	0	0	0	0	0	0	0	0	0
Assessor's School 5900046	125,000	125,000	125,000	125,000	200,000	200,000	125,000	200,000	200,000
Assessment Educ Incentive 5900047	111,500	112,000	112,000	112,000	150,000	150,000	112,000	150,000	150,000
<b>Total</b>	<b>2,771,687</b>	<b>2,937,603</b>	<b>3,019,694</b>	<b>2,954,817</b>	<b>3,067,817</b>	<b>3,067,817</b>	<b>2,957,043</b>	<b>3,070,043</b>	<b>3,070,043</b>
<b>Funding Sources</b>									
Fund Balance 4000005	1,104,432	1,568,247		1,180,644	1,180,644	1,180,644	825,827	712,827	712,827
General Revenue 4000010	1,450,000	2,200,000		2,200,000	2,200,000	2,200,000	2,200,000	2,200,000	2,200,000
Ad Valorem Tax 4000060	2,151,264	1,850,000		1,900,000	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000
Intra-agency Fund Transfer 4000317	(375,786)	(1,500,000)		(1,500,000)	(1,500,000)	(1,500,000)	(1,500,000)	(1,500,000)	(1,500,000)
Miscellaneous Adjustments 4000345	10,024	0		0	0	0	0	0	0
Total Funding	4,339,934	4,118,247		3,780,644	3,780,644	3,780,644	3,425,827	3,312,827	3,312,827
Excess Appropriation/(Funding)	(1,568,247)	(1,180,644)		(825,827)	(712,827)	(712,827)	(468,784)	(242,784)	(242,784)
<b>Grand Total</b>	<b>2,771,687</b>	<b>2,937,603</b>		<b>2,954,817</b>	<b>3,067,817</b>	<b>3,067,817</b>	<b>2,957,043</b>	<b>3,070,043</b>	<b>3,070,043</b>

FY13 Budget amount in Personal Services Matching exceeds the Authorized amount due to matching rate adjustments during the 2011-2013 Biennium.

## Change Level by Appropriation

**Appropriation:** 258 - Assessment Coordination-State Operations  
**Funding Sources:** HUA - Miscellaneous Agencies Fund

### Agency Request

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>2,954,817</b>	<b>36</b>	<b>2,954,817</b>	<b>100.0</b>	<b>2,957,043</b>	<b>36</b>	<b>2,957,043</b>	<b>100.0</b>
C01	Existing Program	113,000	0	3,067,817	103.8	113,000	0	3,070,043	103.8

### Executive Recommendation

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>2,954,817</b>	<b>36</b>	<b>2,954,817</b>	<b>100.0</b>	<b>2,957,043</b>	<b>36</b>	<b>2,957,043</b>	<b>100.0</b>
C01	Existing Program	113,000	0	3,067,817	103.8	113,000	0	3,070,043	103.8

### Justification

C01	This request is for an addition of \$75,000 each year for the Assessor's School special line item and \$38,000 each year for the Assessment Education Incentive Program. The Department is experiencing increases in the number of new assessment personnel in county offices that require initial and subsequent intermediate training. This will also increase the number of assessment personnel that will qualify for educational incentive payments.
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## **Analysis of Budget Request**

**Appropriation:** 99Z - Cash Operations

**Funding Sources:** NCA - Assessment Coordination - Cash in Treasury

The Assessment Coordination Department's Cash in Treasury appropriation is funded by proceeds from the sales of property assessment and appraisal publications to parties in the private sector. Tuition is also collected from private citizens who enroll in assessment and appraisal courses conducted by the Department. These resources are used to purchase educational materials, defray printing costs, and pay for evaluations of agency methods and procedures to determine their compliance with guidelines of the International Association of Assessing Officers.

The Department is requesting continuation of this program at the Base Level of \$55,000 each year.

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

## Appropriation Summary

**Appropriation:** 99Z - Cash Operations

**Funding Sources:** NCA - Assessment Coordination - Cash in Treasury

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
	2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	2013-2014			2014-2015		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses 5020002	1,838	33,000	33,000	33,000	33,000	33,000	33,000	33,000	33,000
Conference & Travel Expenses 5050009	0	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Professional Fees 5060010	1,750	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Capital Outlay 5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>3,588</b>	<b>55,000</b>	<b>55,000</b>	<b>55,000</b>	<b>55,000</b>	<b>55,000</b>	<b>55,000</b>	<b>55,000</b>	<b>55,000</b>
<b>Funding Sources</b>									
Fund Balance 4000005	0	80,731		60,731	60,731	60,731	40,731	40,731	40,731
Cash Fund 4000045	22,434	35,000		35,000	35,000	35,000	35,000	35,000	35,000
Intra-agency Fund Transfer 4000317	61,885	0		0	0	0	0	0	0
<b>Total Funding</b>	<b>84,319</b>	<b>115,731</b>		<b>95,731</b>	<b>95,731</b>	<b>95,731</b>	<b>75,731</b>	<b>75,731</b>	<b>75,731</b>
<b>Excess Appropriation/(Funding)</b>	<b>(80,731)</b>	<b>(60,731)</b>		<b>(40,731)</b>	<b>(40,731)</b>	<b>(40,731)</b>	<b>(20,731)</b>	<b>(20,731)</b>	<b>(20,731)</b>
<b>Grand Total</b>	<b>3,588</b>	<b>55,000</b>		<b>55,000</b>	<b>55,000</b>	<b>55,000</b>	<b>55,000</b>	<b>55,000</b>	<b>55,000</b>

# AUCTIONEER'S LICENSING BOARD

## Enabling Laws

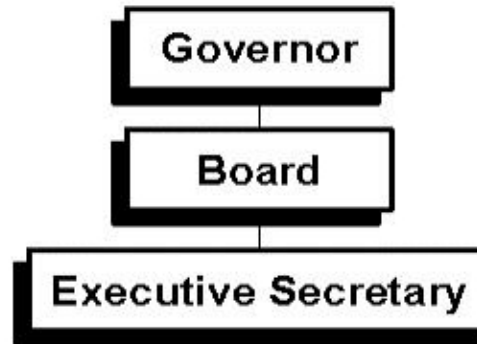
Act 49 of 2012  
Act 266 of 1989 as amended  
A.C.A. § 17-17-201

## History and Organization

The Auctioneer's Licensing Board, consisting of seven members - four auctioneers and three consumer representatives, was created in 1989.

The mission of the organization is to protect public welfare by establishing and maintaining a high standard of integrity in the Profession of Auctioneers and Auction Houses.

The responsibility of the organization is to certify, license, register individuals and companies who meet the requirements to engage in the profession of Auctioneers and, additionally, to protect the public from illegal, incompetent, unethical and unprofessional practitioners.



## **Agency Commentary**

The Auctioneer's Licensing Board was created by Act 266 of 1989. The Board is self-funded from funds collected through application fees for licensure, renewal of licenses and permits, issuance of permits, late penalties, examinations, and disciplinary fines.

The primary activities of the Board are as follows: 1) Administer a professional auctioneer examination four times a year; 2) License those who pass the examination and otherwise qualify; 3) Annually issue renewal licenses to all qualified auctioneers and auction house owners; 4) Maintain and publish a register of all qualified auctioneers and auction house owners that are permitted to operated in the State; 5) Conduct investigations into allegations of violations of Statutes and Rules and Regulations; 6) Conduct hearings and take disciplinary actions when appropriate; 7) Monitor continuing professional education on auctioneers for license renewals; 8) Conduct yearly audits of auction houses to ensure compliance with record keeping and reporting requirements. All of this is done with one secretary/treasurer position and an extra help position.

The Board is requesting Base Level for the 2013 - 2015 Biennium.

## **Audit Findings**

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
ARKANSAS AUCTIONEER'S LICENSING BOARD  
FOR THE YEAR ENDED JUNE 30, 2010

Findings

Recommendations

None

None

## State Contracts Over \$25,000 Awarded To Minority Owned Businesses Fiscal Year 2012

None

### Employment Summary

	Male	Female	Total	%
White Employees	0	1	1	100 %
Black Employees	0	0	0	0 %
Other Racial Minorities	0	0	0	0 %
Total Minorities			0	0 %
Total Employees			1	100 %

### Cash Fund Balance Description as of June 30, 2012

Fund Account	Balance	Type	Location
3440000	\$118,335	Checking and TMMP	Treasury and Centennial Bank

#### Statutory/Other Restrictions on use:

A.C.A. §17-17-204 authorizes all fees, charges, and penalties collected to be deposited in a bank or banks to be designated by the Board.

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

A.C.A. §17-17-214 and A.C.A. §17-17-301 et seq. authorize the Agency to collect and use fees, fines, and penalties for operating costs.

#### Revenue Receipts Cycle:

Fees, fines, and penalties are collected during the fiscal year.

#### Fund Balance Utilization:

Funds are collected during the fiscal year and are used for operating expenses.

<b>Fund Account</b>	<b>Balance</b>	<b>Type</b>	<b>Location</b>
3440100	\$190,137	TMMP and CD	Bank of America and Treasury

**Statutory/Other Restrictions on use:**

A.C.A. §17-17-204 authorizes all fees, charges, and penalties collected to be deposited in a bank or banks to be designated by the Board.

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

A.C.A. §17-17-204 authorizes the Agency to collect fees at initial licensure and at each renewal period.

**Revenue Receipts Cycle:**

Funds are collected from new licensees during the fiscal year.

**Fund Balance Utilization:**

Funds are collected from new licensees during the fiscal year and are used to pay any claim resulting from a disciplinary hearing. The Agency may use any funds above \$180,000 to advance education, underwrite seminars, and for improvement of the profession.

**Publications**

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

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
Licensee List	A.C.A. 17-17-206	N	N	75	Required by A.C.A. 17-17-206 to be available to the general public upon request.

**Agency Position Usage Report**

FY2010 - 2011						FY2011 - 2012						FY2012 - 2013					
Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused
	Filled	Unfilled	Total				Filled	Unfilled	Total				Filled	Unfilled	Total		
1	1	0	1	0	0.00 %	1	1	0	1	0	0.00 %	1	1	0	1	0	0.00 %

## **Analysis of Budget Request**

**Appropriation:** C51 - Auctioneer's - Cash Operations

**Funding Sources:** 344 - Auctioneer's Licensing Board - Cash

The Arkansas Auctioneer's Licensing Board was established by Act 266 of 1989, as codified in Arkansas Code Annotated §17-17-201, for promulgating rules and regulations, licensing, and publishing annually a register of all auctioneers that are licensed to do business in Arkansas. The Agency monitors auctions held within the State and gives examinations to certify new auctioneers four times a year. The Commission consists of seven (7) Commissioners that are appointed by the Governor.

This is the primary operating appropriation of the Agency. Its revenues are generated from receipt of fees charged for examinations, licensing, renewals, and penalties.

Base Level Regular Salaries and Personal Services Matching include board member stipend payments and Career Service payments for eligible employees. Personal Services Matching also includes a \$20 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$410 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases.

The Commission is requesting its Base Level of \$207,179 for each year of the 2013-2015 Biennium.

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

## Appropriation Summary

**Appropriation:** C51 - Auctioneer's - Cash Operations  
**Funding Sources:** 344 - Auctioneer's Licensing Board - Cash

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	2013-2014			2014-2015		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	56,015	55,283	56,273	55,283	55,283	55,283	55,283	55,283	55,283
<b>#Positions</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>
Extra Help 5010001	0	15,780	15,780	15,780	15,780	15,780	15,780	15,780	15,780
<b>#Extra Help</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>
Personal Services Matching 5010003	16,282	17,340	16,496	17,620	17,620	17,620	17,620	17,620	17,620
Operating Expenses 5020002	34,822	49,808	49,808	49,808	49,808	49,808	49,808	49,808	49,808
Conference & Travel Expenses 5050009	0	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500
Professional Fees 5060010	4,000	13,688	13,688	13,688	13,688	13,688	13,688	13,688	13,688
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Refunds/Reimbursements 5110014	0	500	500	500	500	500	500	500	500
Claims 5110015	0	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Capital Outlay 5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>111,119</b>	<b>206,899</b>	<b>207,045</b>	<b>207,179</b>	<b>207,179</b>	<b>207,179</b>	<b>207,179</b>	<b>207,179</b>	<b>207,179</b>
<b>Funding Sources</b>									
Fund Balance 4000005	303,269	308,472		216,573	216,573	216,573	124,394	124,394	124,394
Cash Fund 4000045	116,322	115,000		115,000	115,000	115,000	115,000	115,000	115,000
<b>Total Funding</b>	<b>419,591</b>	<b>423,472</b>		<b>331,573</b>	<b>331,573</b>	<b>331,573</b>	<b>239,394</b>	<b>239,394</b>	<b>239,394</b>
Excess Appropriation/(Funding)	(308,472)	(216,573)		(124,394)	(124,394)	(124,394)	(32,215)	(32,215)	(32,215)
<b>Grand Total</b>	<b>111,119</b>	<b>206,899</b>		<b>207,179</b>	<b>207,179</b>	<b>207,179</b>	<b>207,179</b>	<b>207,179</b>	<b>207,179</b>

FY13 Budget amount in Personal Services Matching exceeds the Authorized amount due to matching rate adjustments during the 2011-2013 Biennium.



# STATE BANK DEPARTMENT

## Enabling Laws

Act 183 of 2012  
A.C.A. §23-46-101 et seq.

## History and Organization

The State Bank Department was established by Act 113 of 1913. Its duties are to perform periodic examinations of state chartered banks, bank holding companies, trust companies and other entities to determine safety and soundness and compliance with laws and regulations.

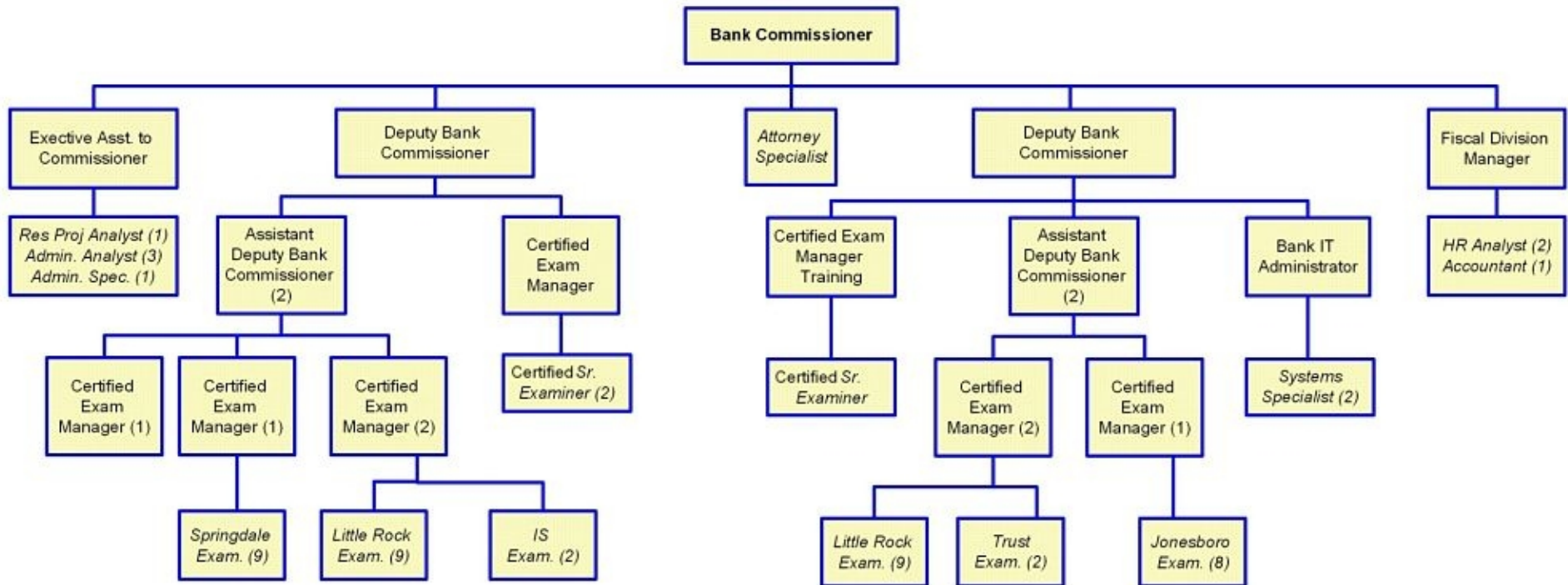
These examinations are accomplished by on-site evaluation of assets and liabilities, adequacy of internal routines and controls, the competency of management, the adequacy of capital of the institution, and other evaluations as performed by examiners.

The Bank Commissioner is charged with the responsibility of ensuring all state banks operate in compliance with state and federal laws. She also has responsibility for the approval of new branches, changes in ownership, and Plans of Exchange, whereby bank stock is exchanged for bank holding company stock.

In order to discharge the statutory responsibilities of the above, the Bank Commissioner and bank examiners periodically conduct investigations, hold hearings and perform all actions necessary to discharge their statutory responsibilities. Act 60 of 1933 created the Arkansas State Banking Board. The Board consists of six (6) members whose powers and duties include: Pass upon bank charter applications and charter amendments; pass upon proposed reorganizations, mergers and consolidations, conversions from National Charter to State Charter; hold hearings; propose regulations; and otherwise perform all actions necessary to discharge their statutory responsibility. The Commissioner and the State Banking Board have full authority to issue rules and regulations.

The Bank Commissioner, aided by the team of examiners, is required periodically to issue Cease and Desist Orders, Memorandums of Understanding, or obtain official Resolutions of Affirmative Action from banks when safety and soundness issues arise that warrant such action.

The Mission of the State Bank Department is to allocate available human and other resources existing in our Examination, Information Technology, and Administrative Services Divisions to ensure the continuance of safe and sound financial practices in state chartered financial institutions. We will maintain a legal and regulatory structure for Arkansas that provides the public with convenient, safe, and competitive banking, which allows for economic development within this State.



## Agency Commentary

The Arkansas State Bank Department has statutory responsibility for the examination and regulation of state chartered banks, bank holding companies, trust companies and other entities to determine safety and soundness, and compliance with laws and regulations. At fiscal year-end June 30, 2012, this included 95 state-chartered banks, 86 bank holding companies, one regional industrial development corporation, two trust companies, and the Arkansas Capital Corporation. The Mission of the State Bank Department is to allocate available human and other resources existing in our Examination, Information Technology and Administrative Services Divisions to ensure the continuance of safe and sound financial practices in state chartered financial institutions. The Department will continue its policy of being an advocate of banking and seeking every means available to improve those financial institutions found to be in need of assistance. In order to execute these responsibilities and fulfill the mission and goals of the Department, certain budget requests are imperative.

In addition to Base Level, the Department requests Capital Outlay appropriation of \$80,000 the first year and \$90,000 the second year to replace state vehicles according to the State's mileage and time of service policy and \$20,000 to replace fully depreciated equipment at costs above \$5,000 per item.

Other Capital Outlay resources are requested for replacement of obsolete information technology equipment according to the Department's three-year replacement plan. The Department is requesting \$20,000 in Capital Outlay for technology equipment costing over \$5,000 per item. The Department's IT plan has been filed with the DFA - Office of State Technology Planning per its instructions for the 2013-2015 Biennium.

Two positions, currently authorized, will not be requested for this biennium reducing the Agency's staff level from 74 positions to 72.

Approval of all requests will allow the Bank Department to continue to meet demands placed upon it by the financial industry and to continue to monitor the safety and soundness of all Arkansas state banking institutions under its jurisdiction. This will be accomplished by priorities set by the Department to regulate and supervise the changing banking environment. Funding for the State Bank Department is provided by semi-annual assessments of all institutions under the supervisory authority of the Department.

## **Audit Findings**

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
STATE BANK DEPARTMENT  
FOR THE YEAR ENDED JUNE 30, 2011

Findings

Recommendations

None

None

## **State Contracts Over \$25,000 Awarded To Minority Owned Businesses Fiscal Year 2012**

None

## Employment Summary

	Male	Female	Total	%
White Employees	42	18	60	91 %
Black Employees	4	1	5	8 %
Other Racial Minorities	1	0	1	1 %
Total Minorities			6	9 %
Total Employees			66	100 %

## Publications

### A.C.A. 25-1-204

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
Report of the Bank Commissioner	A.C.A. 23-46-210	Y	N	100	Required for the Governor by Statute. Copies provided to the State Library and requesting banks. Report is also available on the Agency's website.

## Agency Position Usage Report

FY2010 - 2011						FY2011 - 2012						FY2012 - 2013					
Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused
	Filled	Unfilled	Total				Filled	Unfilled	Total				Filled	Unfilled	Total		
74	67	7	74	0	9.46 %	74	67	7	74	0	9.46 %	74	66	8	74	0	10.81 %

## **Analysis of Budget Request**

**Appropriation:** 051 - State Bank Department-Operations

**Funding Sources:** SIB - Bank Department Fund

The State Bank Department is funded entirely by special revenue fees assessed and collected on a semi-annual basis, as authorized in Arkansas Code §19-6-412. Base Level is \$8,783,683 for FY14 and \$8,788,820 for FY15, with 72 positions budgeted from a total authorization of 74.

Base Level Regular Salaries and Personal Services Matching include Career Service payments for eligible employees. Personal Services Matching also includes a \$20 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$410 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases. The Base Level salaries of unclassified positions reflects the FY13 line item maximums.

In addition to Base Level, the following changes are requested:

Capital Outlay of \$100,000 for FY14 and \$110,000 for FY15 is requested for replacement of vehicles and fully depreciated equipment at costs above \$5,000 per item.

As enumerated in the Department's Information Technology Plan submitted to the DFA - Office of State Technology Planning, Capital Outlay is requested in amounts of \$20,000 each year for replacement of data processing equipment with costs above the \$5,000 per unit threshold.

The Executive Recommendation provides for the Agency Request.

# Appropriation Summary

**Appropriation:** 051 - State Bank Department-Operations

**Funding Sources:** SIB - Bank Department Fund

## Historical Data

## Agency Request and Executive Recommendation

Commitment Item		Historical Data			2013-2014			2014-2015		
		2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	5,105,844	5,469,953	5,469,953	5,418,961	5,418,961	5,418,961	5,422,961	5,422,961	5,422,961
<b>#Positions</b>		<b>68</b>	<b>72</b>	<b>74</b>	<b>72</b>	<b>72</b>	<b>72</b>	<b>72</b>	<b>72</b>	<b>72</b>
Extra Help	5010001	0	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
<b>#Extra Help</b>		<b>0</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>
Personal Services Matching	5010003	1,387,660	1,542,561	1,438,455	1,542,614	1,542,614	1,542,614	1,543,751	1,543,751	1,543,751
Operating Expenses	5020002	1,149,578	1,347,108	1,347,108	1,347,108	1,347,108	1,347,108	1,347,108	1,347,108	1,347,108
Conference & Travel Expenses	5050009	284,846	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000
Professional Fees	5060010	65,696	170,000	170,000	170,000	170,000	170,000	170,000	170,000	170,000
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	67,854	142,000	142,000	0	120,000	120,000	0	130,000	130,000
<b>Total</b>		<b>8,061,478</b>	<b>8,976,622</b>	<b>8,872,516</b>	<b>8,783,683</b>	<b>8,903,683</b>	<b>8,903,683</b>	<b>8,788,820</b>	<b>8,918,820</b>	<b>8,918,820</b>

Funding Sources										
Fund Balance	4000005	5,633,773	5,659,068		5,075,323	5,075,323	5,075,323	4,686,453	4,686,453	4,686,453
Special Revenue	4000030	8,086,773	8,392,877		8,394,813	8,514,813	8,514,813	8,509,217	8,639,217	8,639,217
<b>Total Funding</b>		<b>13,720,546</b>	<b>14,051,945</b>		<b>13,470,136</b>	<b>13,590,136</b>	<b>13,590,136</b>	<b>13,195,670</b>	<b>13,325,670</b>	<b>13,325,670</b>
Excess Appropriation/(Funding)		(5,659,068)	(5,075,323)		(4,686,453)	(4,686,453)	(4,686,453)	(4,406,850)	(4,406,850)	(4,406,850)
<b>Grand Total</b>		<b>8,061,478</b>	<b>8,976,622</b>		<b>8,783,683</b>	<b>8,903,683</b>	<b>8,903,683</b>	<b>8,788,820</b>	<b>8,918,820</b>	<b>8,918,820</b>

FY13 Budget amount in Personal Services Matching exceeds the Authorized amount due to matching rate adjustments during the 2011-2013 Biennium.

## Change Level by Appropriation

**Appropriation:** 051 - State Bank Department-Operations  
**Funding Sources:** SIB - Bank Department Fund

### Agency Request

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>8,783,683</b>	<b>72</b>	<b>8,783,683</b>	<b>100.0</b>	<b>8,788,820</b>	<b>72</b>	<b>8,788,820</b>	<b>100.0</b>
C01	Existing Program	100,000	0	8,883,683	101.1	110,000	0	8,898,820	101.3
C08	Technology	20,000	0	8,903,683	101.4	20,000	0	8,918,820	101.5

### Executive Recommendation

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>8,783,683</b>	<b>72</b>	<b>8,783,683</b>	<b>100.0</b>	<b>8,788,820</b>	<b>72</b>	<b>8,788,820</b>	<b>100.0</b>
C01	Existing Program	100,000	0	8,883,683	101.1	110,000	0	8,898,820	101.3
C08	Technology	20,000	0	8,903,683	101.4	20,000	0	8,918,820	101.5

### Justification

C01	Capital Outlay appropriation of \$100,000 in FY14 and \$110,000 in FY15 to replace state vehicles according to the State's mileage and time of service policy, to purchase additional vehicles if needed, and to replace fully depreciated equipment at costs above \$5,000.
C08	Capital Outlay resources are requested for replacement of obsolete information technology equipment according to the Department's three-year replacement plan. This is the cornerstone of the Department's IT plan which has been filed with the DFA-Office of State Technology Planning per its instructions for the 2013-2015 Biennium.

# STATE BOARD OF BARBER EXAMINERS

## Enabling Laws

Act 23 of 2012  
Act 313 of 1937 as amended  
See A.C.A. §17-20-101 et seq.

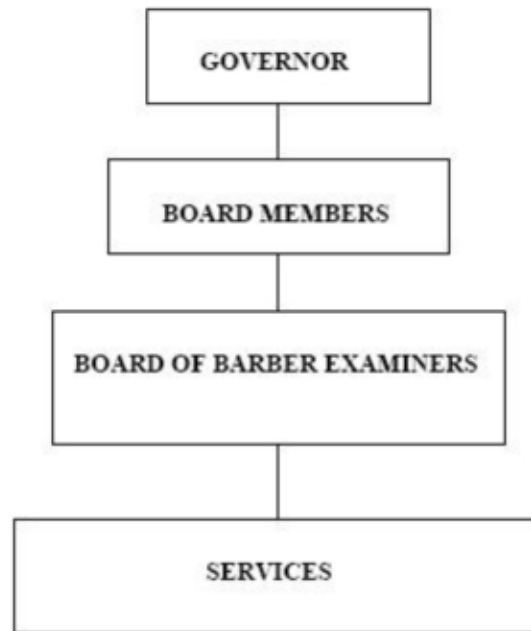
## History and Organization

Act 313 of 1937, as amended, established the Arkansas State Board of Barber Examiners to provide for the regulation of the barber profession. All barbers, barbershops, barber schools or colleges and students in the barber colleges in Arkansas are required to meet minimum requirements and be licensed or certified by the Board of Barber Examiners. Board membership is composed of five (5) persons appointed by the Governor for a term of six (6) years, with one term expiring each two years and the State Health Officer, who is an ex-officio member.

Fees are collected on an annual basis from all barbers, barbershops, barber colleges, barber college instructors and students enrolled in barber college. All barbershops and barber colleges in the State are inspected for sanitation and sterilization of equipment and any other violation of the barber law. Examinations for a license to practice barbering in our State are given to all barbers and barber college instructors.

The Board is a cash fund agency funded by the collection of fees.





### **Agency Commentary**

The State Board of Barber Examiners is responsible for ensuring all persons, students, shops and schools are properly licensed and the sanitation and sterilization rules are met in accordance with the laws set forth in the Laws and Rules and Regulations for Barbering. To be in compliance with Arkansas Barber Law, Act 313 of 1937, as amended, the board conducts random inspections on each and every shop and school in the State of Arkansas; and investigates and resolves all complaints submitted to the board. This is to ensure the health and safety of the public.

In addition to Base Level appropriation for the 2013-2015 Biennium, the Board requests a Change Level of \$27,914 in Regular Salaries and Personal Services Matching for an Administrative Specialist I position due to growth in the barber profession. This growth is shown by an increase in the number of schools from six in 1997 to twelve today. Of the twelve, two opened since December 2011, with inquiries to open additional schools in the future. The new position will be responsible for verification and maintenance of student hours as reported by the schools on a monthly basis; this includes verification of expired student licenses, examination applications review, and reciprocity applications review. Other duties include logging incoming mail and receipting money for examinations and renewals; and responsible for mailing out receipts and licenses when processed. This position will be responsible for barber, barbershop, student, and teacher-manager-instructor file maintenance on a monthly basis, and will assist in processing and mailing the annual newsletter, which includes a financial statement. The newsletter is mailed to approximately 2,500 barbers.

## Audit Findings

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
ARKANSAS STATE BOARD OF BARBER EXAMINERS  
FOR THE YEAR ENDED JUNE 30, 2011

Findings	Recommendations
None	None

## State Contracts Over \$25,000 Awarded To Minority Owned Businesses Fiscal Year 2012

None

## Employment Summary

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

## Publications

### A.C.A. 25-1-204

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
Annual Letter with Financial Report	A.C.A. 17-20-207	Y	N	2,500	Required by A.C.A. 17-20-207.

## Agency Position Usage Report

FY2010 - 2011						FY2011 - 2012						FY2012 - 2013					
Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused
	Filled	Unfilled	Total				Filled	Unfilled	Total				Filled	Unfilled	Total		
3	3	0	3	0	0.00 %	3	3	0	3	0	0.00 %	3	3	0	3	0	0.00 %

## **Analysis of Budget Request**

**Appropriation:** 81J - Barber Board-Treasury Cash

**Funding Sources:** NBE - Cash in Treasury

The State Board of Barber Examiners was created by Act 313 of 1937 to regulate the barbering profession. The Board supervises barber colleges in Arkansas to ensure they teach the proper methods of sanitation and sterilization, and perform services to the public. The Board prepares written and practical examinations and administers them to students upon completion of the course. Upon passage, students are licensed to work in a licensed barbershop.

The Board issues Student Barber, Barber Technician, Barber Shop, Barber Instructor, and Barber College licenses. Barber shops are periodically inspected, by direction of the Board, to ensure barbers are currently licensed and are using the proper methods of sanitation and sterilization. Fees are collected annually from barbers, barber shops, barber colleges, barber college instructors and students enrolled in barber college.

Base Level Regular Salaries and Personal Services Matching includes Career Service payments for eligible employees. Personal Services Matching also includes a \$20 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$410 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay increases. The Base Level request for Regular Salaries includes board member stipend payments.

The Board requests a Change Level of \$27,914 in Regular Salaries and Personal Services Matching for each year of the biennium for an Administrative Specialist I position. This is due to the increase in schools from six to twelve. Two of the twelve schools opened since December 2011. On a monthly basis, the position will be responsible for verification and maintenance of student hours, including verification of expired student licenses, reviews of examination applications and reciprocity applications; and barber, barbershop, student, and teacher-manager-instructor file maintenance. This position will assist in processing and mailing the annual newsletter which includes a financial statement to approximately 2,500 barbers. Other duties include daily logging of incoming mail, receipting money for examinations and renewals and mailing out receipts and licenses when processed.

The Executive Recommendation Provides for the Agency Request, but recommends discontinuation of one (1) Extra Help position. Expenditure of appropriation is contingent upon available funding.

## Appropriation Summary

**Appropriation:** 81J - Barber Board-Treasury Cash

**Funding Sources:** NBE - Cash in Treasury

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	2013-2014			2014-2015		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	124,944	146,912	150,525	147,012	165,867	165,867	147,012	165,867	165,867
<b>#Positions</b>		<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>4</b>	<b>4</b>	<b>3</b>	<b>4</b>	<b>4</b>
Extra Help	5010001	10,380	15,802	10,802	10,802	10,802	10,802	10,802	10,802	10,802
<b>#Extra Help</b>		<b>1</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>1</b>	<b>2</b>	<b>2</b>	<b>1</b>
Personal Services Matching	5010003	39,563	46,810	44,285	47,261	56,320	56,320	47,261	56,320	56,320
Operating Expenses	5020002	28,901	45,150	46,150	45,150	45,150	45,150	45,150	45,150	45,150
Conference & Travel Expenses	5050009	2,404	3,550	2,550	3,550	3,550	3,550	3,550	3,550	3,550
Professional Fees	5060010	0	500	500	500	500	500	500	500	500
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>		<b>206,192</b>	<b>258,724</b>	<b>254,812</b>	<b>254,275</b>	<b>282,189</b>	<b>282,189</b>	<b>254,275</b>	<b>282,189</b>	<b>282,189</b>

Funding Sources										
Fund Balance	4000005	232,082	236,330		178,606	178,606	178,606	128,031	100,117	100,117
Cash Fund	4000045	210,440	201,000		203,700	203,700	203,700	206,700	206,700	206,700
<b>Total Funding</b>		<b>442,522</b>	<b>437,330</b>		<b>382,306</b>	<b>382,306</b>	<b>382,306</b>	<b>334,731</b>	<b>306,817</b>	<b>306,817</b>
Excess Appropriation/(Funding)		(236,330)	(178,606)		(128,031)	(100,117)	(100,117)	(80,456)	(24,628)	(24,628)
<b>Grand Total</b>		<b>206,192</b>	<b>258,724</b>		<b>254,275</b>	<b>282,189</b>	<b>282,189</b>	<b>254,275</b>	<b>282,189</b>	<b>282,189</b>

Budget exceeds Authorized Appropriation in Extra Help due to a transfer from the Cash Fund Holding Account. The FY13 Budget amount in Personal Services Matching exceeds the authorized amount due to matching rate adjustments during the 2011-2013 Biennium. Budget exceeds Authorized Appropriation in Conference & Travel by authority of Budget Classification Transfer.

## Change Level by Appropriation

**Appropriation:** 81J - Barber Board-Treasury Cash  
**Funding Sources:** NBE - Cash in Treasury

### Agency Request

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>254,275</b>	<b>3</b>	<b>254,275</b>	<b>100.0</b>	<b>254,275</b>	<b>3</b>	<b>254,275</b>	<b>100.0</b>
C01	Existing Program	27,914	1	282,189	111.0	27,914	1	282,189	111.0

### Executive Recommendation

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>254,275</b>	<b>3</b>	<b>254,275</b>	<b>100.0</b>	<b>254,275</b>	<b>3</b>	<b>254,275</b>	<b>100.0</b>
C01	Existing Program	27,914	1	282,189	111.0	27,914	1	282,189	111.0
C03	Discontinue Program	0	0	282,189	111.0	0	0	282,189	111.0

### Justification

C01	The Board requests a change level of \$27,914, in Regular Salaries and Personal Services Matching for an Administrative Specialist I position, due to the growth in the barber profession. This growth is shown by the increase in the number of schools from 6 in 1997 to twelve today. Of the 12, two opened since December 2011, with inquiries to open additional schools in the future. The new position will be responsible for verification and maintenance of student hours as reported by the schools on a monthly basis; this includes verification of expired student licenses, examination applications review, and reciprocity applications review. Other duties include daily logging of incoming mail, receipting money for examinations and renewals. The Administrative Specialist will be responsible for mailing out receipts and licenses when processed. This position will be responsible for barber and barbershop file maintenance; and will assist in processing and mailing the annual newsletter which includes a financial statement.
C03	The Executive Recommendation provides for the Agency Request but recommends discontinuation of one (1) Extra Help position.

# CAPITOL ZONING DISTRICT COMMISSION

## Enabling Laws

Act 133 of 2012  
Act 267 of 1975 as amended  
A.C.A. § 22-3-302

## History and Organization

### MISSION STATEMENT

It is the mission of the Capitol Zoning District Commission, using the Capitol Zoning District Ordinance (Master Plan), to administer special zoning regulations and design guidelines in the district that preserve the dignity of the Capitol Building and Governor's Mansion, that coordinate physical development within the Capitol Area and Mansion Area of the District in accordance with present and future needs of each area, that insure efficient expenditure of public funds and that promote the safety, convenience and general well-being of the inhabitants and property owners within the District.

### RESPONSIBILITY

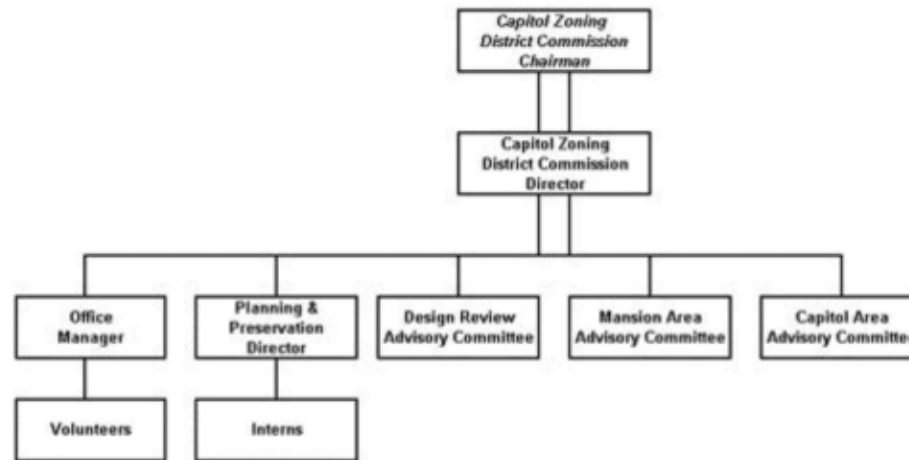
The Commission is charged with regulating zoning, development, and design within the Capitol Zoning District pursuant to a Master Plan formulated and maintained by the Commission to effectuate its applications for permits on matters within the Commission's jurisdiction, including signage, landscaping, building height and bulk, land use, parking and architectural significance.

### ACTIVITIES AND ADVISORY COMMITTEES

The Commission meets once a month to review and act on applications for variances, conditional use permits, demolition permits, the design of new construction, and major modifications to architecturally significant structures. In reviewing these applications, the Commission is assisted by two citizen advisory committees, one for each area regulated by the Commission, and a professional design review committee. These advisory committees review applications pertinent to their areas of interest and expertise and forward their recommendations to the Commission.

## IMPACT AND FUTURE PLANS

City maps particularly reflect the positive impact of the Capitol Zoning District in the Mansion & Capitol Area. New development is on the increase in both the Mansion and Capitol Areas with construction of new residential and commercial infill on previously vacant lots and continuing restoration and rehabilitation of the wonderful historic structures. Numerous new residents are moving into the areas attracted by the stock of beautiful historic properties, dramatically increasing property values for the area. These neighborhoods have again become a source of pride for the residents and visitors to the area, and a source of interest for developers of historic properties.



## Agency Commentary

The Capitol Zoning District Commission (CZDC) is responsible for preserving the dignity of the State Capitol and the Governor's Mansion by protecting the unique mix of land uses and architecture within the Capitol Zoning District. Changes in use and exterior appearance, including new construction, demolition, rehabilitation, additions, and restorations, are reviewed for their consistency with the Capitol Zoning District Framework Master Plan. The nine (9) member Commission meets monthly to review and act on applications for various development permits. Two citizen Advisory Committees and one professional Design Review Committee also meet monthly and assist the Commission by making recommendations on applications. A staff of three (3) full-time employees provides administrative support to the Commission and assists constituents in preparing applications.

The Commission is asking for continuation of base level appropriation and funding for 2013-2015 Biennium.



## Audit Findings

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
CAPITOL ZONING DISTRICT COMMISSION  
FOR THE YEAR ENDED JUNE 30, 2011

Findings	Recommendations
None	None

## State Contracts Over \$25,000 Awarded To Minority Owned Businesses Fiscal Year 2012

None

## Employment Summary

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

## Publications

### A.C.A. 25-1-204

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
Capitol Zoning District Commission Minutes of Meetings	N/A	N	Y	4	Required by Legislative Council
Monthly Activity Report	N/A	N	Y	1	Required by Legislative Council

## Agency Position Usage Report

FY2010 - 2011						FY2011 - 2012						FY2012 - 2013					
Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused
	Filled	Unfilled	Total				Filled	Unfilled	Total				Filled	Unfilled	Total		
3	3	0	3	0	0.00 %	3	3	0	3	0	0.00 %	3	3	0	3	0	0.00 %

## **Analysis of Budget Request**

**Appropriation:** 676 - Capitol Zoning District-State Operations

**Funding Sources:** HUA - Miscellaneous Agencies Fund

The Capitol Zoning District Commission was created by Act 267 of 1975 (A.C.A. § 22-3-303). Duties of the nine (9) member Commission include development of a comprehensive zoning plan in the Capitol Zoning District, which encompasses the areas surrounding the State Capitol and the Governor's Mansion. The Act further provides that the Commission has exclusive authority over the zoning and regulation of all property within the District. Act 262 of 1997 transferred the funding and authority to hire the director and staff from Arkansas Building Authority to the Commission. The Commission meets monthly to review applications for development permits.

This is the operating appropriation of the Commission. It is funded entirely by general revenue.

Base Level Regular Salaries and Personal Services Matching includes Career Service payments for eligible employees. Personal Services Matching also includes a \$20 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$410 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases. The Base Level request for Regular Salaries includes board member stipend payments.

The Base Level Request is \$201,566 for both fiscal years of the 2013-2015 Biennium.

The Executive Recommendation provides for Agency Request.

# Appropriation Summary

**Appropriation:** 676 - Capitol Zoning District-State Operations

**Funding Sources:** HUA - Miscellaneous Agencies Fund

## Historical Data

## Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	2013-2014			2014-2015		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	142,143	134,433	153,652	134,433	134,433	134,433	134,433	134,433	134,433
<b>#Positions</b>		<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>
Extra Help	5010001	934	938	938	938	938	938	938	938	938
<b>#Extra Help</b>		<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>
Personal Services Matching	5010003	43,848	42,924	44,281	43,722	43,722	43,722	43,722	43,722	43,722
Operating Expenses	5020002	22,467	22,473	22,473	22,473	22,473	22,473	22,473	22,473	22,473
Conference & Travel Expenses	5050009	0	0	0	0	0	0	0	0	0
Professional Fees	5060010	0	0	0	0	0	0	0	0	0
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>		<b>209,392</b>	<b>200,768</b>	<b>221,344</b>	<b>201,566</b>	<b>201,566</b>	<b>201,566</b>	<b>201,566</b>	<b>201,566</b>	<b>201,566</b>
<b>Funding Sources</b>										
General Revenue	4000010	209,303	200,768		201,566	201,566	201,566	201,566	201,566	201,566
Merit Adjustment Fund	4000055	89	0		0	0	0	0	0	0
<b>Total Funding</b>		<b>209,392</b>	<b>200,768</b>		<b>201,566</b>	<b>201,566</b>	<b>201,566</b>	<b>201,566</b>	<b>201,566</b>	<b>201,566</b>
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
<b>Grand Total</b>		<b>209,392</b>	<b>200,768</b>		<b>201,566</b>	<b>201,566</b>	<b>201,566</b>	<b>201,566</b>	<b>201,566</b>	<b>201,566</b>

# STATE BOARD OF COLLECTION AGENCIES

## Enabling Laws

Act 139 of 2012

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

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

## History and Organization

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

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



## **Agency Commentary**

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

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

The Board requests Base Level appropriation for the 2013-2015 Biennium.

## **Audit Findings**

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
STATE BOARD OF COLLECTION AGENCIES  
FOR THE YEAR ENDED JUNE 30, 2011

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Findings

Recommendations

None

None

## **State Contracts Over \$25,000 Awarded To Minority Owned Businesses Fiscal Year 2012**

None

## Employment Summary

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

## Cash Fund Balance Description as of June 30, 2012

Fund Account	Balance	Type	Location
3100000	\$3,001,285	Certificate of Deposit	First Security Bank - Little Rock

### Statutory/Other Restrictions on use:

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

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

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

### Revenue Receipts Cycle:

Funds are deposited in bank account as received.

### Fund Balance Utilization:

Funds are collected throughout the year and used for expenses.

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Fund Account	Balance	Type	Location
3100000	\$2,180,459	Checking	Metropolitan National Bank - Little Rock

Statutory/Other Restrictions on use:

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

Statutory Provisions for Fees, Fines, Penalties:

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

Revenue Receipts Cycle:

Funds are deposited in bank account as received.

Fund Balance Utilization:

Funds are collected throughout the year and used for expenses.

**Publications**

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

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

**Agency Position Usage Report**

FY2010 - 2011						FY2011 - 2012						FY2012 - 2013					
Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused
	Filled	Unfilled	Total				Filled	Unfilled	Total				Filled	Unfilled	Total		
4	3	1	4	0	25.00 %	4	3	1	4	0	25.00 %	4	3	1	4	0	25.00 %



## **Analysis of Budget Request**

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

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

The State Board of Collection Agencies (SBCA) is responsible for such matters as licensing, revocation of licenses, investigation and prosecution of violations, enforcement of bonding requirements, setting and enforcing standards of ethical operations, and generally policing the activities of approximately 1,200 collection agencies presently operating in Arkansas. The aspiration of the SBCA is to reduce undesirable collection activity, fraud, misrepresentation of client funds, and unprofessional conduct.

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

Base Level Regular Salaries and Personal Services Matching includes Career Service payments for eligible employees. Personal Services Matching also includes a \$20 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$410 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay increases. The Base Level request for Regular Salaries includes board member stipend payments.

The Agency requests Base Level appropriation for the 2013-2015 Biennium.

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

## Appropriation Summary

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

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

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	2013-2014			2014-2015		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	178,651	191,672	196,594	191,572	191,572	191,572	191,772	191,772	191,772
<b>#Positions</b>		<b>3</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>
Extra Help	5010001	4,045	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
<b>#Extra Help</b>		<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>
Personal Services Matching	5010003	62,203	60,845	64,051	61,902	61,902	61,902	61,946	61,946	61,946
Operating Expenses	5020002	59,045	86,700	86,700	86,700	86,700	86,700	86,700	86,700	86,700
Conference & Travel Expenses	5050009	2,233	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500
Professional Fees	5060010	2,585	21,000	21,000	21,000	21,000	21,000	21,000	21,000	21,000
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Grants and Aid	5100004	1,059,755	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000
Claims	5110015	0	24,642	24,642	24,642	24,642	24,642	24,642	24,642	24,642
Capital Outlay	5120011	23,650	20,000	20,000	0	0	0	0	0	0
<b>Total</b>		<b>1,392,167</b>	<b>1,714,359</b>	<b>1,722,487</b>	<b>1,695,316</b>	<b>1,695,316</b>	<b>1,695,316</b>	<b>1,695,560</b>	<b>1,695,560</b>	<b>1,695,560</b>
<b>Funding Sources</b>										
Fund Balance	4000005	5,430,700	5,181,744		4,522,385	4,522,385	4,522,385	3,927,069	3,927,069	3,927,069
Cash Fund	4000045	1,143,211	1,055,000		1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000
<b>Total Funding</b>		<b>6,573,911</b>	<b>6,236,744</b>		<b>5,622,385</b>	<b>5,622,385</b>	<b>5,622,385</b>	<b>5,027,069</b>	<b>5,027,069</b>	<b>5,027,069</b>
Excess Appropriation/(Funding)		(5,181,744)	(4,522,385)		(3,927,069)	(3,927,069)	(3,927,069)	(3,331,509)	(3,331,509)	(3,331,509)
<b>Grand Total</b>		<b>1,392,167</b>	<b>1,714,359</b>		<b>1,695,316</b>	<b>1,695,316</b>	<b>1,695,316</b>	<b>1,695,560</b>	<b>1,695,560</b>	<b>1,695,560</b>

# AR DEVELOPMENT FINANCE AUTHORITY

## **Enabling Laws**

Acts 51 and 118 of 2012  
A.C.A. § 15-5-101 et seq.

## **History and Organization**

Indebtedness of the Authority:

Bonds and other debt instruments issued by Arkansas Development Finance Authority (ADFA) are special obligations of the Authority, payable solely from and secured by a lien on the proceeds pledged under the various resolutions authorizing the particular bond issues. The State of Arkansas is not obligated to pay the bonds, and neither the faith nor the taxing power of the State of Arkansas is pledged against the obligations of the Authority.

Operational Funding of the Authority:

The operations and expenses of the Authority are paid entirely from revenue from its various programs. ADFA receives no fund appropriations from the State, and it imposes no taxes and has no taxing authority. Also, it charges no fees to the citizens of the State other than negotiated fees on the Authority's entirely voluntary programs. As a separate, self-sustaining instrumentality, the net revenues of the Authority not only sustain its operations, but build a capital base which has enabled the Authority (without any draw on the State's general appropriations) to create new loan funds and other programs that play an important role in advancing the mission of the Authority.

Mission and Activities of the Authority:

The mission statement of the Authority is as follows:

The Mission Statement of the Arkansas Development Finance Authority is to provide and support affordable financing for the housing, economic, agricultural and governmental needs of Arkansas. ADFA accomplishes this through a powerful network of partners dedicated to promoting greater economic opportunities and improving the general health, safety and welfare of the state and its citizens.

ADFA administers several different programs in each of these activity areas that further the cause of each goal. With the business-like flexibility afforded ADFA by its statutory charge and, under the guidance of a very active and professional Board of Directors, ADFA has added and discontinued programs from time to time, with consideration given to demands and resource availability. Almost all programs, in and of themselves, are self-sustaining from interest margins, negotiated fees or other revenues and, as stated earlier, all programs, in the aggregate, are fully funded and sustained from the self-generated revenue of the Authority.

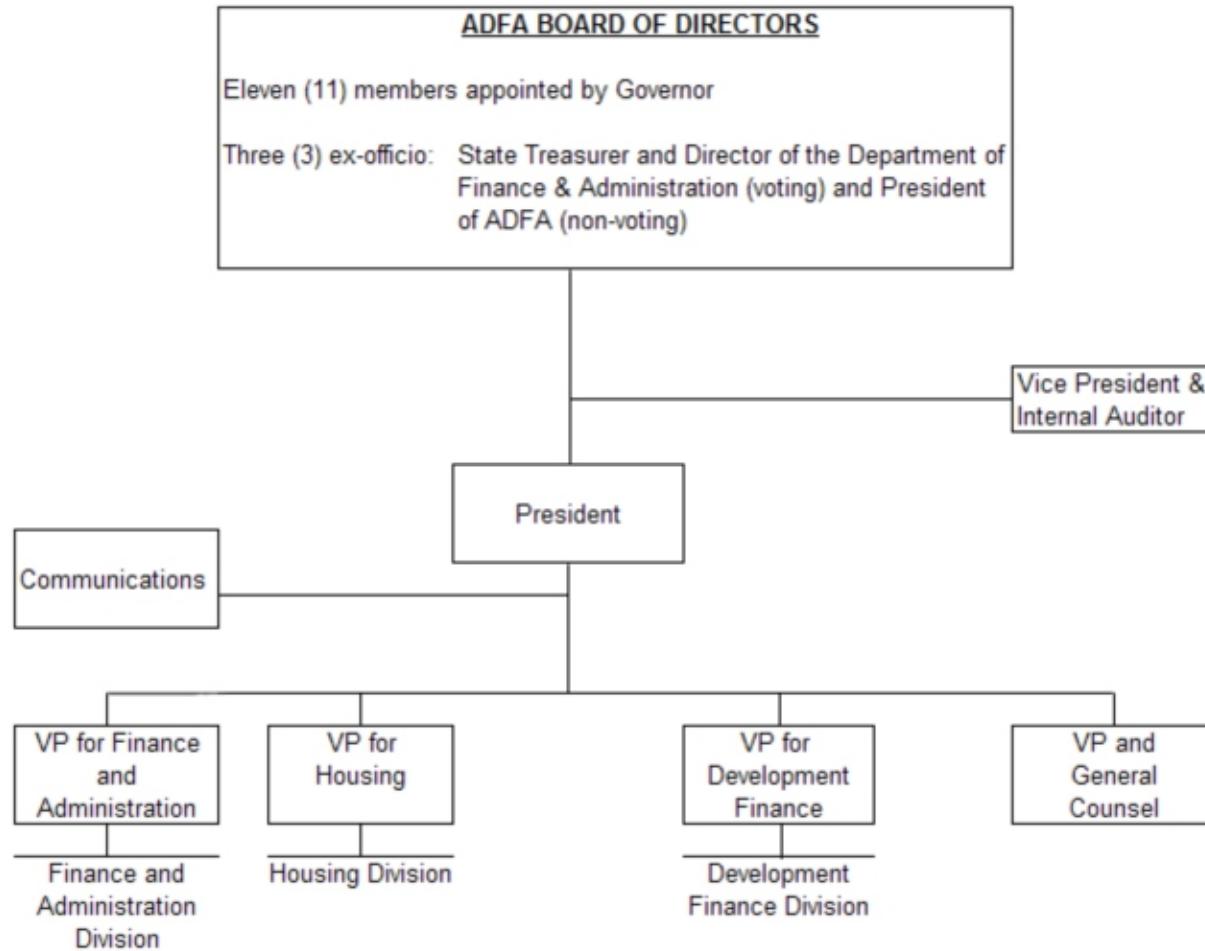
### Oversight of the Authority:

The Authority is subject to considerable oversight both from within and outside the Agency. An internal audit division was established in 1996. This decision has made tremendous strides in strengthening ADFA in terms of compliance, internal accounting controls and the general integrity of the Agency and its programs. Along with the internal audit and compliance oversight:

1. A 14-member Board of Directors meets at least monthly and has a very active committee structure that oversees various aspects of the operations and participates in, among other things, (a) the selection of professionals who serve the Agency, (b) the decisions on the issuance of bonds and other debt instruments, (c) the decision as to whether to offer a guaranty of bonds under the Bond Guaranty Act (A.C.A. § 15-5-401 et seq.), (d) the adoption of any program or Authority rules and regulations and (e) other policy decisions affecting the Authority.
2. ADFA has an annual independent audit performed by an outside accounting firm. Currently, the firm engaged is BKD, LLP, headquartered in Springfield, Mo. Along with the regular audit report, BKD also issues to the Board a "management letter" that addresses internal control weaknesses and recommendations.
3. The loan files in the Authority's Bond Guaranty Program and Intermediary Relending Program are examined by the bank examiners from the State Bank Department. This is a measure initiated in 1998 voluntarily by ADFA with a view to (a) improving the Authority's efficiencies, (b) providing credibility and integrity to the loan files and loan reserve balances and (c) saving costs in the review required by the Authority's outside independent auditors.
4. In our housing division, ADFA administers various programs under the direction of the Federal Department of Housing and Urban Development ("HUD"). HUD officials regularly come to our offices and visit property sites for the purpose of monitoring ADFA's compliance with the federal Program rules.
5. As an issuer of bonds that are exempt from federal taxation, the Authority is always subject to audit and review from the Internal Revenue Service and has occasionally been audited in the past.
6. As with all other state agencies which are part of the executive branch, ADFA and its budget, personnel, program rules and regulations, activities and other aspects of the Authority are subject to supervision and executive orders from the Governor's office and oversight and direction of the Arkansas Legislature and its various committees and subcommittees.

A final (and very comprehensive and publicly reported) area of oversight is provided by Standard & Poors, the rating agency that rates the bonds issued by the Authority. Pursuant to an application submitted by ADFA, Standard & Poor's in May, 1999, published what is called an

"Issuer Credit Rating" (comparable to the general obligation rating that is maintained by the State of Arkansas), assigning an 'A' rating to ADFA. In December 2006, the rating was upgraded to 'A+', and in March 2010, upgraded to "AA-", and in February 2011, upgraded to "AA". In assigning and maintaining this rating, ADFA annually undergoes a thorough review of its balance sheet and general finances, as well as a comprehensive review of, among other things, (a) the expertise and experience of its management team and Board of Directors, (b) the efficiency and operation of its accounting, operating and management information systems, (c) its reputation and relationship with the legislature, the Governor's office and other political constituencies and (d) the strength of its internal accounting controls and compliance areas.



## **Agency Commentary**

Appropriation A57 will be used primarily to fund federal programs administered by the Arkansas Development Finance Authority (ADFA) as well as to fund the general operations of ADFA.

The agency requests to restore \$23,000 of appropriation to the Capital Outlay line item each year. The amount of Capital Outlay is authorized in the current biennium and is needed in each year of the upcoming Biennium to replace an existing vehicle due to the vehicles exceeding mileage and/or due to the age of the vehicle.

The federal programs are the U.S. Department of Housing and Urban Development's (HUD's) Home Program, Grants and Aid Program, Neighborhood Stabilization Program (NSP) and the Agricultural Loan Mediation and Development Program (Mediation Program).

The Grants and Aid Program, budgeted at \$6,600,000 for each fiscal year, will be funded through unspecified special purpose federal grants. The Mediation Program will be funded by ADFA and from federal reimbursement for costs associated with the Loan Mediation Program.

A.C.A. 15-5-1704 established a special restricted fund, to be known as the Arkansas Housing Trust Fund on July 1, 2012. There was an initial "one time transfer" from unexpended balances of funds received by the Division of Check Cashing of the State Board of Collection Agencies under the Check-Cashers Act. Future funding for this program will depend on outside sources to be identified by the Arkansas Housing Trust Fund Advisory Committee.

## **Audit Findings**

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
ARKANSAS DEVELOPMENT FINANCE AUTHORITY  
FOR THE YEAR ENDED JUNE 30, 2011

Findings

Recommendations

None

None

## **State Contracts Over \$25,000 Awarded To Minority Owned Businesses Fiscal Year 2012**

None

## Employment Summary

	Male	Female	Total	%
White Employees	15	31	46	82 %
Black Employees	3	7	10	18 %
Other Racial Minorities	0	0	0	0 %
Total Minorities			10	18 %
Total Employees			56	100 %

## Cash Fund Balance Description as of June 30, 2012

Fund Account	Balance	Type	Location
1230200	\$231,758	Checking	Regions Banks, Little Rock, AR

### Statutory/Other Restrictions on use:

A.C.A. 15-5-207(b) authorizes the Authority to issue bonds for the purpose of generating investment earnings or other income.

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

A.C.A. 15-5-207(b) authorizes the Authority to issue bonds for the charges in connection with its loans, bond guarantees, commitments, and servicing.

### Revenue Receipts Cycle:

The investment earnings or other income shall be used to finance activities or projects of the agency as outlined in the Authority's enabling legislation.

### Fund Balance Utilization:

The use of fund balances are restricted by the terms of trust indentures that pertain to the maintenance of various funds and reserves and investments of such when not needed for authorized purposes.

## Publications

### A.C.A. 25-1-204

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
Annual Audit Report	A.C.A. 15-5-210	N	Y	2	Reporting of audited agency financials.
Bond Issuance Report	Act 36 of 1989	N	Y	1	Provides summary of bond transactions when executed
Bond Issues/Outstanding Report	Act 222 of 1987	N	N	1	Provides comprehensive list of bonds issued and outstanding.



# Department Appropriation Summary

## Historical Data

## Agency Request and Executive Recommendation

Appropriation	2011-2012		2012-2013		2012-2013		2013-2014						2014-2015					
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
A57 ADFA-Cash Operations	48,313,302	60	48,568,186	62	48,642,501	62	48,478,068	62	48,501,068	62	48,501,068	62	48,480,524	62	48,503,524	62	48,503,524	62
C57 AR Housing Trust Advisory Comm	1,623	0	49,000	0	50,000	0	49,000	0	49,000	0	49,000	0	49,000	0	49,000	0	49,000	0
Total	48,314,925	60	48,617,186	62	48,692,501	62	48,527,068	62	48,550,068	62	48,550,068	62	48,529,524	62	48,552,524	62	48,552,524	62

Funding Sources		%		%		%		%		%		%		%		%		%	
Fund Balance	4000005	392,994	0.8	231,758	0.5			231,758	0.5	231,758	0.5	231,758	0.5	231,758	0.5	231,758	0.5	231,758	0.5
Federal Revenue	4000020	34,753,615	71.6	42,541,215	87.1			42,541,215	87.2	42,541,215	87.2	42,541,215	87.2	42,541,215	87.2	42,541,215	87.2	42,541,215	87.2
Cash Fund	4000045	5,342,019	11.0	6,075,971	12.4			5,985,853	12.3	6,008,853	12.3	6,008,853	12.3	5,988,309	12.3	6,011,309	12.3	6,011,309	12.3
Federal Funds-ARRA	4000244	8,058,055	16.6	0	0.0			0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Total Funds		48,546,683	100.0	48,848,944	100.0			48,758,826	100.0	48,781,826	100.0	48,781,826	100.0	48,761,282	100.0	48,784,282	100.0	48,784,282	100.0
Excess Appropriation/(Funding)		(231,758)		(231,758)				(231,758)		(231,758)		(231,758)		(231,758)		(231,758)		(231,758)	
Grand Total		48,314,925		48,617,186				48,527,068		48,550,068		48,550,068		48,529,524		48,552,524		48,552,524	

## Agency Position Usage Report

FY2010 - 2011						FY2011 - 2012						FY2012 - 2013					
Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused
	Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total	
62	56	6	62	0	9.68 %	62	56	6	62	0	9.68 %	62	56	6	62	0	9.68 %

## **Analysis of Budget Request**

**Appropriation:** A57 - ADFA-Cash Operations

**Funding Sources:** 123 - Arkansas Development Finance Authority Cash

A.C.A. §15-5-201 created the Arkansas Development Finance Authority along with a Board of Directors that was created in A.C.A. §15-5-202. The Board of Directors is composed of the Director of the Department Finance and Administration, State Treasurer, President of ADFA and eleven (11) public members appointed by the Governor with the advice and consent of the Senate. Duties and responsibilities of the Board may include but are not limited to, powers to sue; make and issue rules, regulations, and bylaws; acquire, hold, and dispose of real and personal property for corporate purposes; appoint officers, agents, and employees; borrow money; issue notes and bonds on behalf of state agencies and political subdivisions; make secured or unsecured loans; sell mortgages and security interests, collect fees and charges in connection with its loans, bond guarantees; and invest moneys of the Authority.

This appropriation reflects all operational costs of the Authority including the Federal Housing Assistance Program, HUD Home Program, and other financial programs. Funding for this appropriation is derived primarily from federal funds with other funding from bond proceeds.

Base Level Regular Salaries and Personal Services Matching includes Career Service payments for eligible employees. Personal Services Matching also includes a \$20 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$410 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases. The Base Level salary of unclassified positions reflects the FY13 line item maximum.

In addition to Base Level of \$48,478,068 in FY14 and \$48,480,524 in FY15, the Authority is requesting Capital Outlay of \$23,000 each year to replace a vehicle as needed due to vehicle age and/or high mileage.

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

# Appropriation Summary

**Appropriation:** A57 - ADFA-Cash Operations  
**Funding Sources:** 123 - Arkansas Development Finance Authority Cash

## Historical Data

## Agency Request and Executive Recommendation

Commitment Item	Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
	2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	2013-2014			2014-2015		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	3,544,740	3,601,368	3,689,364	3,532,694	3,532,694	3,532,694	3,534,494	3,534,494	3,534,494
<b>#Positions</b>	<b>60</b>	<b>62</b>	<b>62</b>	<b>62</b>	<b>62</b>	<b>62</b>	<b>62</b>	<b>62</b>	<b>62</b>
Extra Help 5010001	3,455	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
<b>#Extra Help</b>	<b>3</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>
Personal Services Matching 5010003	1,016,477	1,078,618	1,064,937	1,080,174	1,080,174	1,080,174	1,080,830	1,080,830	1,080,830
Operating Expenses 5020002	502,388	825,458	825,458	825,458	825,458	825,458	825,458	825,458	825,458
Conference & Travel Expenses 5050009	58,600	81,715	81,715	81,715	81,715	81,715	81,715	81,715	81,715
Professional Fees 5060010	109,333	112,300	112,300	112,300	112,300	112,300	112,300	112,300	112,300
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Grants and Aid 5100004	0	6,600,000	6,600,000	6,600,000	6,600,000	6,600,000	6,600,000	6,600,000	6,600,000
Capital Outlay 5120011	0	23,000	23,000	0	23,000	23,000	0	23,000	23,000
Data Processing Services 5900044	258,374	264,512	264,512	264,512	264,512	264,512	264,512	264,512	264,512
Hud Home Program 5900046	29,718,362	16,341,215	16,341,215	16,341,215	16,341,215	16,341,215	16,341,215	16,341,215	16,341,215
Federal Housing Programs 5900047	5,043,518	19,600,000	19,600,000	19,600,000	19,600,000	19,600,000	19,600,000	19,600,000	19,600,000
ARRA of 2009 5900052	8,058,055	0	0	0	0	0	0	0	0
<b>Total</b>	<b>48,313,302</b>	<b>48,568,186</b>	<b>48,642,501</b>	<b>48,478,068</b>	<b>48,501,068</b>	<b>48,501,068</b>	<b>48,480,524</b>	<b>48,503,524</b>	<b>48,503,524</b>
<b>Funding Sources</b>									
Fund Balance 4000005	392,994	231,758		231,758	231,758	231,758	231,758	231,758	231,758
Federal Revenue 4000020	34,753,615	42,541,215		42,541,215	42,541,215	42,541,215	42,541,215	42,541,215	42,541,215
Cash Fund 4000045	5,340,396	6,026,971		5,936,853	5,959,853	5,959,853	5,939,309	5,962,309	5,962,309
Federal Funds-ARRA 4000244	8,058,055	0		0	0	0	0	0	0
<b>Total Funding</b>	<b>48,545,060</b>	<b>48,799,944</b>		<b>48,709,826</b>	<b>48,732,826</b>	<b>48,732,826</b>	<b>48,712,282</b>	<b>48,735,282</b>	<b>48,735,282</b>
<b>Excess Appropriation/(Funding)</b>	<b>(231,758)</b>	<b>(231,758)</b>		<b>(231,758)</b>	<b>(231,758)</b>	<b>(231,758)</b>	<b>(231,758)</b>	<b>(231,758)</b>	<b>(231,758)</b>
<b>Grand Total</b>	<b>48,313,302</b>	<b>48,568,186</b>		<b>48,478,068</b>	<b>48,501,068</b>	<b>48,501,068</b>	<b>48,480,524</b>	<b>48,503,524</b>	<b>48,503,524</b>

FY13 Budget amount in Personal Services Matching exceeds the authorized amount due to matching rate adjustments during the 2011-2013 Biennium. ARRA of 2009 appropriation and/or positions have been removed from Base Level and are not requested for the 2013 – 2015 Biennium.

## Change Level by Appropriation

**Appropriation:** A57 - ADFA-Cash Operations  
**Funding Sources:** 123 - Arkansas Development Finance Authority Cash

### Agency Request

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>48,478,068</b>	<b>62</b>	<b>48,478,068</b>	<b>100.0</b>	<b>48,480,524</b>	<b>62</b>	<b>48,480,524</b>	<b>100.0</b>
C01	Existing Program	23,000	0	48,501,068	100.0	23,000	0	48,503,524	100.0

### Executive Recommendation

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>48,478,068</b>	<b>62</b>	<b>48,478,068</b>	<b>100.0</b>	<b>48,480,524</b>	<b>62</b>	<b>48,480,524</b>	<b>100.0</b>
C01	Existing Program	23,000	0	48,501,068	100.0	23,000	0	48,503,524	100.0

### Justification

C01	The Agency requests a Change Level to restore \$23,000 of appropriation to the Capital Outlay line item in order to replace an existing vehicle in each fiscal year of the biennium due to the vehicle exceeding the mileage and/or due to the age of the vehicle.
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## **Analysis of Budget Request**

**Appropriation:** C57 - AR Housing Trust Advisory Comm

**Funding Sources:** 123 - Arkansas Development Finance Authority Cash

The Arkansas Housing Trust Fund Arkansas Housing Trust Fund Advisory Committee was established by Act 661 of 2009, as amended (A.C.A. §15-5-1701) to provide a source of funds for communities to address affordable housing needs. Act 661 of 2009 also created the Arkansas Housing Trust Fund Advisory Committee to provide advice to the Authority's Board of Directors on matters relating the Housing Trust Fund and its programs. Act 764 of 2012 provided a "one time transfer" from unexpended balances of funds received by the Division of Check Cashing of the State Board of Collections Agencies under the Check-Cashers Act. Program funding is contingent on the Arkansas Housing Trust Fund Advisory Committee securing a dedicated funding source.

The Authority uses this appropriation to provide for personal services and operating expenses for the Housing Trust Fund Advisory Committee.

The Authority's Request is for Base Level of \$49,000 each year.

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

# Appropriation Summary

**Appropriation:** C57 - AR Housing Trust Advisory Comm

**Funding Sources:** 123 - Arkansas Development Finance Authority Cash

## Historical Data

## Agency Request and Executive Recommendation

Commitment Item	Historical Data			2013-2014			2014-2015		
	2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
AR Housing Trust Fund Advisory 5900046	1,623	49,000	50,000	49,000	49,000	49,000	49,000	49,000	49,000
<b>Total</b>	1,623	49,000	50,000	49,000	49,000	49,000	49,000	49,000	49,000
<b>Funding Sources</b>									
Cash Fund 4000045	1,623	49,000		49,000	49,000	49,000	49,000	49,000	49,000
<b>Total Funding</b>	1,623	49,000		49,000	49,000	49,000	49,000	49,000	49,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
<b>Grand Total</b>	1,623	49,000		49,000	49,000	49,000	49,000	49,000	49,000

# DISABILITY DETERMINATION

## Enabling Laws

Act 175 of 2012  
A.C.A. §20-76-301 et seq.  
Titles II and XVI of the Social Security Act

## History and Organization

The State Department for Social Security Administration Disability Determination was created by Act 14 of the Second Extraordinary Session of the 1961 Arkansas General Assembly and codified in state law under A.C.A. §20-76-301 et seq. Act 177 of the 1965 Arkansas General Assembly changed the agency title to Disability Determination for Social Security Administration.

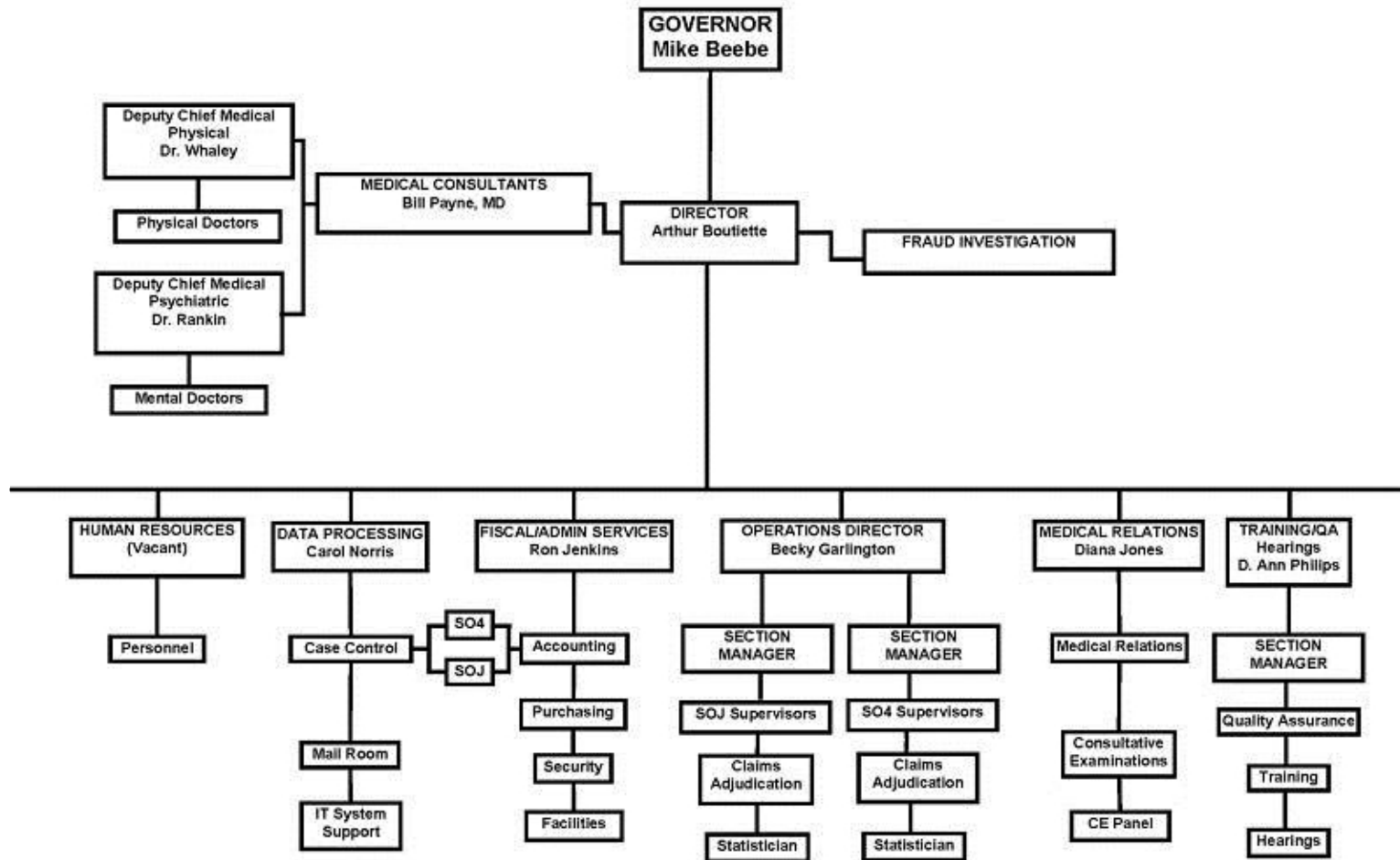
The Agency is a department within the executive branch, and accordingly is under the direction of the Chief Executive of the State of Arkansas. The Social Security Administration provides funds to the State of Arkansas to carry out the disability determination and hearing functions for the federal government.

The basic statutory authorities for the Social Security Disability Program are contained in Titles II (Section 221) and XVI (Section 1633) of the Social Security Act. These sections of the Social Security Act were amended by P.L. 95-265 on June 9, 1980, to provide for administration of this state agency by federal regulations rather than by agreement. On January 1, 1984, P.L. 97-445 gave all disability beneficiaries the opportunity for a face-to-face evidentiary hearing before benefits ceased.

The Disability Insurance Program includes two groups of claimants: Title II and Title XVI. Title II claimants are those who have contributed Federal Insurance Contributions Act (FICA) taxes on wages for five of the past ten years prior to the date of alleged disability. Title XVI (Supplemental Security Income) claimants are those who have low income and resources, and who are alleging disability. Title II Funds come from the Social Security Trust Fund. Title XVI Funds come from federal revenues.

In October 2010, the Arkansas Disability Determination for Social Security Administration began training disability adjudicators who will work disability claims from other states. The Social Security Administration has chosen Arkansas to work these claims because Arkansas has proven to be efficient and accurate in adjudicating disability claims.





## **Agency Commentary**

The mission of the Arkansas Disability Determination for Social Security Administration is to provide timely and accurate determinations of whether or not applicants for Social Security Disability Benefits are disabled. The mission entails procuring medical records from treating doctors and hospitals and providing medical examinations when adequate existing medical records are not available. Funding for FY 2014 and 2015 includes an increase in appropriations above our Base Level to provide funds to restore 15 administrative / clerical positions which were unbudgeted in the FY11 / 12 fiscal years due to a federal hiring freeze. These positions will be needed when the hiring freeze is lifted to replace the temporary staff hires. Increases are also needed in funding for Professional Fees. As a result of the hiring freeze, the only option for the agency is to increase its usage of Professional Services Contracts to acquire contracted Medical Consultants to work disability claims. Indications are this federal hiring freeze will last through FFY13 and is expected to carry over into FFY14. Funding for the appropriation for the Arkansas Disability Determination for Social Security Administration is 100% federal funding.

In addition to Base Level the Agency is requesting the following:

A restoration of 15 administrative / clerical positions. These positions were unbudgeted in the FY 11-13 Biennium due to a prolonged Federal hiring freeze. The positions will need to be filled to eliminate temporary staff support once the federal hiring freeze is lifted.

An increase in Operating Expense appropriation of \$250,000 in each year of the biennium. The increase is needed due to increases in operational support costs such as temporary manpower support, leased equipment support, and office supplies.

An increase in Professional Fees of \$2,400,000 in FY14 and \$2,600,000 in FY15. The agency's usage of contracted Medical Consultants through Professional Services Contracts has been a growing trend for the last several years. Retirement of employee Medical Consultants and the limitations of the Federal hiring freeze continues to increase our Professional Fees expense. This trend is expected to continue through FFY13 and carry over into FFY14.

The final request is for Capital Outlay appropriation in the amount of \$100,000 each year of the biennium for anticipated equipment expenses.

## Audit Findings

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
DISABILITY DETERMINATION FOR SOCIAL SECURITY ADMINISTRATION  
FOR THE YEAR ENDED JUNE 30, 2010

Findings

Recommendations

None

None

## State Contracts Over \$25,000 Awarded To Minority Owned Businesses Fiscal Year 2012

None

## Employment Summary

	Male	Female	Total	%
White Employees	97	167	264	75 %
Black Employees	13	65	78	22 %
Other Racial Minorities	5	4	9	3 %
Total Minorities			87	25 %
Total Employees			351	100 %

## Publications

### A.C.A. 25-1-204

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

## Agency Position Usage Report

FY2010 - 2011						FY2011 - 2012						FY2012 - 2013					
Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused
	Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total	
284	399	102	501	-217	-40.49 %	538	359	179	538	0	33.27 %	538	347	191	538	0	35.50 %

Total Budgeted positions exceed Authorized due to positions authorized through the Miscellaneous Federal Grant process.

## **Analysis of Budget Request**

**Appropriation:** 2QQ - DDSSA-Operations

**Funding Sources:** FSD - Disability Determination - Federal

Disability Determination for Social Security Administration (DDSSA) is the State Agency responsible for determining the eligibility of Arkansans for disability and other payments in accordance with federal Social Security laws, regulations and instructions. The Agency makes determinations for disability benefits under Titles II and XVI of the Social Security Act and investigates suspected cases of fraud or abuse. Title II claimants are those who have contributed FICA taxes on wages for five of the past ten years prior to the date of alleged disability. Title XVI (Supplemental Security Income) claimants are those who have established the fact that they have low income and resources and are alleging disability.

Base Level Regular Salaries and Personal Services Matching includes Career Service payments for eligible employees. Personal Services Matching also includes a \$20 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$410 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases. The Base Level salary of unclassified positions reflects the FY13 line item maximum.

The Agency is requesting a \$3,327,680 increase in appropriation for FY14 and \$3,527,680 for FY15. Funding for the increase appropriation is 100% federally funded. The Agency's request reflects the following:

- \$411,565 increase in Regular Salaries for FY14 and FY15 due to 15 restored administrative/clerical positions.
- \$166,115 increase in Personal Services Matching for each year of the biennium due to 15 restored administrative/clerical positions.
- \$250,000 increase in Operating Expenses appropriation for each year of the biennium to cover the cost of temporary manpower support, leased equipments and office supplies
- \$2,400,000 increase in Professional Fees in FY14 and \$2,600,000 in FY15 to support the Agency's cost for contracted medical consultants.
- \$100,000 increase in Capital Outlay for each of the biennium for anticipated equipment expenses.

The Executive Recommendations provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 2QQ - DDSSA-Operations  
**Funding Sources:** FSD - Disability Determination - Federal

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	2013-2014			2014-2015		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	20,385,603	24,646,060	24,206,615	24,934,291	25,345,856	25,345,856	24,942,191	25,353,756	25,353,756
<b>#Positions</b>		<b>427</b>	<b>467</b>	<b>538</b>	<b>467</b>	<b>482</b>	<b>482</b>	<b>467</b>	<b>482</b>	<b>482</b>
Extra Help	5010001	272,929	390,000	390,000	390,000	390,000	390,000	390,000	390,000	390,000
<b>#Extra Help</b>		<b>12</b>	<b>20</b>	<b>20</b>	<b>20</b>	<b>20</b>	<b>20</b>	<b>20</b>	<b>20</b>	<b>20</b>
Personal Services Matching	5010003	6,167,077	7,828,523	7,400,588	8,024,170	8,190,285	8,190,285	8,036,963	8,203,078	8,203,078
Overtime	5010006	715,133	860,000	860,000	860,000	860,000	860,000	860,000	860,000	860,000
Operating Expenses	5020002	3,460,800	3,734,400	3,734,400	3,734,400	3,984,400	3,984,400	3,734,400	3,984,400	3,984,400
Conference & Travel Expenses	5050009	50	26,500	26,500	26,500	26,500	26,500	26,500	26,500	26,500
Professional Fees	5060010	12,252,467	10,545,200	10,545,200	10,545,200	12,945,200	12,945,200	10,545,200	13,145,200	13,145,200
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	100,000	100,000	0	100,000	100,000	0	100,000	100,000
<b>Total</b>		<b>43,254,059</b>	<b>48,130,683</b>	<b>47,263,303</b>	<b>48,514,561</b>	<b>51,842,241</b>	<b>51,842,241</b>	<b>48,535,254</b>	<b>52,062,934</b>	<b>52,062,934</b>
<b>Funding Sources</b>										
Federal Revenue	4000020	43,254,059	48,130,683		48,514,561	51,842,241	51,842,241	48,535,254	52,062,934	52,062,934
Total Funding		43,254,059	48,130,683		48,514,561	51,842,241	51,842,241	48,535,254	52,062,934	52,062,934
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
<b>Grand Total</b>		<b>43,254,059</b>	<b>48,130,683</b>		<b>48,514,561</b>	<b>51,842,241</b>	<b>51,842,241</b>	<b>48,535,254</b>	<b>52,062,934</b>	<b>52,062,934</b>

FY13 Budget amount in Regular Salaries and Personal Services Matching exceeds the authorized amount due to salary and matching rate adjustments during the 2011-2013 Biennium.

## Change Level by Appropriation

**Appropriation:** 2QQ - DDSSA-Operations  
**Funding Sources:** FSD - Disability Determination - Federal

### Agency Request

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>48,514,561</b>	<b>467</b>	<b>48,514,561</b>	<b>100.0</b>	<b>48,535,254</b>	<b>467</b>	<b>48,535,254</b>	<b>100.0</b>
C01	Existing Program	3,327,680	15	51,842,241	106.9	3,527,680	15	52,062,934	107.3

### Executive Recommendation

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>48,514,561</b>	<b>467</b>	<b>48,514,561</b>	<b>100.0</b>	<b>48,535,254</b>	<b>467</b>	<b>48,535,254</b>	<b>100.0</b>
C01	Existing Program	3,327,680	15	51,842,241	106.9	3,527,680	15	52,062,934	107.3

### Justification

C01	Reflects \$411,565 increase in Regular Salaries and \$166,115 increase in Personal Services Matching to restore 15 positions; \$250,000 increase in Operating Expenses to cover the cost of temporary manpower, leased equipments and office supplies; and \$100,00 increase in Capital Outlay in FY14 and FY15 for anticipated equipment expenses. A \$2,400,000 increase in FY14 and 2,600,000 increase in FY15 in Professional Fees are also included which are cover the cost of contracted medical consultants.
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# ARKANSAS FAIR HOUSING COMMISSION

## Enabling Laws

Act 75 of 2012  
A.C.A. §16-123-301 et seq.

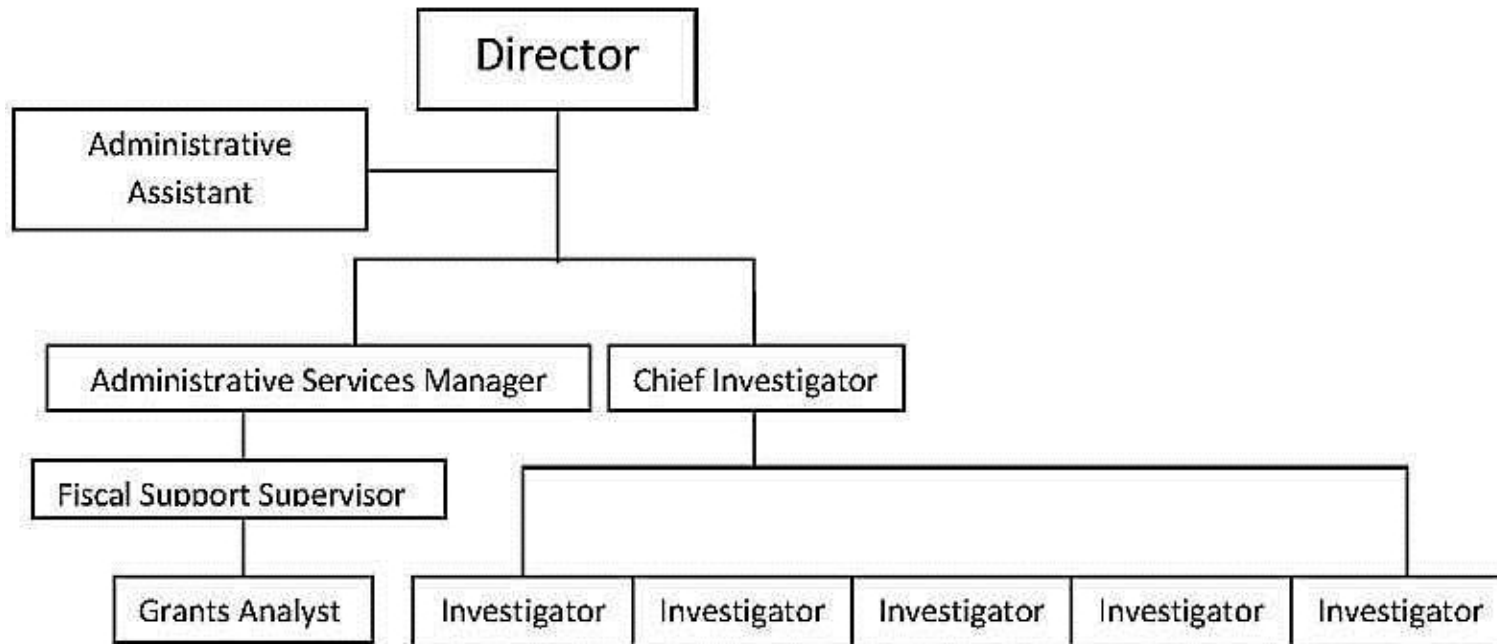
## History and Organization

The Arkansas Legislature created the Arkansas Fair Housing Commission by Act 1785 of 2001. The Commission acts as a quasi-judicial, regulatory agency that enforces state and federal fair housing and fair lending laws with the authority to hold administrative hearings and litigate cases where discriminatory conduct is found to have occurred.

The mission of the Commission is to receive, investigate, conciliate and/or resolve complaints alleging violations of the Arkansas Fair Housing Act, which prohibits housing discrimination on the basis of race, religion, color, sex, national origin, familial status or disability; to cooperate with and provide technical and other assistance to federal, state, local and other public or private entities that are formulating or operating programs to prevent or eliminate discriminatory housing practices; and to establish an education and outreach program to prevent discriminatory housing practices.

The Commission is composed of thirteen members: seven (7) are appointed by the Governor; three (3) are appointed by the President Pro Tempore of the Senate; and three (3) are appointed by the Speaker of the House. Six (6) of the appointees are industry representatives and seven represent various consumer interests. The Governor shall appoint a Commissioner from each of the state's four (4) Congressional Districts.





## Agency Commentary

The Arkansas Fair Housing Commission was created in 2001 (codified at Ark. Code Ann. § 16-123-201 et seq.) for the purpose of:

- Receiving, investigating, conciliating and/or resolving complaints alleging violations of the Arkansas Fair Housing Act, which prohibits unfair housing and lending practices in lending, appraisal, sale, rental and occupancy based on seven (7) identified prohibited bases: race, color, religion, sex, national origin, familial status and disability;
- Receiving, investigating, conciliating and/or resolving complaints alleging violations of the Arkansas Fair Housing Act relating to the design and construction of accessible housing for the disabled and housing for the elderly;
- Assisting other entities (both public and private) in the formulation and operation of programs that prevent or eliminate unfair housing practices; and
- Providing for an education and outreach program to prevent unfair housing and lending practices.

This quasi-judicial agency is empowered with fair housing and fair lending regulatory and enforcement duties specifically relating to the responsibilities of private and public housing providers throughout the State of Arkansas. Additionally, the agency is responsible for the administrative and judicial adjudication of complaints through administrative or judicial hearings.

The Agency seeks an increase in Federal Fund appropriation in the amount of \$100,000 to support operation of Agency programs as required by state and federal statutes. Additionally, the Agency is requesting continuation of the Miscellaneous Federal Grant of position of Administrative Services Manager to accomplish its goals and objectives. This MFG position was funded by the U.S. Department of Housing and Urban Development during FY2012.

**Fund Center: 1NH (State Operations)**

The Agency requests Base Level appropriation increases supported by its current Federal Fund balance and additional supporting federal revenue. This change request will be supported by 100% federal funding.

The Agency requests Change Levels as follows:

**00-Regular Salaries:**

Increase in appropriation in the amount of \$57,797 to fund a market salary rate increase for the position of Agency Director and for the continuation of the Administrative Services Manager position. The market salary rate increase for the position of Agency Director is necessary to promote statewide equity in classification and compensation. The continuation of the MFG appropriation is necessary to meet the duties and obligations under the Agency HUD Partnership Grant funded by the U.S. Department of Housing and Urban Development in FY2012. These positions are necessary to ensure that the agency carries forth the legislative declaration that, "the right to seek housing underlies the general public's ability to secure health, safety and welfare." Ark. Code Ann. § 16-123-301.

The Arkansas Fair Housing Commission was established to support that legislative dictate to resolve fair housing and fair lending complaints and to enforce fair housing and fair lending laws within the State. The passage of the Arkansas Fair Housing Act gained the State of Arkansas recognition as being a "substantially equivalent" agency, meaning that the state law provided substantially the same protections as the federal law - thereby granting Arkansas the avenue to enforce its own fair housing and fair lending law within its own borders with minimal federal intervention.

As part of the "substantially equivalent" process, the Agency completed a three-year "capacity-building" phase during which time the Agency partnered with the U.S. Department of Housing and Urban Development via a cooperative agreement to receive, investigate and conciliate fair housing complaints within Arkansas. During this mandatory three-year "capacity-building" period, the Commission investigated a portion of the State's fair housing complaint caseload with HUD investigating the bulk of the fair housing complaints and providing technical assistance in support of our limited enforcement efforts.

The Commission has "graduated" to a "contributions agency" status with the responsibility of processing 100% of all fair housing violations within the State. In FY2012, this Agency received nearly 400 fair housing complaints for alleged infractions occurring within the State's borders and was responsible for resolving all of those complaints. Additionally, the Agency is responsible for providing technical assistance, education and outreach to housing providers and the general public, attorneys and other public and private entities.

In FY2012, the U.S. Department of Housing and Urban Development awarded the Agency a HUD Partnership Grant to assist in educating housing providers on HUD's new rule expanding protected classes to include sexual orientation and to bolster the Agency's existing fair housing and fair lending outreach efforts. The continuation of the Agency's existing MFG Administrative Services Manager position is necessary to meet the responsibilities and obligations under the existing HUD Partnership Grant. The Administrative Services Manager is responsible for the administration of all Agency HUD programs, including management of new fair housing/fair lending LGBT education and outreach activities to be conducted; the development and implementation of a statewide education and outreach campaign to include the public service announcements and other radio and print advertisements; and the development and implementation of regional workshops. Additionally, the Administrative Services Manager is responsible for oversight of the expansion of the HUD-funded AFHC Ambassador Program - a collaborative effort with institutions of higher education aimed at educating young adults on fair housing and fair lending issues.

Lastly, the Agency requests a salary market rate increase for the position of Agency Director to reflect comparable compensation with Agency Directors of similarly situated agencies and current market rates.

#### 03-Matching:

Increase in appropriation and General Revenue funding in the amount of \$14,881 for personal services/matching increases associated with the salary market rate increase and the continuation of the MFG position of Administrative Services Manager.

#### 02-Operating Expenses:

Increase in federal appropriation only in the amount of \$49,040 to support increased legal and case processing fees (to include the copying of files for hearings and trials and the copying of files for responses to discovery requests by legal counsel during the investigative and adjudicative processes); court reporting fees for administrative case processing; additional travel associated with case processing; and office supplies necessary to support the continuation of the Administrative Services Manager position (such as a computer, a desk/chair, additional telephone line, general office supplies and mileage allowance for necessary travel).

#### 09-Conference and Travel Expenses:

Increase in federal appropriation only in the amount of \$55,000 to support staff training expenses to meet agency objectives and state and federal guidelines and to support agency-sponsored training activity. The additional federal appropriation is necessary for investigators to attend the National Fair Housing Training Academy in Washington, D.C., which is both sponsored and required by HUD for investigative training.

**Center: 53L (Arkansas Fair Housing Commission Trust Fund)**

The Agency requests appropriation in the amount of \$100,000 to satisfy statutory mandates for the Commission’s Education Trust Fund. The continued growth of the Agency’s Trust Fund is imminent due to the increase in investigative caseloads and the number of administrative hearings before the Commission. The Commission Trust Fund balance is sufficient to support this request for additional appropriation. Additionally, this request is justified due to the current and imminent increase in revenue associated with this growth. The Commission Trust Fund was established in 2001 (Ark. Code Ann. §16-123-347) for the purpose of receiving any administrative fees, civil penalties or conciliated amounts levied and collected to be solely used for fair housing education of the public and the operational expenses of the Commission.

The Agency requests Change Levels as follows:

**02-Operating Expenses:**

Increase in appropriation only in the amount of \$100,000 for education outreach and operation of the Commission. This appropriation is necessary for the Agency to utilize currently existing administrative and civil penalties and fees levied and collected pursuant to the Arkansas Fair Housing Act to provide fair housing and fair lending training and education of housing providers; the public; and for operational expenses of the Commission as mandated by the Legislature. This appropriation increase also will allow for the expense of future receipts of administrative fees and training fees, fines and civil penalties and conciliated amounts as provided for and codified at Ark. Code Ann. §16-123-321,32.

As per legislative mandates, the Commission will establish a state-wide fair housing media campaign to include: public service announcements (audio and video); television, radio and print advertisements; posters; pamphlets and brochures. The Commission also will continue to work with public and private service organizations and agencies to broaden and enhance its state-wide media campaign and to establish educational training programs for industry personnel and the public at large. As required by law, this training and education will be disseminated in compliance with the adaptability and accessibility guidelines and will include expenditures in advertising, conferences, seminars and educational and promotional materials.

**Audit Findings**

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
ARKANSAS FAIR HOUSING COMMISSION  
FOR THE YEAR ENDED JUNE 30, 2010

Findings	Recommendations
None	None

**State Contracts Over \$25,000 Awarded To Minority Owned Businesses Fiscal Year 2012**

None

**Employment Summary**

	Male	Female	Total	%
White Employees	0	3	3	43 %
Black Employees	1	2	3	43 %
Other Racial Minorities	1	0	1	14 %
Total Minorities			4	57 %
Total Employees			7	100 %

**Publications**

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

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

# Department Appropriation Summary

## Historical Data

## Agency Request and Executive Recommendation

Appropriation	2011-2012		2012-2013		2012-2013		2013-2014						2014-2015					
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
1NH State Operations	608,763	10	835,579	10	709,897	10	744,332	10	923,908	11	853,630	11	744,332	10	923,908	11	853,630	11
53L Education-Trust	30,874	0	40,000	0	40,000	0	40,000	0	140,000	0	140,000	0	40,000	0	140,000	0	140,000	0
<b>Total</b>	<b>639,637</b>	<b>10</b>	<b>875,579</b>	<b>10</b>	<b>749,897</b>	<b>10</b>	<b>784,332</b>	<b>10</b>	<b>1,063,908</b>	<b>11</b>	<b>993,630</b>	<b>11</b>	<b>784,332</b>	<b>10</b>	<b>1,063,908</b>	<b>11</b>	<b>993,630</b>	<b>11</b>

Funding Sources		%		%		%		%		%		%		%		%	
Fund Balance	4000005	495,806	40.0	601,281	41.7	564,819	46.3	564,819	40.4	564,819	40.4	434,309	39.9	334,309	28.6	404,587	32.7
General Revenue	4000010	283,398	22.8	283,398	19.7	283,398	23.3	283,398	20.3	283,398	20.3	283,398	26.0	283,398	24.3	283,398	22.9
Federal Revenue	4000020	373,750	30.1	500,000	34.7	320,424	26.3	500,000	35.8	500,000	35.8	320,424	29.4	500,000	42.8	500,000	40.4
Trust Fund	4000050	87,964	7.1	50,000	3.5	50,000	4.1	50,000	3.6	50,000	3.6	50,000	4.6	50,000	4.3	50,000	4.0
Merit Adjustment Fund	4000055	0	0.0	5,719	0.4	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total Funds</b>		<b>1,240,918</b>	<b>100.0</b>	<b>1,440,398</b>	<b>100.0</b>	<b>1,218,641</b>	<b>100.0</b>	<b>1,398,217</b>	<b>100.0</b>	<b>1,398,217</b>	<b>100.0</b>	<b>1,088,131</b>	<b>100.0</b>	<b>1,167,707</b>	<b>100.0</b>	<b>1,237,985</b>	<b>100.0</b>
Excess Appropriation/(Funding)		(601,281)		(564,819)		(434,309)		(334,309)		(404,587)		(303,799)		(103,799)		(244,355)	
<b>Grand Total</b>		<b>639,637</b>		<b>875,579</b>		<b>784,332</b>		<b>1,063,908</b>		<b>993,630</b>		<b>784,332</b>		<b>1,063,908</b>		<b>993,630</b>	

Budget exceeds Authorized Appropriation in 1NH fund due to a transfer from the Miscellaneous Federal Grant Holding Account.

## Agency Position Usage Report

FY2010 - 2011						FY2011 - 2012						FY2012 - 2013					
Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused
	Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total	
10	7	3	10	0	30.00 %	10	8	3	11	-1	20.00 %	10	7	4	11	-1	30.00 %

Total Budgeted positions exceed Authorized due to positions authorized through the Miscellaneous Federal Grant process.

## **Analysis of Budget Request**

**Appropriation:** 1NH - State Operations

**Funding Sources:** HUA - Miscellaneous Agencies Fund

The Arkansas Fair Housing Commission (AFHC) was created by Act 1785 of 2001 to investigate housing discrimination complaints and punish violators, in cooperation with the State Attorney General. Funding for the AFHC is derived from federal reimbursements by Fair Housing Assistance Program Funds and general revenue.

Base Level Regular Salaries and Personal Services Matching includes Career Service payments for eligible employees. Personal Services Matching also includes a \$20 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$410 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases. The Base Level request for Regular Salaries includes board member stipend payments.

The Agency is requesting a \$179,576 increase in appropriation for each year of the biennium which reflect the following:

- Regular Salaries and Personal Services Matching increase of \$75,536 which includes \$60,258 associated with the continuation of the MFG Administrative Services Manger Position and \$15,278 associated with upgrading the Agency Director position.
- Operating Expenses increase of \$49,040 to cover the cost of new educational supplies and materials, as well as the increase in cost associated with increases in caseloads such as case processing fees, travel and postage.
- Conference & Travel increase of \$55,000 to cover increases in Conference fees and to allow investigators to attend the National Fair Housing Training Academy in Washington, DC, which is required by HUD for investigative training.

The Executive Recommendation provides for the Agency Request except:

- Regular Salaries and Personal Services Matching increase of \$15,278 associated with upgrading the Agency Director position
- Conference & Travel increase of \$55,000



# Appropriation Summary

**Appropriation:** 1NH - State Operations  
**Funding Sources:** HUA - Miscellaneous Agencies Fund

## Historical Data

## Agency Request and Executive Recommendation

Commitment Item		Historical Data			2013-2014			2014-2015		
		2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	311,358	438,446	363,318	393,869	451,666	439,246	393,869	451,666	439,246
<b>#Positions</b>		<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>11</b>	<b>11</b>	<b>10</b>	<b>11</b>	<b>11</b>
Extra Help	5010001	9,964	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
<b>#Extra Help</b>		<b>1</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>
Personal Services Matching	5010003	119,523	149,547	133,033	136,917	154,656	151,798	136,917	154,656	151,798
Operating Expenses	5020002	147,497	152,687	138,647	138,647	187,687	187,687	138,647	187,687	187,687
Conference & Travel Expenses	5050009	19,525	40,000	20,000	20,000	75,000	20,000	20,000	75,000	20,000
Professional Fees	5060010	0	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Public Education	5900046	896	899	899	899	899	899	899	899	899
<b>Total</b>		<b>608,763</b>	<b>835,579</b>	<b>709,897</b>	<b>744,332</b>	<b>923,908</b>	<b>853,630</b>	<b>744,332</b>	<b>923,908</b>	<b>853,630</b>

Funding Sources										
Fund Balance	4000005	369,886	418,271		371,809	371,809	371,809	231,299	231,299	301,577
General Revenue	4000010	283,398	283,398		283,398	283,398	283,398	283,398	283,398	283,398
Federal Revenue	4000020	373,750	500,000		320,424	500,000	500,000	320,424	500,000	500,000
Merit Adjustment Fund	4000055	0	5,719		0	0	0	0	0	0
<b>Total Funding</b>		<b>1,027,034</b>	<b>1,207,388</b>		<b>975,631</b>	<b>1,155,207</b>	<b>1,155,207</b>	<b>835,121</b>	<b>1,014,697</b>	<b>1,084,975</b>
Excess Appropriation/(Funding)		(418,271)	(371,809)		(231,299)	(231,299)	(301,577)	(90,789)	(90,789)	(231,345)
<b>Grand Total</b>		<b>608,763</b>	<b>835,579</b>		<b>744,332</b>	<b>923,908</b>	<b>853,630</b>	<b>744,332</b>	<b>923,908</b>	<b>853,630</b>

Budget exceeds Authorized Appropriation due to a transfer from the Miscellaneous Federal Grant Holding Account.

## Change Level by Appropriation

**Appropriation:** 1NH - State Operations  
**Funding Sources:** HUA - Miscellaneous Agencies Fund

### Agency Request

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>744,332</b>	<b>10</b>	<b>744,332</b>	<b>100.0</b>	<b>744,332</b>	<b>10</b>	<b>744,332</b>	<b>100.0</b>
C01	Existing Program	70,000	0	814,332	109.4	70,000	0	814,332	109.4
C02	New Program	34,040	0	848,372	114.0	34,040	0	848,372	114.0
C06	Restore Position/Approp	60,258	1	908,630	122.1	60,258	1	908,630	122.1
C11	Upgrade/Downgrade	15,278	0	923,908	124.1	15,278	0	923,908	124.1

### Executive Recommendation

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>744,332</b>	<b>10</b>	<b>744,332</b>	<b>100.0</b>	<b>744,332</b>	<b>10</b>	<b>744,332</b>	<b>100.0</b>
C01	Existing Program	35,000	0	779,332	104.7	35,000	0	779,332	104.7
C02	New Program	14,040	0	793,372	106.6	14,040	0	793,372	106.6
C06	Restore Position/Approp	60,258	1	853,630	114.7	60,258	1	853,630	114.7
C11	Upgrade/Downgrade	0	0	853,630	114.7	0	0	853,630	114.7

### Justification

C01	Reflects increases in Conference & Travel and Operating Expenses due to increased caseloads and expanded training requirements.
C02	Reflects increases in Operating Expenses and Conferences & Travel associated with purchasing new educational supplies, and new conference seminar fees.
C06	Represents the increase in Regular Salaries and Personal Services Matching that result from the continuation of the MFG Administrative Services Manager Position.
C11	Represents the increase in Regular Salaries and Personal Services Matching resulting from the requested upgrade for the Agency Director position.

## **Analysis of Budget Request**

**Appropriation:** 53L - Education-Trust

**Funding Sources:** TFH - Arkansas Fair Housing Commission Trust Fund

The Education - Trust Program was established by Act 1201 of 2007 and provides for fair housing education of the public and the operational expenses of the commission, as set out in A.C.A. §§16-123-301 through 16-123-348. Funding is derived from administrative or civil penalties levied and collected pursuant to §16-123-301.

Base Level Regular Salaries and Personal Services Matching includes Career Service payments for eligible employees. Personal Services Matching also includes a \$20 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$410 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases.

The Agency is requesting \$100,000 increase in appropriation for each year of biennium which will be funded by the Agency's fund balance. The Agency's request reflects the following:

- \$100,000 increase in Operating Expenses which will allow the Agency to fund a state-wide fair housing media campaign per its legislative mandate.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 53L - Education-Trust

**Funding Sources:** TFH - Arkansas Fair Housing Commission Trust Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	2013-2014			2014-2015		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	30,874	40,000	40,000	40,000	140,000	140,000	40,000	140,000	140,000
Conference & Travel Expenses	5050009	0	0	0	0	0	0	0	0	0
Professional Fees	5060010	0	0	0	0	0	0	0	0	0
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>		<b>30,874</b>	<b>40,000</b>	<b>40,000</b>	<b>40,000</b>	<b>140,000</b>	<b>140,000</b>	<b>40,000</b>	<b>140,000</b>	<b>140,000</b>
<b>Funding Sources</b>										
Fund Balance	4000005	125,920	183,010		193,010	193,010	193,010	203,010	103,010	103,010
Trust Fund	4000050	87,964	50,000		50,000	50,000	50,000	50,000	50,000	50,000
<b>Total Funding</b>		<b>213,884</b>	<b>233,010</b>		<b>243,010</b>	<b>243,010</b>	<b>243,010</b>	<b>253,010</b>	<b>153,010</b>	<b>153,010</b>
<b>Excess Appropriation/(Funding)</b>		<b>(183,010)</b>	<b>(193,010)</b>		<b>(203,010)</b>	<b>(103,010)</b>	<b>(103,010)</b>	<b>(213,010)</b>	<b>(13,010)</b>	<b>(13,010)</b>
<b>Grand Total</b>		<b>30,874</b>	<b>40,000</b>		<b>40,000</b>	<b>140,000</b>	<b>140,000</b>	<b>40,000</b>	<b>140,000</b>	<b>140,000</b>

## Change Level by Appropriation

**Appropriation:** 53L - Education-Trust  
**Funding Sources:** TFH - Arkansas Fair Housing Commission Trust Fund

### Agency Request

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>40,000</b>	<b>0</b>	<b>40,000</b>	<b>100.0</b>	<b>40,000</b>	<b>0</b>	<b>40,000</b>	<b>100.0</b>
C01	Existing Program	100,000	0	140,000	350.0	100,000	0	140,000	350.0

### Executive Recommendation

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>40,000</b>	<b>0</b>	<b>40,000</b>	<b>100.0</b>	<b>40,000</b>	<b>0</b>	<b>40,000</b>	<b>100.0</b>
C01	Existing Program	100,000	0	140,000	350.0	100,000	0	140,000	350.0

### Justification

C01	\$100,000 increase in Operating Expenses will be funded through the Agency's fund balance and allow the Agency to fund a state-wide fair housing media campaign per its legislative mandate.								
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# ARKANSAS GEOGRAPHIC INFORMATION OFFICE

## Enabling Laws

Act 78 of 2012  
A.C.A § 15-21-501 et seq.

## History and Organization

The Arkansas Geographic Information Office (AGIO) was created in 2001 as a division of the Department of Information Services (DIS) by the passage of Act 1250. Its purpose is to coordinate the development and maintenance of geographic information systems (GIS) data throughout the state. The AGIO coordinates with all levels of government, private and non-profit sectors to reduce duplication of effort. The office works in conjunction with the Arkansas Geographic Information Systems Board. In 2009, the AGIO became a state agency with the passage of Act 244 (HB 1356 of 87th General Assembly).

The Office operates GeoStor, Arkansas' GIS clearinghouse, where the state's GIS data is published for users. The Office works closely with County Assessors who are mapping real estate tax parcels, County Judges and E9-1-1 coordinators who are mapping the road centerline file and with county floodplain managers in support of FEMA's Flood Map Modernization Program. The Office is also responsible for maintaining the aerial imagery program that procures aerial imagery of the state.

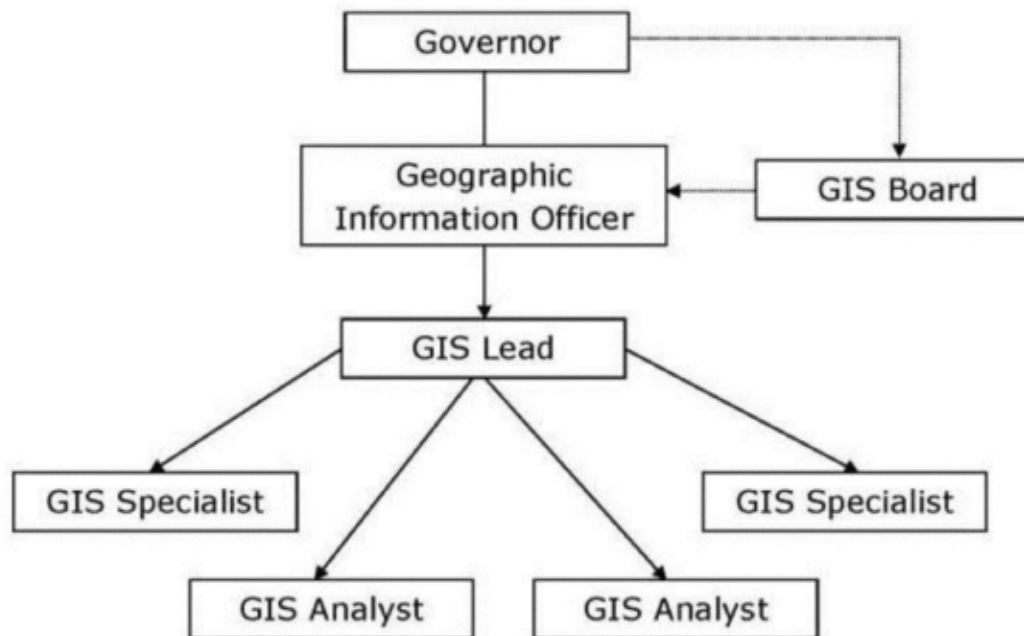
The parcel mapping focuses on the development of tax parcels that are listed in the counties' computer-assisted mass appraisal system. Parcel mapping improves the efficiency of the Assessor reappraisal process. The data aids the Assessors in discovering taxable real estate. The data is used by the banking industry, Realtors, surveyors, floodplain administrators and others to view information about properties. One of the most valuable uses of the data is for economic development where prospects can research and evaluate potential sites for development without having to conduct an initial visit.

The road centerline program compiles a standardized road centerline map layer that can be used by all levels of government, the private sector and individuals. The data is one of the most commonly needed datasets by GIS users. The AGIO helps the County E9-1-1 offices with the technical facets of creating and maintaining centerline data. The data can be used to locate people, places and events along the roads by correlating them to a physical address. The AGIO assembles a statewide version of the data by incorporating updates from individual counties as roads are changed or new roads are built. The layer is heavily used following disaster and emergency response events. This layer in combination with address point coordinates is used to drive the state's Streamlined Sales Tax database that supports collection and accurate distribution of county and city sales tax. The system added over \$7 million in sales tax revenue to the state in 2009.

The AGIO plays a supportive role in FEMA’s Flood Map Modernization Program by providing local and statewide GIS data used for the digital flood insurance rate maps. It also ensures the quality of the data based on FEMA’s guidelines and standards. The AGIO also assists county floodplain managers with GIS data requirements.

The aerial imagery is a special type of photography that is corrected for terrain distortion and encoded with the latitude and longitude coordinates. This enables the data to be used in a number of applications. Because a picture is worth a thousand words, this data is the most popular GIS data published by the agency. It is used by County Assessors to locate and discover real estate, by County E9-1-1 office to map roads, by numerous state agencies for a variety of purposes and by private sectors including real estate, land surveying, engineering, utilities, agriculture and forestry . The AGIO procured this statewide image database in 2001 and 2006 with General Improvement funding. The data is also provided to commercial Internet search engines so that GIS users worldwide can access it, and entrepreneurs can potentially make more informed business decisions.

The AGIO continues to work with Arkansas counties, state and federal agencies to ensure the accuracy and self-maintenance of GIS data about Arkansas for decision makers.



## **Agency Commentary**

The Arkansas Geographic Information Office acts as the functional arm of the Arkansas Geographic Information Systems (GIS) Board. The agency coordinates the development and maintenance of statewide GIS data with cities, counties, state agencies, the federal government, non-profit and private sectors. This activity reduces duplication of effort and ensures GIS data about Arkansas is readily available for decision makers. The data is made available through GeoStor the state's online GIS platform. The agency provides administrative and technical support to the Board.

The agency's long-range plan calls for investing in the most important GIS databases needed in Arkansas. The priorities represent the most commonly used base maps. These layers are used by multiple agencies, local government and private sector and are used for emergency response, natural resource management, regulatory oversight, allocation of streamlined sales tax revenue and generate real estate revenue. The agency uses the data to support the Department of Finance and Administration, Excise Tax Division in the Streamlined Sales and Use Tax program that collects and allocates sales tax at the delivery point. Points of delivery are determined by the GIS databases. The agency's request is for the state to invest in getting these critical layers created and maintained. Nearly every function in state government can be mapped and analyzed geographically if the data is available. This data is needed statewide to support statewide decision making.

The agency requests one (1) additional position; for an Administrative Specialist to support the agency's administrative functions that are presently being filled by the Director. This will increase Regular Salaries and Personal Services Matching by a total of \$31,539 each year of the biennium. The Administrative Specialist position is requested to support the administrative functions of the agency in conjunction with DFA-Service Bureau such as inventory, accounts payable, payroll processing, personnel related actions, procurement and budgeting.

The agency consolidated some of its database software, allowing the agency to cease annual maintenance fees on licenses. This saves \$11,000. The agency will use the savings to increasing the software licensing to support more Internet and mobile mapping applications on

## **Audit Findings**

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
ARKANSAS GEOGRAPHIC INFORMATION OFFICE  
FOR THE YEAR ENDED JUNE 30, 2011

Findings

Recommendations

None

None



**State Contracts Over \$25,000 Awarded To Minority Owned Businesses Fiscal Year 2012**

None

**Employment Summary**

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

**Publications**

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

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
Annual Report to Joint Committee on Advanced Communications & Information Technology	A.C.A 15-21-503 (i)	Y	Y	40	A.C.A. 15-21-503 (i)

## Department Appropriation Summary

### Historical Data

### Agency Request and Executive Recommendation

Appropriation	2011-2012		2012-2013		2012-2013		2013-2014						2014-2015					
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
56X GeoStor & Framework	7,000	0	250,000	0	250,000	0	250,000	0	250,000	0	250,000	0	250,000	0	250,000	0	250,000	0
56Y Geographic Information Systems	776,784	6	742,986	6	818,336	6	744,680	6	802,719	7	802,719	7	744,680	6	802,719	7	802,719	7
86J Point Mapping ARRA	284,169	0	570,000	0	0	0	0	0	570,000	0	570,000	0	0	0	0	0	0	0
86X Parcel Mapping Grant	0	0	1,333,300	0	1,333,300	0	1,333,300	0	1,333,300	0	1,333,300	0	1,333,300	0	1,333,300	0	1,333,300	0
<b>NOT REQUESTED FOR THE BIENNIIUM</b>																		
56W Flood Map - Federal	3,341	0	0	0	122,500	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>1,071,294</b>	<b>6</b>	<b>2,896,286</b>	<b>6</b>	<b>2,524,136</b>	<b>6</b>	<b>2,327,980</b>	<b>6</b>	<b>2,956,019</b>	<b>7</b>	<b>2,956,019</b>	<b>7</b>	<b>2,327,980</b>	<b>6</b>	<b>2,386,019</b>	<b>7</b>	<b>2,386,019</b>	<b>7</b>

Funding Sources		%		%		%		%		%		%		%		%		%	
Fund Balance	4000005	210,089	12.1	668,533	23.1	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
General Revenue	4000010	776,784	44.6	732,587	25.3	744,680	32.0	802,719	27.2	802,719	27.2	744,680	32.0	802,719	33.6	802,719	33.6	802,719	33.6
Federal Revenue	4000020	3,341	0.2	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Trust Fund	4000050	465,444	26.8	914,767	31.6	1,583,300	68.0	1,583,300	53.6	1,583,300	53.6	1,583,300	68.0	1,583,300	66.4	1,583,300	66.4	1,583,300	66.4
Merit Adjustment Fund	4000055	0	0.0	10,399	0.4	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Federal Funds-ARRA	4000244	284,169	16.3	570,000	19.7	0	0.0	570,000	19.3	570,000	19.3	0	0.0	0	0.0	0	0.0	0	0.0
Total Funds		1,739,827	100.0	2,896,286	100.0	2,327,980	100.0	2,956,019	100.0	2,956,019	100.0	2,327,980	100.0	2,386,019	100.0	2,386,019	100.0	2,386,019	100.0
Excess Appropriation/(Funding)		(668,533)		0		0		0		0		0		0		0		0	
Grand Total		1,071,294		2,896,286		2,327,980		2,956,019		2,956,019		2,327,980		2,386,019		2,386,019		2,386,019	

Budget exceeds Authorized Appropriation in 86J due to a transfer from the Miscellaneous Federal Grant Holding Account.

## Agency Position Usage Report

FY2010 - 2011						FY2011 - 2012						FY2012 - 2013					
Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused
	Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total	
5	5	0	5	0	0.00 %	6	6	0	6	0	0.00 %	6	6	0	6	0	0.00 %

## **Analysis of Budget Request**

**Appropriation:** 56X - GeoStor & Framework

**Funding Sources:** TGS - Geographic Information Systems Fund

The Geographic Information Systems Fund consists of funds approved by the General Assembly, contributions, federal funds, and any other funds allowable by law. This fund is used to carry out the duties, responsibilities, and authority of the Arkansas Land Board; and create, update, and maintain GeoStor, the Arkansas Spatial Data Infrastructure.

The Agency requests Base Level appropriation for GeoStor and Framework for the 2013-2015 Biennium.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 56X - GeoStor & Framework

**Funding Sources:** TGS - Geographic Information Systems Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	2013-2014			2014-2015		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Geostor & Framework 5900047	7,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
<b>Total</b>	<b>7,000</b>	<b>250,000</b>	<b>250,000</b>	<b>250,000</b>	<b>250,000</b>	<b>250,000</b>	<b>250,000</b>	<b>250,000</b>	<b>250,000</b>
<b>Funding Sources</b>									
Fund Balance 4000005	210,089	203,089		0	0	0	0	0	0
Trust Fund 4000050	0	46,911		250,000	250,000	250,000	250,000	250,000	250,000
<b>Total Funding</b>	<b>210,089</b>	<b>250,000</b>		<b>250,000</b>	<b>250,000</b>	<b>250,000</b>	<b>250,000</b>	<b>250,000</b>	<b>250,000</b>
Excess Appropriation/(Funding)	(203,089)	0		0	0	0	0	0	0
<b>Grand Total</b>	<b>7,000</b>	<b>250,000</b>		<b>250,000</b>	<b>250,000</b>	<b>250,000</b>	<b>250,000</b>	<b>250,000</b>	<b>250,000</b>

## **Analysis of Budget Request**

**Appropriation:** 56Y - Geographic Information Systems

**Funding Sources:** HUA - Miscellaneous Agencies Fund

The Office of Geographic Information Systems was established as a part of the Office of Information Technology as an integral component of the Initiative for Statewide Technology Advancement (GISTA) and Arkansas' Electronic Government to provide services and data to cities, counties, state and federal agencies, private businesses, and citizens. It provides technology transfer and educational services to all users of GeoStor and enables specific county level projects to become more integrated within GeoStor. The Arkansas Spatial Data Infrastructure (ASDI) is a public resource that provides storage and easy access to essential statewide geographically linked information such as maps, boundaries, aerial photography, facilities, and natural resources.

Upon the dissolution of the Office of Information Technology (OIT) by Acts 751 and 794 of 2007, this appropriation was transferred to the Department of Information Systems. In 2009, the Arkansas Geographic Information Office (AGIO) became a state agency with the passage of Act 244 of 2009. This appropriation is funded by general revenue.

Base Level Regular Salaries and Personal Services Matching includes Career Service payments for eligible employees. Personal Services Matching also includes a \$20 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$410 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay increases.

The Agency requests an Administrative Specialist II position to allow the Director to perform his duties as agency director. The position will be responsible for administrative functions such as requisitions, travel administration, financial record keeping, and basic human resource functions in conjunction with DFA-Service Bureau. Some of the administrative tasks have been delegated; however, there are administrative duties which are not done due to time constraints in fulfilling the office's mission. This change level request will increase Regular Salaries and Personal Services Matching \$31,539 each year of the biennium.

The agency requests a change level of \$26,500 for Software Maintenance for each year of the biennium. This will enable the agency to support more Internet and mobile applications on the GeoStor system, develop more applications which use spatial technologies for other agencies to carry their missions and; allow state and county officials to create maps that can be accessed by any computer and/or smart phone. The software will allow users to update, collaborate and share data on the state's geographic information system. The agency can combine local disparate data into the statewide system and disseminate the information to the public. This is located under Major Applications GeoStor in the agency's IT plan.

The Executive Recommendation provides for the Agency Request and additional General Revenue of \$58,039.

## Appropriation Summary

**Appropriation:** 56Y - Geographic Information Systems

**Funding Sources:** HUA - Miscellaneous Agencies Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	2013-2014			2014-2015		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	395,819	415,659	430,244	415,659	437,486	437,486	415,659	437,486	437,486
<b>#Positions</b>		<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>7</b>	<b>7</b>	<b>6</b>	<b>7</b>	<b>7</b>
Extra Help	5010001	5,992	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000
<b>#Extra Help</b>		<b>1</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>
Personal Services Matching	5010003	112,564	119,527	115,037	121,221	130,933	130,933	121,221	130,933	130,933
Operating Expenses	5020002	255,015	191,800	257,055	191,800	218,300	218,300	191,800	218,300	218,300
Conference & Travel Expenses	5050009	7,394	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Professional Fees	5060010	0	0	0	0	0	0	0	0	0
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>		<b>776,784</b>	<b>742,986</b>	<b>818,336</b>	<b>744,680</b>	<b>802,719</b>	<b>802,719</b>	<b>744,680</b>	<b>802,719</b>	<b>802,719</b>
<b>Funding Sources</b>										
General Revenue	4000010	776,784	732,587		744,680	802,719	802,719	744,680	802,719	802,719
Merit Adjustment Fund	4000055	0	10,399		0	0	0	0	0	0
<b>Total Funding</b>		<b>776,784</b>	<b>742,986</b>		<b>744,680</b>	<b>802,719</b>	<b>802,719</b>	<b>744,680</b>	<b>802,719</b>	<b>802,719</b>
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
<b>Grand Total</b>		<b>776,784</b>	<b>742,986</b>		<b>744,680</b>	<b>802,719</b>	<b>802,719</b>	<b>744,680</b>	<b>802,719</b>	<b>802,719</b>

The FY13 Budget amount in Personal Services Matching exceeds the authorized amount due to matching rate adjustments during the 2011-2013 Biennium.

## Change Level by Appropriation

**Appropriation:** 56Y - Geographic Information Systems  
**Funding Sources:** HUA - Miscellaneous Agencies Fund

### Agency Request

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>744,680</b>	<b>6</b>	<b>744,680</b>	<b>100.0</b>	<b>744,680</b>	<b>6</b>	<b>744,680</b>	<b>100.0</b>
C01	Existing Program	31,539	1	776,219	104.2	31,539	1	776,219	104.2
C08	Technology	26,500	0	802,719	107.8	26,500	0	802,719	107.8

### Executive Recommendation

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>744,680</b>	<b>6</b>	<b>744,680</b>	<b>100.0</b>	<b>744,680</b>	<b>6</b>	<b>744,680</b>	<b>100.0</b>
C01	Existing Program	31,539	1	776,219	104.2	31,539	1	776,219	104.2
C08	Technology	26,500	0	802,719	107.8	26,500	0	802,719	107.8

### Justification

C01	The agency requests an Administrative Specialist II position to support the administrative functions of the agency in conjunction with DFA - Service Bureau. These administrative duties are performed by the agency director and preventing the director from executing the duties as a director. Some of the administrative tasks have been delegated; however, there are administrative duties which are not done due to time constraints in fulfilling the office's mission. For example, the Division of Legislative Audit recommended the office take a full inventory and update the fixed asset records to properly reflect fixed asset holdings. This change level request will increase Regular Salaries and Personal Services Matching \$31,539 each year of the biennium.
C08	The agency requests a change level of \$26,500 for Software Maintenance for each year of the biennium. The agency consolidated some database software resulting in savings of approximately \$11,000. This savings plus the change level will support more Internet and mobile applications on the GeoStor system. This software support will enable the State to develop more applications which use spatial technologies for other agencies to carry their missions. This software allows state and county officials to use their credentials to securely log in and create web maps that can be accessed by any computer and/or smart phone. The credentialed users, consisting of state and local agencies, can use this software to update, collaborate and share data through a secure portal information on the state's geographic information system (gis). The software provides the capability for the agency to combine local disparate data into a statewide system efficiently disseminated to the public. This can be found under Major Applications GeoStor in the agency's IT plan.



## **Analysis of Budget Request**

**Appropriation:** 86J - Point Mapping ARRA

**Funding Sources:** FNM - Federal Funds-ARRA

Connect Arkansas received a grant through the Sustainable Adoption and State Broadband Data and Development grant programs administered by the National Telecommunications and Information Administration. The Arkansas Geographic Information Office (AGIO) is the recipient of a subcontract from Connect Arkansas in support of the National Broadband effort to produce broadband maps for the State. AGIO will compile address point file data from various counties and integrate the data into a seamless statewide database. The addresses are assigned by the County E9-1-1 addressing authority and represent the authoritative source of the address and its latitude and longitude.

The agency requests continuation of this program at \$570,000 for FY14.

The AGIO requests discontinuation of this program for FY15. This program subcontract expires at the end of FY14.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 86J - Point Mapping ARRA  
**Funding Sources:** FNM - Federal Funds-ARRA

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	2013-2014			2014-2015		
				Base Level	Agency	Executive	Base Level	Agency	Executive
ARRA of 2009 5900052	284,169	570,000	0	0	570,000	570,000	0	0	0
Total	284,169	570,000	0	0	570,000	570,000	0	0	0
<b>Funding Sources</b>									
Federal Funds-ARRA 4000244	284,169	570,000		0	570,000	570,000	0	0	0
Total Funding	284,169	570,000		0	570,000	570,000	0	0	0
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	284,169	570,000		0	570,000	570,000	0	0	0

Appropriation was established through the authority of the Miscellaneous Federal Program Act. Agency Change Level request includes ARRA appropriation and/or positions in ARRA of 2009 line item due to a temporary extension of ARRA funding from the federal agency.

## Change Level by Appropriation

**Appropriation:** 86J - Point Mapping ARRA  
**Funding Sources:** FNM - Federal Funds-ARRA

### Agency Request

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
C03	Discontinue Program	0	0	0	0.0	(570,000)	0	(570,000)	100.0
C16	ARRA	570,000	0	570,000	100.0	570,000	0	0	0.0

### Executive Recommendation

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
C03	Discontinue Program	0	0	0	0.0	(570,000)	0	(570,000)	100.0
C16	ARRA	570,000	0	570,000	100.0	570,000	0	0	0.0

### Justification

C03	The AGIO requests discontinuation of this program for FY15. This program subcontract expires at the end of FY14.
C16	The agency requests continuation of this program at \$570,000 for FY14. Connect Arkansas received a grant through the Sustainable Adoption and State Broadband Data and Development grant programs administered by the National Telecommunications and Information Administration. The Arkansas Geographic Information Office (AGIO) is the recipient of a subcontract from Connect Arkansas in support of the National Broadband effort to produce broadband maps for the State. AGIO will compile address point file data from various counties and integrate the data into a seamless statewide database. The addresses are assigned by the County E9-1-1 addressing authority and represent the authoritative source of the address and its latitude and longitude.

## **Analysis of Budget Request**

**Appropriation:** 86X - Parcel Mapping Grant

**Funding Sources:** TGS - Geographic Information Systems Fund

This appropriation is used to update the statewide digital parcel data map. It is used to initiate parcel automation, accelerate the completion of parcel automation, and support improvements in those counties which have completed automation. Grants under this program are funded as follows, state funding of up to 60% of the cost of approved projects and the balance of the cost from required matching funds from the county.

The Agency requests Base Level appropriation of \$1,333,300 for the 2013-2015 Biennium.

The Executive Recommendation provides for the Agency Request.

# Appropriation Summary

**Appropriation:** 86X - Parcel Mapping Grant  
**Funding Sources:** TGS - Geographic Information Systems Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	Historical Data			2013-2014			2014-2015		
	2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Statewide Parcel Map Grant Prog 5900046	0	1,333,300	1,333,300	1,333,300	1,333,300	1,333,300	1,333,300	1,333,300	1,333,300
<b>Total</b>	0	1,333,300	1,333,300	1,333,300	1,333,300	1,333,300	1,333,300	1,333,300	1,333,300
<b>Funding Sources</b>									
Fund Balance 4000005	0	465,444		0	0	0	0	0	0
Trust Fund 4000050	465,444	867,856		1,333,300	1,333,300	1,333,300	1,333,300	1,333,300	1,333,300
<b>Total Funding</b>	465,444	1,333,300		1,333,300	1,333,300	1,333,300	1,333,300	1,333,300	1,333,300
Excess Appropriation/(Funding)	(465,444)	0		0	0	0	0	0	0
<b>Grand Total</b>	0	1,333,300		1,333,300	1,333,300	1,333,300	1,333,300	1,333,300	1,333,300

## Appropriation Summary

**Appropriation:** 56W - Flood Map - Federal

**Funding Sources:** FNM - Federal Funds

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	Historical Data			2013-2014			2014-2015		
	2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses 5020002	3,341	0	106,300	0	0	0	0	0	0
Conference & Travel Expenses 5050009	0	0	10,200	0	0	0	0	0	0
Professional Fees 5060010	0	0	0	0	0	0	0	0	0
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Capital Outlay 5120011	0	0	6,000	0	0	0	0	0	0
<b>Total</b>	<b>3,341</b>	<b>0</b>	<b>122,500</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Funding Sources</b>									
Federal Revenue 4000020	3,341	0		0	0	0	0	0	0
<b>Total Funding</b>	<b>3,341</b>	<b>0</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
<b>Grand Total</b>	<b>3,341</b>	<b>0</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

APPROPRIATION NOT REQUESTED FOR THE 2013 - 2015 BIENNIUM.

# OFFICE OF HEALTH INFORMATION TECHNOLOGY

## Enabling Laws

Act 265 of 2012  
A.C.A § 25-42-101 et seq.

## History and Organization

The Office of Health Information Technology (OHIT) was established through a Miscellaneous Federal Grant authorized by the American Recovery & Reinvestment Act (ARRA) of 2009, which included the Health Information Technology for Economic & Clinical Health Act (HITECH) of 2009. HITECH authorized grants to promote health information technology as part of the overhaul of the healthcare system. OHIT was created to promote a health information exchange for information sharing among health care providers.

The Health Information Exchange (HIE) is necessary for electronic movement and use of health information according to national standards and exists independently of the Health Benefits Exchange proposed under the Patient Protection & Affordable Care Act of 2009. OHIT will continue to provide information about health care providers, patients, and patient records, regardless of which benefits exchange option the state chooses.

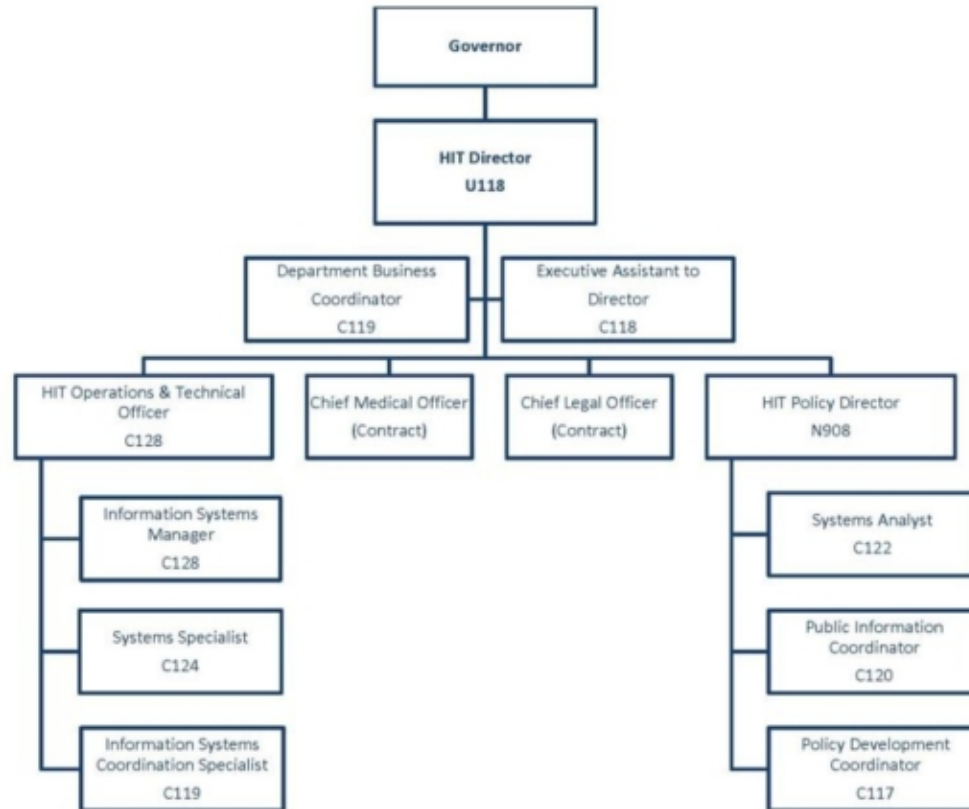
The 88<sup>th</sup> Regular Session of the General Assembly passed Act 891 of 2011 which established the Office of Health Information Technology and the governance structure for the State Health Alliance for Records Exchange (SHARE).

Act 891 established:

- The Office of Health Information Technology, provided the initial governance structure of the State Health Alliance for Records Exchange (SHARE), and authorized the Office to form a non-profit corporation at the proper time,
- The policies creating the Office and SHARE,
  - Details privacy and security components of SHARE and authorizes the Office to promulgate any additional rules and regulations,
  - The authority to establish reasonable fees or charges for the use of SHARE to fund operational costs of the Office and SHARE,
  - The Health Information Technology Fund, and

- OHIT shall serve as the coordinator of all health information technology efforts in Arkansas.

In January 2012, OHIT began Phase I implementation of SHARE to facilitate communications (connections) among health care organizations in the state. In May 2012, OHIT received approval from the Office of the National Coordinator (ONC) to begin Phase II implementation of SHARE to deploy the health information exchange connections and functions to enable health care providers to exchange clinical record information through a secure and Health Insurance Portability and Accountability (HIPAA) of 1996 compliant system. Arkansas is the first state to receive approval to move from Phase I to Phase II.





## **Agency Commentary**

The Office of Health Information Technology (OHIT) was legislatively authorized by Act 891 of 2011. The office is responsible for planning and implementing the State Health Alliance for Records Exchange (SHARE), Arkansas's health information exchange and for coordinating health information technology activities and funding throughout the state. Through the use of SHARE, individuals, health care providers and health organizations can electronically share health-related information throughout Arkansas. Along with providing a secure messaging system for point-to-point communication between healthcare providers, OHIT will launch the health information exchange in the fall of 2012.

OHIT is currently funded by the Office of the National Coordinator for HIT (ONC) through the State Health Information Exchange Cooperative Agreement Program. The cooperative agreement funding ends in FY14. OHIT has established a fee structure for participants in SHARE as authorized in A.C.A. § 25-42-101 et seq. The Office is authorized also to form a nonprofit corporation to be known as the State Health Alliance for Records Exchange.

Due to the ending of the Cooperative Agreement in FY14, the agency requests a change level reduction of \$6,255,080 in FY14 and a change level reduction \$7,116,430 in FY15. Correspondingly, the agency requests a change level of zero in FY14 and \$62,531 in FY15 for the OHIT State appropriation.

As part of the change level, the agency requests transfer of the eleven (11) Regular Salary positions from the OHIT federal appropriation to the OHIT State appropriation. The effect of this transfer is reduction and corresponding increase in Regular Salaries and Personal Services Matching of \$846,530. The agency also requests a new OHIT Compliance Attorney position, Grade N906 for an increase of \$101,361 in Regular Salaries and Personal Services Matching for the State appropriation. The Compliance Attorney is needed due to the responsibilities required by the Health Insurance Portability and Accountability Act (HIPAA), as amended by the Health Information Technology and Economic Clinical Health Act (HITECH), and requirements established by SHARE. Currently this is managed through an interagency agreement with the Department of Human Services for a HIPAA Compliance Officer. Due to the statewide implementation of SHARE, which will include several thousand health care providers and organizations, this position will be responsible for the development and implementation of policies and procedures for all statutory and regulatory compliance and enforcement activities. Failure of SHARE to operate in compliance with HIPAA, HITECH, and other federal and state privacy and security requirements could potentially result in large financial penalties for the State. Additionally, if healthcare providers, organizations, patients, and other health care entities do not have confidence that SHARE is highly secure and privacy compliant for the exchange of clinical information, SHARE will not be trusted or used. The agency also requests a change reduction in FY14 of \$5,408,550 and \$6,269,900 in FY15 to reflect the expiration of the Cooperative Agreement in FY14.

The agency requests a change level reduction of \$947,891 in the OHIT State appropriation in FY14 to offset the position transfer and new position request. The agency requests a change level reduction of \$885,360 in FY15 as a partial offset to the position transfer and new position request.

## Audit Findings

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
OFFICE OF HEALTH INFORMATION TECHNOLOGY  
FOR THE YEAR ENDED JUNE 30, 2011

Findings

Recommendations

This agency was established by Act 891 of 2011 which authorized operations beginning in FY13; therefore, there has been no audit performed as of this time.

### State Contracts Over \$25,000 Awarded To Minority Owned Businesses Fiscal Year 2012

None

### Employment Summary

	Male	Female	Total	%
White Employees	4	2	6	86 %
Black Employees	0	1	1	14 %
Other Racial Minorities	0	0	0	0 %
Total Minorities			1	14 %
Total Employees			7	100 %

### Publications

#### A.C.A. 25-1-204

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
N/A	N/A	N	N	0	N/A

# Department Appropriation Summary

## Historical Data

## Agency Request and Executive Recommendation

Appropriation	2011-2012		2012-2013		2012-2013		2013-2014					2014-2015						
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
F04 OHIT-State Match	0	0	6,000,000	0	6,000,000	0	6,000,000	0	6,000,000	12	5,974,184	12	6,000,000	0	6,062,531	12	6,036,975	12
F05 OHIT Federal	0	0	7,220,467	11	7,322,136	11	7,116,430	11	861,350	0	861,350	0	7,116,430	11	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>13,220,467</b>	<b>11</b>	<b>13,322,136</b>	<b>11</b>	<b>13,116,430</b>	<b>11</b>	<b>6,861,350</b>	<b>12</b>	<b>6,835,534</b>	<b>12</b>	<b>13,116,430</b>	<b>11</b>	<b>6,062,531</b>	<b>12</b>	<b>6,036,975</b>	<b>12</b>

Funding Sources		%		%		%		%		%		%		%		%		%
Fund Balance 4000005	0	0.0	528,435	3.8			528,435	6.5	528,435	6.5	528,435	6.5	1,218,185	14.8	1,218,185	14.8	1,244,001	15.1
Federal Revenue 4000020	0	0.0	7,220,467	52.5			861,350	10.7	861,350	10.7	861,350	10.7	0	0.0	0	0.0	0	0.0
Special Revenue 4000030	0	0.0	6,000,000	43.6			6,689,750	82.8	6,689,750	82.8	6,689,750	82.8	6,994,655	85.2	6,994,655	85.2	6,994,655	84.9
Total Funds	0	0.0	13,748,902	100.0			8,079,535	100.0	8,079,535	100.0	8,079,535	100.0	8,212,840	100.0	8,212,840	100.0	8,238,656	100.0
Excess Appropriation/(Funding)	0		(528,435)				5,036,895		(1,218,185)		(1,244,001)		4,903,590		(2,150,309)		(2,201,681)	
Grand Total	0		13,220,467				13,116,430		6,861,350		6,835,534		13,116,430		6,062,531		6,036,975	

Fund Balance variance due to excess appropriation in F05 OHIT Federal.

## Agency Position Usage Report

FY2010 - 2011						FY2011 - 2012						FY2012 - 2013					
Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused
	Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total	
0	0	0	0	0	0.00 %	0	0	0	0	0	0.00 %	11	7	4	11	0	36.36 %

Agency established in FY13.

## **Analysis of Budget Request**

**Appropriation:** F04 - OHIT-State Match

**Funding Sources:** MHI - Health Information Technology Fund

This appropriation was created as a requirement of the Cooperative Agreement for a state match and sustainability of the health information exchange after the end of the federal funding period.

The appropriation is funded by the Health Information Technology Fund for use by the Office of Health Information Technology (OHIT) for operating expenses of the Office of Health Information Technology and the State Alliance for Records Exchange (SHARE). Funds include fees or charges for use of the exchange, funds transferred from the General Improvement Fund or other funds, gifts, bequests, foundations grants and gifts, Governor's or other emergency funds, federal grants and matching funds, proceeds from bond issues, interagency transfer of funds, and other funds that may be appropriated by the General Assembly.

The Agency requests a net Change Level of \$0 in FY14 and \$62,531 is requested for FY15:

- The increase for both FY14 and FY15 includes transfer of eleven (11) positions from the federal appropriation and a new OHIT Compliance Attorney Grade N906 position for a Regular Salaries and Personal Services Matching total of \$947,891.
- For FY14 the agency requests a offsetting reduction of \$947,891 in the State Health Information Exchange, Personal Services, Operating Expense, Match, and Grants line item.
- For FY15 the agency requests a partial offsetting reduction of \$885,360 in the State Health Information Exchange, Cooperative Personal Services, State Match, Operating Expenses Program Matching Grants line item.

The Executive Recommendation provides for the Agency Request with the exception of the new position, which is recommended as a Managing Attorney Grade C129.

## Appropriation Summary

**Appropriation:** F04 - OHIT-State Match

**Funding Sources:** MHI - Health Information Technology Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	Historical Data			2013-2014			2014-2015		
	2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	0	0	0	0	729,451	708,283	0	729,451	708,283
<b>#Positions</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>12</b>	<b>12</b>	<b>0</b>	<b>12</b>	<b>12</b>
Personal Services Matching 5010003	0	0	0	0	218,440	213,792	0	218,440	214,052
St Health Info Exch, Personal Se 5900046	0	6,000,000	6,000,000	6,000,000	5,052,109	5,052,109	6,000,000	5,114,640	5,114,640
<b>Total</b>	<b>0</b>	<b>6,000,000</b>	<b>6,000,000</b>	<b>6,000,000</b>	<b>6,000,000</b>	<b>5,974,184</b>	<b>6,000,000</b>	<b>6,062,531</b>	<b>6,036,975</b>
<b>Funding Sources</b>									
Fund Balance 4000005	0	528,435		528,435	528,435	528,435	1,218,185	1,218,185	1,244,001
Special Revenue 4000030	0	6,000,000		6,689,750	6,689,750	6,689,750	6,994,655	6,994,655	6,994,655
<b>Total Funding</b>	<b>0</b>	<b>6,528,435</b>		<b>7,218,185</b>	<b>7,218,185</b>	<b>7,218,185</b>	<b>8,212,840</b>	<b>8,212,840</b>	<b>8,238,656</b>
Excess Appropriation/(Funding)	0	(528,435)		(1,218,185)	(1,218,185)	(1,244,001)	(2,212,840)	(2,150,309)	(2,201,681)
<b>Grand Total</b>	<b>0</b>	<b>6,000,000</b>		<b>6,000,000</b>	<b>6,000,000</b>	<b>5,974,184</b>	<b>6,000,000</b>	<b>6,062,531</b>	<b>6,036,975</b>

## Change Level by Appropriation

**Appropriation:** F04 - OHIT-State Match  
**Funding Sources:** MHI - Health Information Technology Fund

### Agency Request

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>6,000,000</b>	<b>0</b>	<b>6,000,000</b>	<b>100.0</b>	<b>6,000,000</b>	<b>0</b>	<b>6,000,000</b>	<b>100.0</b>
C01	Existing Program	101,361	1	6,101,361	101.7	101,361	1	6,101,361	101.7
C03	Discontinue Program	(947,891)	0	5,153,470	85.9	(885,360)	0	5,216,001	86.9
C07	Agency Transfer	846,530	11	6,000,000	100.0	846,530	11	6,062,531	101.0

### Executive Recommendation

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>6,000,000</b>	<b>0</b>	<b>6,000,000</b>	<b>100.0</b>	<b>6,000,000</b>	<b>0</b>	<b>6,000,000</b>	<b>100.0</b>
C01	Existing Program	75,545	1	6,075,545	101.3	75,545	1	6,075,545	101.3
C03	Discontinue Program	(947,891)	0	5,127,654	85.5	(885,360)	0	5,190,185	86.5
C07	Agency Transfer	846,530	11	5,974,184	99.6	846,790	11	6,036,975	100.6

### Justification

C01	The agency requests a change level of \$101,361 in Regular Salaries and Personal Services Matching for an Office of Health Information Technology (OHIT) Compliance Attorney, Grade N906. In the past, OHIT has managed the responsibilities required by the Health Insurance Portability and Accountability Act (HIPAA) as amended by the Health Information Technology for Economic and Clinical Health Act (HITECH Act), and the requirements established under the State Health Alliance for Records Exchange (SHARE) through an interagency agreement with the Department of Human Services for a HIPAA Compliance Officer. Due to the statewide implementation of SHARE, which will include several thousand health care providers and organizations, this position will have the responsibility for development and implementation of policies and procedures for all statutory and regulatory compliance and enforcement activities. Failure of SHARE to operate in compliance with HIPAA, HITECH and other federal and state privacy and security requirements could result in the potential for large financial penalties for the State. Additionally, if healthcare providers, organizations, patients, and other health care entities do not have confidence that SHARE is a highly secure and privacy compliant environment for the exchange of clinical information, SHARE will not be used or trusted.
C03	The agency requests a change level reduction of \$947,891 in FY14 and \$885,360 in FY15 to offset the new position and positions transferred in FY14 and as a partial offset in FY15.
C07	The agency requests a transfer of eleven (11) positions, which totals \$846,350 in Regular Salaries and Personal Services Matching for each year of the biennium, to the State appropriation to reflect that the Cooperative Agreement with the Office of the National Coordinator for Health Information Technology, US Department of Health and Human Services, ends in FY14. Beginning in FY15 the Office of Health Information Technology will be funded solely through the State appropriation.

## **Analysis of Budget Request**

**Appropriation:** F05 - OHIT Federal

**Funding Sources:** FHT - OHIT Federal Program

The Office of Health Information Technology (OHIT) was established through a Miscellaneous Federal Grant authorized by the American Recovery & Reinvestment Act (ARRA) of 2009, which included the Health Information Technology for Economic & Clinical Health Act (HITECH) of 2009. HITECH authorized grants to promote health information technology as part of the overhaul of the healthcare system. OHIT was created to promote a health information exchange for information sharing among health care providers.

Base Level Regular Salaries and Personal Services Matching includes Career Service payments for eligible employees. Personal Services Matching also includes a \$20 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$410 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay increases.

The Agency requests a Change Level reduction of \$6,255,080 in FY14 and \$7,116,430 in FY15 and is reflective of the Cooperative Agreement with the Office of the National Coordinator for Health Information Technology, US Department of Health & Human Services which ends in FY14.

Beginning in FY15 OHIT will be funded solely through fees and charges for use of the exchange.

The Executive Recommendation provides for the Agency Request.



## Appropriation Summary

**Appropriation:** F05 - OHIT Federal

**Funding Sources:** FHT - OHIT Federal Program

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
	2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	2013-2014			2014-2015		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	0	656,073	726,898	650,369	0	0	650,369	0	0
<b>#Positions</b>	<b>0</b>	<b>11</b>	<b>11</b>	<b>11</b>	<b>0</b>	<b>0</b>	<b>11</b>	<b>0</b>	<b>0</b>
Personal Services Matching 5010003	0	194,494	225,338	196,161	0	0	196,161	0	0
Operating Expenses 5020002	0	500,000	500,000	500,000	325,000	325,000	500,000	0	0
Conference & Travel Expenses 5050009	0	25,000	25,000	25,000	4,225	4,225	25,000	0	0
Professional Fees 5060010	0	100,000	100,000	100,000	25,000	25,000	100,000	0	0
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Capital Outlay 5120011	0	100,000	100,000	0	0	0	0	0	0
HIT Expenses & Grants 5900046	0	5,644,900	5,644,900	5,644,900	507,125	507,125	5,644,900	0	0
<b>Total</b>	<b>0</b>	<b>7,220,467</b>	<b>7,322,136</b>	<b>7,116,430</b>	<b>861,350</b>	<b>861,350</b>	<b>7,116,430</b>	<b>0</b>	<b>0</b>
<b>Funding Sources</b>									
Federal Revenue 4000020	0	7,220,467		861,350	861,350	861,350	0	0	0
Total Funding	0	7,220,467		861,350	861,350	861,350	0	0	0
Excess Appropriation/(Funding)	0	0		6,255,080	0	0	7,116,430	0	0
Grand Total	0	7,220,467		7,116,430	861,350	861,350	7,116,430	0	0

## Change Level by Appropriation

**Appropriation:** F05 - OHIT Federal  
**Funding Sources:** FHT - OHIT Federal Program

### Agency Request

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>7,116,430</b>	<b>11</b>	<b>7,116,430</b>	<b>100.0</b>	<b>7,116,430</b>	<b>11</b>	<b>7,116,430</b>	<b>100.0</b>
C03	Discontinue Program	(5,408,550)	0	1,707,880	24.0	(6,269,900)	0	846,530	11.9
C07	Agency Transfer	(846,530)	(11)	861,350	12.1	(846,530)	(11)	0	0.0

### Executive Recommendation

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>7,116,430</b>	<b>11</b>	<b>7,116,430</b>	<b>100.0</b>	<b>7,116,430</b>	<b>11</b>	<b>7,116,430</b>	<b>100.0</b>
C03	Discontinue Program	(5,408,550)	0	1,707,880	24.0	(6,269,900)	0	846,530	11.9
C07	Agency Transfer	(846,530)	(11)	861,350	12.1	(846,530)	(11)	0	0.0

### Justification

C03	The agency requests a change level reduction of \$5,408,550 in FY14 and \$6,269,900 in FY15 to reflect the Cooperative Agreement with the Office of the National Coordinator for Health Information Technology, US Department of Health and Human Services ends in FY14. Beginning in FY15 the Office of Health Information Technology will be funded solely through the State appropriation.
C07	The agency requests a transfer of eleven (11) positions, which totals \$846,530 in Regular Salaries and Personal Services Matching both years of the biennium, to the State appropriation to reflect that the Cooperative Agreement with the Office of the National Coordinator for Health Information Technology, US Department of Health and Human Services, ends in FY14.

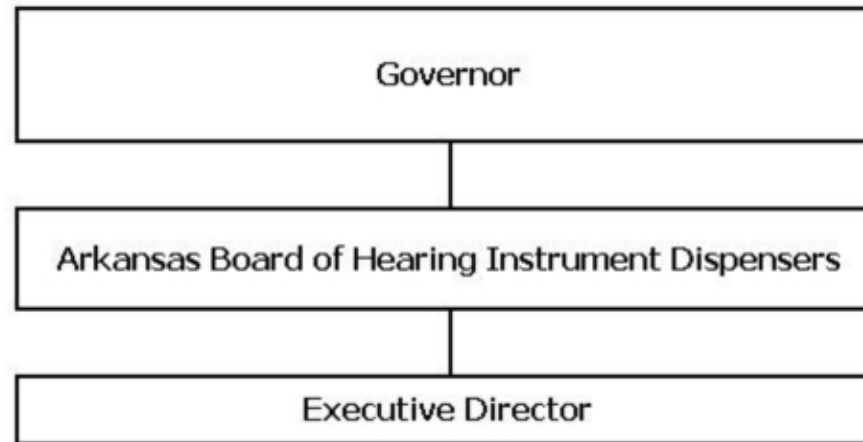
# AR BOARD OF HEARING INSTRUMENT DISPENSERS

## Enabling Laws

Act 126 of 2012  
A.C.A. §17-84-101

## History and Organization

The Board of Hearing Instrument Dispensers, authorized by A.C.A. §17-84-101 et seq., is responsible for the examination and licensure of persons engaging in the sale of hearing instruments. The Board is comprised of eight members appointed by the Governor for three-year terms. The Board is a cash agency funded from fees used for operating expenses and an extra help position.



## Agency Commentary

The Board of Hearing Instrument Dispensers is requesting to continue its operating appropriation at Base Level for the 2011-2013 Biennium with an additional request for \$3,990 in Operating Expense appropriation to cover increases in mileage for board members, cash fund service charge, and additional expenses from amending and mailing the rules and regulations of the Board. Funding is provided from license renewals and fees collected by the board.

## Audit Findings

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
ARKANSAS BOARD OF HEARING INSTRUMENT DISPENSERS  
FOR THE YEAR ENDED JUNE 30, 2011

Findings	Recommendations
None	None

### State Contracts Over \$25,000 Awarded To Minority Owned Businesses Fiscal Year 2012

None

### Cash Fund Balance Description as of June 30, 2012

Fund Account	Balance	Type	Location
3160000	\$45,687	Checking	Bank of Little Rock

#### Statutory/Other Restrictions on use:

A.C.A. §17-84-204 Fees are to be used to pay administrative expenses. Any remaining balances at year end are to be carried forward.

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

A.C.A. §17-84-203 Fees, Fines & Penalties as established in law.

#### Revenue Receipts Cycle:

Fees and penalties are collected throughout the year, with the bulk of the fees collected between 7/1 and 6/30

#### Fund Balance Utilization:

Fund balance each year is carried over as the base of the following year's operating budget.

## Publications

### A.C.A. 25-1-204

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
Rules & Regulations	A.C.A. §17-84-203	N	N	1	Required to distribute to licensees when changes occur.

## Agency Position Usage Report

FY2010 - 2011						FY2011 - 2012						FY2012 - 2013					
Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused
	Filled	Unfilled	Total				Filled	Unfilled	Total				Filled	Unfilled	Total		
0	0	0	0	0	0.00 %	0	0	0	0	0	0.00 %	0	0	0	0	0	0.00 %

## **Analysis of Budget Request**

**Appropriation:** A89 - Cash Operations

**Funding Sources:** 316 - Hearing Instrument Dispensers-Cash

The Arkansas Board of Hearing Aid Dispensers was created by Act 197 of 1969 to insure the public is protected when purchasing any instrument or device designed for aiding, improving, or correcting human hearing. Act 592 of 1999 amended Arkansas Code §17-84-101 and changed the name to Arkansas Board of Hearing Instrument Dispensers. Pursuant to Arkansas Code §17-84-203, funding is derived from examination fees, license fees, and renewal fees charged to persons who practice the fitting or selling of hearing instruments. The Board utilizes these funds to finance one (1) Extra Help position and provide operating expenses for the administration of the laws governing hearing instrument dispensers.

Base Level appropriation is \$23,596 each year of the biennium.

The Agency is requesting additional appropriation of \$3,990 in Operating Expenses each year of the biennium due to increased cost of mileage for board members, payment of the cash fund service charge, and additional expenses incurred from amending and mailing the rules and regulations of the Board.

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

## Appropriation Summary

**Appropriation:** A89 - Cash Operations

**Funding Sources:** 316 - Hearing Instrument Dispensers-Cash

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	2013-2014			2014-2015		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Extra Help	5010001	10,515	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000
<b>#Extra Help</b>		<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>
Personal Services Matching	5010003	809	1,071	1,071	1,071	1,071	1,071	1,071	1,071	1,071
Operating Expenses	5020002	8,953	12,165	8,175	8,175	12,165	12,165	8,175	12,165	12,165
Conference & Travel Expenses	5050009	0	0	0	0	0	0	0	0	0
Professional Fees	5060010	0	350	350	350	350	350	350	350	350
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>		<b>20,277</b>	<b>27,586</b>	<b>23,596</b>	<b>23,596</b>	<b>27,586</b>	<b>27,586</b>	<b>23,596</b>	<b>27,586</b>	<b>27,586</b>
<b>Funding Sources</b>										
Fund Balance	4000005	28,440	45,687		46,101	46,101	46,101	50,505	46,515	46,515
Cash Fund	4000045	37,524	28,000		28,000	28,000	28,000	28,000	28,000	28,000
<b>Total Funding</b>		<b>65,964</b>	<b>73,687</b>		<b>74,101</b>	<b>74,101</b>	<b>74,101</b>	<b>78,505</b>	<b>74,515</b>	<b>74,515</b>
Excess Appropriation/(Funding)		(45,687)	(46,101)		(50,505)	(46,515)	(46,515)	(54,909)	(46,929)	(46,929)
<b>Grand Total</b>		<b>20,277</b>	<b>27,586</b>		<b>23,596</b>	<b>27,586</b>	<b>27,586</b>	<b>23,596</b>	<b>27,586</b>	<b>27,586</b>

Budget exceeds Authorized Appropriation in Operating Expenses due to a transfer from the Cash Fund Holding Account.

## Change Level by Appropriation

**Appropriation:** A89 - Cash Operations  
**Funding Sources:** 316 - Hearing Instrument Dispensers-Cash

### Agency Request

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>23,596</b>	<b>0</b>	<b>23,596</b>	<b>100.0</b>	<b>23,596</b>	<b>0</b>	<b>23,596</b>	<b>100.0</b>
C01	Existing Program	3,990	0	27,586	116.9	3,990	0	27,586	116.9

### Executive Recommendation

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>23,596</b>	<b>0</b>	<b>23,596</b>	<b>100.0</b>	<b>23,596</b>	<b>0</b>	<b>23,596</b>	<b>100.0</b>
C01	Existing Program	3,990	0	27,586	116.9	3,990	0	27,586	116.9

### Justification

C01	\$3,990 in Operating Expense appropriation requested to cover increases in mileage for board members, cash fund service charge, and additional expenses from amending and mailing the rules and regulations of the Board.
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# DEPARTMENT OF INFORMATION SYSTEMS

## Enabling Laws

Act 165 of 2012  
A.C.A. §25-4-101 et seq.

## History and Organization

The Department of Computer Services, or DCS, was created in 1977 by Act 884 (Arkansas Code Annotated, Section 25, Chapter 4), as a cabinet-level department reporting to the Governor. Its purpose was to provide to state government a central data processing service, a statewide telephone network, and technical guidance and planning for the acquisition of related hardware, software, and training. During the 1997 session, the 81st General Assembly amended certain sections of the Arkansas Code to reestablish the Department of Computer Services as the Department of Information Systems, or DIS, and expanded the department responsibilities. Act 914 of 1997 charged DIS with various duties including but not limited to:

- 1) Providing information technology services to state agencies and other governmental entities;
- 2) Entering into contracts with state agencies and other governmental entities for the purpose of providing information technology services;
- 3) Establishing fair and reasonable schedules of rates or fees to be paid by state agencies and governmental entities provided services to enable the Department to defray the cost of delivering information technology services;
- 4) Establishing rates and fees for services provided by the Department to assure the Department is self-supporting. A billing rate plan shall be developed for a two-year period to coincide with the budgeting process. The same rate structure will apply to all agencies and entities receiving services;
- 5) Acquiring information technology on behalf of state agencies, the cost of which shall be recovered through customer billings at established rates;
- 6) Promulgating rules and regulations that are necessary for efficient administration and enforcement of the powers, functions, and duties of the Department.

Act 1401 of 2005 added - Compliance with State and Federal Regulations as follows: In order to effect compliance with the requirements of Federal OMB Circular A-87, the Director shall adjust billing rates or issue billing adjustments to be federally compliant, notwithstanding the provisions of ACA §25-4-105 and ACA §25-4-119 or funds sufficient to effect compliance shall be provided the Department from General Revenues, Special Revenues or such other fund sources as may become available.

Act 751 of 2007 dissolved the Office of the Executive Chief Information Officer and named the Director of the Department of Information Systems the Chief Technology Officer. The Act also transferred the daily operations, duties, and responsibilities of the Arkansas Geographic Information Office and the Security and Compliance Monitoring Office that resided within the organization to the Department of Information Systems.

Act 648 of 2009 amended the Arkansas Information Systems Act of 1997 to include:

- 1) The Department of Information Systems shall be vested with all the powers and duties necessary to administer the department and enable it to carry out fully and effectively the regulations and laws relating to the department;
- 2) The department's powers and duties relate to information technology without limitation;
- 3) Provide information technology services to state agencies, other governmental entities, non- governmental first responder entities, and other quasi-governmental entities;
- 4) Implementing systems to ensure the security of state data and state data processing assets, to provide for disaster recovery and continuity of operations to the state agencies served, and to recover its costs from the customers benefited;
- 5) Developing the information technology policies, standards, and specifications for state agencies and ensuring agencies' compliance with those policies, procedures and standards;
- 6) Developing a state information technology plan that shall establish a state-level mission, goals, and objectives for the use of information technology;
- 7) Identifying and establishing information technology solutions that can support more than one (1) agency in providing governmental services;
- 8) Advising agencies regarding information technology contracts and agreements;
- 9) Developing policies to promote and facilitate electronic access to government information and interoperability of information systems;
- 10) Reviewing and approving agencies' information technology plans and requests.
- 11) Under ACA §25-4-114 - Contracts and agreements for information. (a) Contracts and agreements for state agencies for information technology shall adhere to the state enterprise architecture. (b) A state agency shall submit to the Director of the Department of Information Systems for review and approval a request for the state agency to enter into a technology contract or agreement that is not in compliance with the state enterprise architecture.

During the General Assembly of 2010, an Executive recommendation with Legislative approval removed the Arkansas Geographic Information Office from purview of the Department of Information Systems to create a separate stand-alone agency for this function.

The Department of Information Systems has adopted a vision statement and mission statement along with values, decision drivers and goals that are the focus of the Department's statewide service efforts.

**Our Vision** - Customer satisfaction every time.

**Our Mission** - Provide technology leadership and solutions to assist our customers in their delivery of public services.

**Values** - Integrity, Customer Focus, Teamwork, Communication, Innovation, Credibility, Continuous Improvement.

**Decision Drivers** - People - Cost - Reliability - Security

**Goals - The Five E's** - Workforce Excellence, Customer Service Excellence, e-Leadership, Financial Excellence, Operational Excellence.

DIS is organized to accomplish its mission through 7 primary teams:

- (1) The Director's Office
- (2) Chief Operating Officer
- (3) Customer Relationship Management Office
- (4) Chief Financial Officer
- (5) State Security Office
- (6) Enterprise Architecture and Planning
- (7) Arkansas Wireless Information Network

**The Director's Office** which also functions as the Chief Technology Officer for the state is the Administrative Division of DIS. It includes the Director, Deputy Director, General Counsel and support staff. This Division provides overall guidance for the Agency and works directly with the Executive Leadership Team and the legislature. The Human Resource Division (HR) also resides under the leadership of the Deputy Director's office. HR plans and implements human resource policies in accordance with DIS guidelines, the DFA-Office of Personnel Management, and Federal Employment Labor Laws. This Division administers payroll, job classification/compensation, employment/recruiting, training, employee benefits enrollment, and general personnel policies.

**The Chief Operations Office includes the following Sections:**

Enterprise Systems Management (ESM) Division is responsible for designing, implementing, and maintaining solutions to meet customers' IT hosting requirements on Mainframe, UNIX, and Windows server platforms, as well as end user support and database administration. The Exchange E-mail Hosting section hosts approximately 18,000 Microsoft Exchange e-mail accounts. Systems Hosting has more than 100 state-wide applications, such as the drivers' license system, state tax systems, state-wide accounting, criminal justice, welfare eligibility, child protection, and numerous other public service applications. The applications are hosted on a vast array of Mainframe, UNIX, Linux and

Windows operating systems and are maintained in the DIS Data Center. The Database Administration in ESM provides services to many applications hosted by DIS. The services include installation, maintenance, operations, monitoring, tuning, and backup/recovery of the many database management systems in use by the State of Arkansas' applications. ESM also manages the State of Arkansas Enterprise Storage and Tape Management System environment with over 123TB of disk storage and over 500TB of tape storage under management. These services provide robust, flexible, highly available, and cost effective data storage to support continuous operations for the state's critical workloads. ESM is also central to a computing optimization effort currently underway. One of the aspects of this effort is to improve our hosting services by offering a service that increases the efficiency and availability of computing resources for applications. Through the use of new technologies, the state is implementing a virtual infrastructure that will respond dynamically to our rapidly changing business needs. With on-demand computing power, this virtual infrastructure will reduce operational costs and minimize energy demands. This effort will deliver IT resources when and where they are needed using a flexible and efficient environment for running applications created by a virtual infrastructure.

Phase two of this effort will leverage the virtual infrastructure to create the state's "internal cloud." This internal cloud will be available to Arkansas governmental entities and users to help encapsulate applications into a single unit. This will provide for more flexibility in managing applications. This will give state entities the elasticity to run applications internally or partner with external cloud and SAAS (Software as a Service) providers to be able to provide services to citizens in the most efficient manner possible.

Enterprise Network Services provides and manages the State voice, data, video, and wireless networks, including Internet access and state-wide network connectivity to state agencies, boards, commissions constitutional offices, K-12 education, and higher education institutions. The division also assists customers in accomplishing their technology goals through network engineering, provisioning, and operations. The Enterprise Network Services Division manages 1,940 network edge devices or routers, utilizing more than 2,700 circuits. Internet bandwidth capacity provided at the DIS Data Center has grown from 45 Mbps (millions of bits per second) in 1997 to 1,335 Mbps distributed over three Points of Presence. The State data network has doubled approximately every 18 months over the past 12 years. The data network also provides 10 internet content filtering servers which block about 8,000 sites per second. The Enterprise Network Services group provides operational support twenty-four hours a day, three hundred sixty five days a year to ensure uninterrupted services to state agencies, and the citizens of Arkansas. The Division also provides solutions that comply and support the business and program priorities for state government. It establishes open and common frameworks and processes to enable statewide information sharing and interoperability of services.

Enterprise Services provides Application Management, Data Warehouse, and document imaging services to customers. Application Management supports the state drivers' license system, interfacing with the Department of Finance and Administration (DFA), Arkansas State Police (ASP), Arkansas Crime Information Center (ACIC), the Office of Child Support Enforcement, and the Administrative Office of the Courts. The division manages applications in support of individual, corporate, withholding, and sales tax systems. Other applications

Administration System, which tracks 26 licenses and registration such as concealed handgun, fireworks, private business, and commissioned security officer, and the Arkansas Public Licensure System for the Arkansas Department of Education (ADE). The Division also supports the DIS Customer Notification System (CNS) which provides information to customers. The applications group implemented the Wage Reporting System (WRS)/Employer Registration System (ERS) application for the Department of Workforce Services (DWS) in FY2007. More than 1,300 employers used the ERS application to register their company with DWS, and an average of 2,000 employers use the WRS application to upload employee wages to DWS and make unemployment insurance payments on-line.

The Data Warehouse and Document Imaging section has over seven years' experience designing, developing and supporting business intelligence and document imaging solutions. This section supports over 400 customers and maintains and manages over 800,000 scanned documents and published reports. The services offered are: Business Analysis, Business Process Modeling, Logical Data Modeling, Data Cleansing, Data Integration, Managed Querying and Reporting, Imaged Document Management, and Imaging Workflow, all in a secure environment. Our customer base includes Department of Finance and Administration (DFA), Department of Human Services (DHS) Department of Workforce Services (DWS), Arkansas Crime Information Center (ACIC), Arkansas Department of Education (ADE), and Department of Parks and Tourism. We assist these customer agencies by developing and supporting systems like ADE's Supplemental Education tracking and reporting and teachers' professional licensing reporting and imaging; DWS' Benefit Payment Control reporting, calculating, tracking and auditing of unemployment benefits; DHS' contracts reporting and document imaging and child care and early childhood education reporting; DFA' s filing, tracking and reporting on projects and programs for American Recovery and Reinvestment Act; and document imaging for ACIC's criminal history and sex offender records.

Enterprise Operations Division provides DIS customers a high-reliability Operations Center, customer service desk, and customer field support services. They are responsible for a 12,800 sq. ft. secure, environmentally controlled, raised floor environment that houses critical technology assets, such as an AWIN SmartZone controller, mainframe and server computers, centralized disk storage, network routing equipment, security monitoring, data back-up tape systems, redundant AC power protection, gas fire suppression system, under-floor and above-ceiling water leak detection, emergency generator, off-site vaulted media storage, and disaster cold site capability. The Operations Center performs more than 2,000 mainframe and server-based data processing jobs per day. The division also monitors AWIN, the state's first responder system, state network and computer systems 24 hours a day, every day of the year. The division is responsible for the print production which averages 1.5 million pages per month. The Customer Service Desk (Call Center) is staffed by nine agents who receive and work 50,000 state, city, local government, and education customer trouble calls annually. From these calls, and additional e-mail contacts, approximately 70,000 incidents are created and managed using our incident management system, and of these approximately 19,500 are resolved without referral to technical services. The Customer Service Desk (Call Center) also houses the State Operators who assist Arkansas citizens with 38,500 telephone number inquiries each year. The Field Support Team provides desktop, server, and local area network support for K-12 education, as well as other DIS customers as needed. Nine remote and five central office technicians serve 263 Arkansas Public School Computer Network (APSCN) customers. Technical training workshops for school technology coordinators are offered at local educational cooperatives

and Little Rock. DIS also provides precinct-level support to county election officials as coordinated through the Secretary of State's Office. The Field Support group plays a key role in DIS disaster response technical support. Prior examples include the tornado response support for Atkins, Clinton, Mountain View and Gassville, and support following the fire that destroyed the Cabot Junior High School North building.

**Customer Relationship Management Office (CRM)** provides customer account managers who serve as liaisons between DIS and assigned customer base. The account managers evaluate the technology needs of our customers and present solutions. They also coordinate with internal departments to present solutions and complete projects, provide product demonstrations and presentations, and promote DIS products and services to ensure buying power for the state. The team also coordinates technology upgrades and conversions for state agencies, boards, and commissions.

CRM also includes the following:

Communications Section provides leadership in the Agency's efforts in planning and conducting internal and external communications. The team utilizes printed and electronic correspondence and newsletters, as well as audio and video presentations. The team is also responsible for communications efforts for programs such as the Arkansas Wireless Information Network (AWIN), state video network (VNET) and the state's participation in the E-Rate program. The division is directly responsible for the agency's communication with administration, legislators, customers, taxpayers, media and other key stakeholders.

Project & Enterprise Program Management Office (PEPMO) provides project management services for internal and external projects, as well as for multi-agency and state-wide projects and programs. PEPMO services are the management of project schedules, progress reports, life-cycle development, risk and resource management, cost and budget control, and change management. DIS project managers utilize a consistent approach based on internationally accepted methods, techniques, and best practices defined by the Project Management Institute.

Service Order Section serves the DIS customer base by placing telecommunications service orders on their behalf with contracted vendors throughout the state. This group is responsible for making sure service is provided to the customer in a timely and accurate manner, and that the appropriately billing for those services has been established.

**Arkansas Wireless Information Network Program Office (AWIN)** provides a statewide trunk-based interoperable communications system to support the public safety/service users in Arkansas on a daily basis as well as in times of emergencies that are multi-jurisdictional or multi-disciplinary. The primary focus is to provide cost-efficient/well-maintained data, voice, wireless, and video services to our customers including technical stability, application of converged technology, and timely response to customer's needs and, in general, creating customer satisfaction. AWIN currently serves more than 17,000 public safety personnel across the state. More than 100 tower sites provide a state-wide network that allows users in any part of the state to communicate in time of emergencies. The AWIN team provides system management, including engineering support for system monitoring, engineering design and analysis for new projects, and 24 hours a day,

365 days a year system support, monitoring, and on-call phone support. Support of the system includes monitoring of the digital trunked system, monitoring and control of the microwave backbone, monitoring site environmental alarms, monitoring sites and channels, and the monitoring of radios and talk groups. The team also provides coordination with the Association of Public Safety Communications Officials (APCO) to ensure proper frequency licensing.

**The Chief Financial Officer** is responsible for the Fiscal Administration Division which plans, develops, implements policy, and provides for the overall management of DIS Accounting functions, budgeting, funds management, financial activities, rate design, cost recovery, and internal time reporting, Information Technology Asset Management (ITAM) group, as well as special projects.

The CFO Division also includes the following;

Billing Section - DIS operates as an Internal Service Fund providing telecommunications and data processing services to state agencies and other approved governmental entities on a fee-for-service basis. As prescribed in both State and Federal laws and guidelines, DIS is required to operate at or near zero profit. DIS recovers all expended cost by billing clients for service usage.

Vendor Invoice Reconciliation allows DIS to manage our expensed dollars versus dollars billed. This group tracks invoice details to authorized contract rate elements in order to validate service rendered.

Procurement Services is responsible for processing all contract related documentation and managing all contract processes. This includes RFP, IFB, RFQ awards and renewals, as well as maintenance contracts, leases, or inter-agency agreements. Procurement Services will review all vendor contracts for compliance with Arkansas Law and works with the Office of State Procurement, vendors, and internal stakeholders to assure a valid contract agreement is in place at all times.

Strategic Funding - E-RATE Program - This program provides discounts to assist schools and libraries in obtaining affordable telecommunications and internet access. It is one of the support programs funded through the Universal Service fee which is charged to companies that provide interstate telecommunications services. Through these efforts, state entities have received several million dollars by participating in this program. The team also assists state efforts in the Rural Health Care Program.

**The State Cyber Security Office** offers security solutions to provide protection to public organizations on the state network and assist public organizations in developing business and disaster recovery plans. The state Security team monitors, protects, and performs vulnerability assessments for DIS hosted services by providing security monitoring of the state-wide network, including the operation and maintenance of 900 firewalls on the network. These efforts result in the denial of 10 million malicious attempts through the network firewalls daily. The network Monitoring, Analysis, and Reporting System (MARS) deployed into production in 2006, sends approximately 1,500 alerts of possible threats on the network daily. DIS security efforts result in the rejection and/or quarantine of an estimated 710,000 spam e-mails daily and provide twenty-four hours a day, seven days a week monitoring, system support and on-call phone support to ensure maximum reliability for our customers.

The State Cyber Security Office facilitates the state security working group to formulate policies and standards related to cyber security. The Office also works to develop state contracts for cyber security products to save the state money by taking advantage of economies of scale and to provide a more secure environment across the public sector.

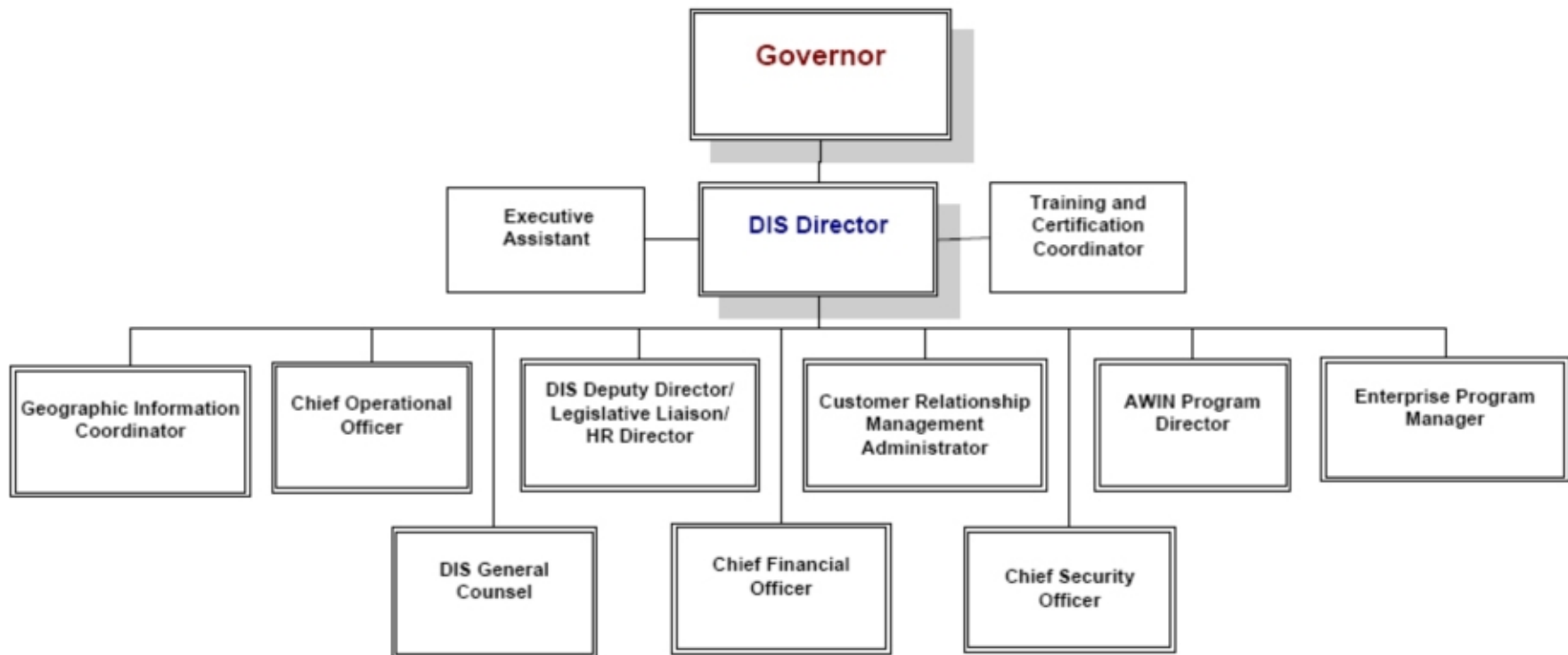
The Continuity of Operations Team of professionals is also a part of the Security Office. Primary functions include planning and coordination of the development, implementation, testing, and maintenance of Continuity of Operations plans, Pandemic Flu plans and preparation for any major interruption of DIS services and operations.

**Enterprise Architecture** is responsible for the process of translating business vision and strategy into effective enterprise change by creating, communicating and improving the key requirements, principles and models that describe the enterprises' future state and enable its evolution. The scope of enterprise architecture includes the people, processes, information and technology of the enterprise, and their relationships to one another and to the external environment. The team is also responsible for technology portions of the State IT planning process that each agency, board and commission are required to submit. DIS IT planning efforts align with the responsibilities of the DFA team to manage budget and costs.

In addition to Enterprise Architecture & Planning, this section includes:

Quality Management is responsible for the agency quality program, which is built around the Malcolm Baldrige National Quality Award criteria and has Arkansas Governor's Quality Award examiners on staff. Quality efforts include the customer and employee feedback system, performance measurement dashboard, quality process audits, and strategic plan development. DIS earned the Governor's Award for Performance Excellence in 2011 which demonstrates through practices and achievements the highest level of performance excellence.





## Agency Commentary

The Department of Information Systems (DIS) continues to pursue its leadership role in bringing Arkansas agencies and institutions of state government forward in the use of technology. DIS provides technical planning, design, services, and support for information technology and telecommunications services to the public sector of Arkansas in a reliable, cost-effective manner. Every day, Arkansas state agencies are becoming more involved in using electronic tools to conduct business and deliver services and information to citizens. Public expectations and business necessity are driving this trend. An electronic enterprise environment will meet that need by improving public access to government information and democratic processes as well as help government become more efficient, effective, and responsible to the public through the use of information technology. Technology is our most valuable tool in eliminating the effects of distance, time and geography in the delivery of government services. The challenges presented during the 2013 - 2015 Biennium in all these areas must be met if the State of Arkansas and state government are to stay in tune with emerging technologies, which will aid agencies and institutions in delivering the services demanded by their customers, the citizens of Arkansas.

DIS does not receive State General Revenue for daily operations. The department is funded from Non-Revenue Receipts. Non-Revenue Receipts are comprised of moneys received from our customers in payment for services provided. Consequently, DIS must stay attuned to the ever-changing needs of the agencies and institutions we serve to be able to respond to their needs.

## **2014 - 2015 Biennium Requests**

### **Appropriation Only Request:**

- A. Renew the Unanticipated Services Appropriation
- B. Renew the Capital outlay in the DIS Operating Line Item Budget
- C. Renew Telecommunications Technology Appropriation to FY2012 & FY2013 Authorized Level
- D. Renew Equipment Acquisition Appropriation to FY2012 & FY2013 Authorized Level

### **Appropriation Only Request:**

#### **A. Renew Unanticipated Services Contingency - Appropriation Only**

This request provides renewal of the unanticipated services appropriation from the previous biennial budget. This contingency level was set at \$20,000,000. It allows for operating expenses incurred in the provision of unanticipated services to state agencies, unusual growth in application and/or due to uncontrollable increases in payments to public utilities necessary for the continual provision of services to our customers. Approval of this appropriation will allow DIS to continue to save money for agencies and ultimately the people of Arkansas. DIS is in a unique position to bring together and aggregate procurements and service demands from all agencies and institutions. The significant economies of scale and the ability to have more than one organization served by a single resource is a very cost effective way to implement technology services. Additionally, this aggregation and economy of scale provides the substantial benefit so that organizations can have access to technologies, such as distance learning, that would otherwise have been out of their reach. This helps equalize the opportunities available to rural areas and the poorer areas of the state. It can help make government services available in areas and at times where it would not otherwise be cost-effective to provide them. Unanticipated project needs from our customers make this request necessary. We are asking that this appropriation be reinstated at \$20,000,000 each year of the biennium. This request is for appropriation only.

## **Operating Budget Request:**

### **B. Renew Capital Outlay - Appropriation Only**

The capital outlay requested for the Department of Information Systems is \$4,500,000 in appropriation for each year of the biennium. The \$4,500,000 will allow DIS to upgrade / replace the existing Data Center cooling system in conjunction with upgrading the raised access floor system (RAF) in the data center area. The 33 year-old data center also requires an upgrade / replacement of its present generators from a single generator configuration to a multi-generator configuration. The current single configuration is nearing its load capacity and will not be able to supply adequate power to run the system. The prior biennium operating budget line item for Capital Outlay was set at \$4,500,000. We are requesting retention of this amount in appropriation only.

### **C. Renew Telecommunications Technology - Appropriation Only**

DIS purchases communications technology goods and services from the private sector to provide government agencies, Boards, and Commissions the technology services that are required for the daily operations of each entity. From telephony and data networking to technical consulting, the Department of Information Systems provides products and services to the agencies that serve our citizens. Examples include telephone, long distance, email, internet connectivity, and maintenance of a statewide network infrastructure to provide telecommunications access services. Technology has changed drastically across state government throughout the past decade and DIS must keep pace with customer demands. Information technology acquisitions should meet state needs and be consistent with coordinated efforts to maximize standardization and cost effectiveness. In order to provide design and management services for the state's core information technology infrastructures, DIS must have appropriation authority in an amount sufficient enough to allow the purchase of goods and services on behalf of our client customers. Approximately \$16,000,000 of the \$58,450,929 is requested for E-Rate disbursements to participating schools, libraries and rural health customers.

### **D. Renew Equipment Acquisition - Appropriation Only**

The Department is requesting renewal of the \$3,500,000 appropriation for major acquisition of equipment and improvements of information technology. The Department of Information Systems is authorized under A.C.A § 25-4-122 and § 25-4-123 to accumulate a reserve for equipment acquisition in an amount not to exceed the department's depreciation expense per fiscal year. This reserve allows DIS to replace or upgrade obsolete equipment, software, or fully depreciated equipment that needs to be exchanged for newer technology. This appropriation is for major purchases only.

## Audit Findings

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
DEPARTMENT OF INFORMATION SYSTEMS  
FOR THE YEAR ENDED JUNE 30, 2011

Findings	Recommendations
None	None

## State Contracts Over \$25,000 Awarded To Minority Owned Businesses Fiscal Year 2012

None

## Employment Summary

	Male	Female	Total	%
White Employees	121	65	186	81 %
Black Employees	12	20	32	14 %
Other Racial Minorities	7	4	11	5 %
Total Minorities			43	19 %
Total Employees			229	100 %

## Publications

### A.C.A. 25-1-204

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
Quarterly Report to Joint Committee on Advanced Communications and Information Technology	A.C.A. §25-33-104	Y	Y	40	A.C.A. §25-33-104

# Department Appropriation Summary

## Historical Data

## Agency Request and Executive Recommendation

Appropriation	2011-2012		2012-2013		2012-2013		2013-2014						2014-2015					
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
288 Unanticipated Services	0	0	0	0	20,000,000	0	0	0	20,000,000	0	20,000,000	0	0	0	20,000,000	0	20,000,000	0
2QX Information Systems-Operations	75,735,953	253	97,000,000	257	102,837,504	257	92,623,108	257	102,249,264	257	97,749,264	257	92,633,874	257	102,260,030	257	97,760,030	257
2QY Equipment Acquisition	1,777,616	0	399,500	0	3,500,000	0	399,500	0	3,500,000	0	3,500,000	0	399,500	0	3,500,000	0	3,500,000	0
<b>NOT REQUESTED FOR THE BIENNIUM</b>																		
81Z ARRA	1,341,594	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>78,855,163</b>	<b>253</b>	<b>97,399,500</b>	<b>257</b>	<b>126,337,504</b>	<b>257</b>	<b>93,022,608</b>	<b>257</b>	<b>125,749,264</b>	<b>257</b>	<b>121,249,264</b>	<b>257</b>	<b>93,033,374</b>	<b>257</b>	<b>125,760,030</b>	<b>257</b>	<b>121,260,030</b>	<b>257</b>

Funding Sources		%		%		%		%		%		%		%		%
Fund Balance 4000005	12,087,028	14.2	6,108,261	5.6	12,508,761	11.8	12,508,761	9.0	12,508,761	9.0	12,956,665	12.2	12,956,665	9.3	17,456,665	12.2
Non-Revenue Receipts 4000040	71,521,842	84.2	103,800,000	94.4	96,571,012	91.1	126,197,168	91.0	126,197,168	91.0	96,371,012	90.7	125,997,168	90.7	125,997,168	87.8
Federal Funds-ARRA 4000244	1,341,594	1.6	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Information Tech Reserve 4000295	0	0.0	258,716	0.2	399,500	0.4	3,500,000	2.5	3,500,000	2.5	399,500	0.4	3,500,000	2.5	3,500,000	2.4
Miscellaneous Adjustments 4000345	12,960	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Transfer to Info Tech Reserve 4000645	0	0.0	(258,716)	(0.2)	(3,500,000)	(3.3)	(3,500,000)	(2.5)	(3,500,000)	(2.5)	(3,500,000)	(3.3)	(3,500,000)	(2.5)	(3,500,000)	(2.4)
<b>Total Funds</b>	<b>84,963,424</b>	<b>100.0</b>	<b>109,908,261</b>	<b>100.0</b>	<b>105,979,273</b>	<b>100.0</b>	<b>138,705,929</b>	<b>100.0</b>	<b>138,705,929</b>	<b>100.0</b>	<b>106,227,177</b>	<b>100.0</b>	<b>138,953,833</b>	<b>100.0</b>	<b>143,453,833</b>	<b>100.0</b>
Excess Appropriation/(Funding)	(6,108,261)		(12,508,761)		(12,956,665)		(12,956,665)		(17,456,665)		(13,193,803)		(13,193,803)		(22,193,803)	
<b>Grand Total</b>	<b>78,855,163</b>		<b>97,399,500</b>		<b>93,022,608</b>		<b>125,749,264</b>		<b>121,249,264</b>		<b>93,033,374</b>		<b>125,760,030</b>		<b>121,260,030</b>	

## Agency Position Usage Report

FY2010 - 2011						FY2011 - 2012						FY2012 - 2013					
Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused
	Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total	
257	241	16	257	0	6.23 %	257	235	22	257	0	8.56 %	257	233	24	257	0	9.34 %

## **Analysis of Budget Request**

**Appropriation:** 288 - Unanticipated Services

**Funding Sources:** MHC - Department of Information Systems Revolving Fund

This appropriation was established for the Department of Information Systems for the provision of unanticipated services to State Agencies, unusual growth in applications, or uncontrollable increases in payments to public utilities necessary for the continuous provision of services. Special language authorizes an appropriation transfer, upon approval of the Governor and prior review by the Joint Committee on Advanced Communications and Information Technology, to appropriation 2QX-Operations.

The Agency requests continuation of this appropriation at \$20,000,000 each year of the biennium.

The Executive Recommendation provides for the Agency Request.



## Appropriation Summary

**Appropriation:** 288 - Unanticipated Services

**Funding Sources:** MHC - Department of Information Systems Revolving Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	2011-2012	2012-2013	2012-2013	2013-2014			2014-2015		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Contingency - Telecommunicator 5130018	0	0	20,000,000	0	20,000,000	20,000,000	0	20,000,000	20,000,000
Total	0	0	20,000,000	0	20,000,000	20,000,000	0	20,000,000	20,000,000
<b>Funding Sources</b>									
Non-Revenue Receipts 4000040	0	0		0	20,000,000	20,000,000	0	20,000,000	20,000,000
Total Funding	0	0		0	20,000,000	20,000,000	0	20,000,000	20,000,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	0	0		0	20,000,000	20,000,000	0	20,000,000	20,000,000

## Change Level by Appropriation

**Appropriation:** 288 - Unanticipated Services

**Funding Sources:** MHC - Department of Information Systems Revolving Fund

### Agency Request

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
C01	Existing Program	20,000,000	0	20,000,000	100.0	20,000,000	0	20,000,000	100.0

### Executive Recommendation

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
C01	Existing Program	20,000,000	0	20,000,000	100.0	20,000,000	0	20,000,000	100.0

### Justification

C01	The Department of Informations (DIS) is requesting the continuation of appropriation for supporting operating expenses incurred in the provision of services to state agencies, unusual growth in applications, or due to uncontrollable increases in payments to public utilities necessary to prevent an interruption of service to state agencies. This appropriation will only be requested if necessary to carry out the objectives of the agency. Approval for the release of contingency appropriation will go through the Governor, the Chief Fiscal Officer of the State, review by the Joint Committee on Advanced Communications and Information Technology, and the Arkansas Legislative Council. The funds to support this appropriation will be payable from the DIS Revolving Fund.								
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## **Analysis of Budget Request**

**Appropriation:** 2QX - Information Systems-Operations

**Funding Sources:** MHC - Department of Information Systems Revolving Fund

The Department of Information Systems (DIS) provides information technology services to state government and includes a centralized service bureau; a statewide network backbone for data, voice and video; technical guidance and planning for integration with the state architecture; procurement services; and other services for agency and community connectivity. This appropriation is funded by non-revenue receipts derived from services provided to various agencies of the federal, state, city, and county governments. In the event of unforeseen conditions, the agency may request appropriation transfer from Appropriation 288 - Unanticipated Services; after approval of the Governor and prior review by the Joint Committee on Advanced Communications and Information Technology.

Base Level Regular Salaries and Personal Services Matching includes Career Service payments for eligible employees. Personal Services Matching also includes a \$20 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$410 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay increases. The Base Level salary of unclassified positions reflect the FY13 line item maximum.

The agency requests change levels of \$9,626,156 for FY14 and FY15. The agency requests an increase in:

- Capital Outlay of \$4,500,000 for restoration or replacement of the Data Center cooling system, replacement of the 33 year old raised floor, and upgrade or replacement of the existing generator with a multi-generator configuration.
  - The agency estimates \$2.7 million for the cooling system. This will be used to replace piping and chilled water systems that provide required climate controls;
  - estimated cost of the new raised floor is \$500,000, and be replaced at the same time as the cooling system.
  - The estimated cost of the multi-generator configuration is \$1.3 million. This will ensure operation of the Data Center in an emergency. The current single generator is near load capacity and may not be able to supply adequate power to the Data Center in the event of a power outage. This project is listed on pages 56 and 58 of the agency's state IT plan.
- Telecommunications/Technology Delivery line item of \$5,126,156 to restore the appropriation. This line item is used for E-Rate reimbursement and delivery of goods and services requested by the agency's customers. This increase to restore the appropriation will ensure sufficient appropriation to provide design and management services for the state's core information technology infrastructures.

The Executive Recommendation provides for Base Level, with the addition of the requested increase in the Telecommunications/Technology Delivery line item.

## Appropriation Summary

**Appropriation:** 2QX - Information Systems-Operations  
**Funding Sources:** MHC - Department of Information Systems Revolving Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			2013-2014			2014-2015		
		2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	15,492,904	15,541,995	16,381,745	15,585,430	15,585,430	15,585,430	15,593,830	15,593,830	15,593,830
<b>#Positions</b>		<b>253</b>	<b>257</b>	<b>257</b>	<b>257</b>	<b>257</b>	<b>257</b>	<b>257</b>	<b>257</b>	<b>257</b>
Extra Help	5010001	120,038	164,000	164,000	164,000	164,000	164,000	164,000	164,000	164,000
<b>#Extra Help</b>		<b>16</b>	<b>18</b>	<b>18</b>	<b>18</b>	<b>18</b>	<b>18</b>	<b>18</b>	<b>18</b>	<b>18</b>
Personal Services Matching	5010003	4,326,296	4,630,640	4,502,238	4,710,313	4,710,313	4,710,313	4,712,679	4,712,679	4,712,679
Overtime	5010006	2,762	66,000	66,000	66,000	66,000	66,000	66,000	66,000	66,000
Operating Expenses	5020002	6,063,727	9,519,905	9,519,905	9,519,905	9,519,905	9,519,905	9,519,905	9,519,905	9,519,905
Conference & Travel Expenses	5050009	96,859	214,321	214,321	214,321	214,321	214,321	214,321	214,321	214,321
Professional Fees	5060010	82,017	631,500	631,500	631,500	631,500	631,500	631,500	631,500	631,500
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	1,028,485	4,500,000	4,500,000	0	4,500,000	0	0	4,500,000	0
Data Processing Services	5900044	6,163,092	8,406,866	8,406,866	8,406,866	8,406,866	8,406,866	8,406,866	8,406,866	8,406,866
Telecommunication/Technology I	5900046	42,359,773	53,324,773	58,450,929	53,324,773	58,450,929	58,450,929	53,324,773	58,450,929	58,450,929
<b>Total</b>		<b>75,735,953</b>	<b>97,000,000</b>	<b>102,837,504</b>	<b>92,623,108</b>	<b>102,249,264</b>	<b>97,749,264</b>	<b>92,633,874</b>	<b>102,260,030</b>	<b>97,760,030</b>
<b>Funding Sources</b>										
Fund Balance	4000005	10,181,588	5,967,477		12,508,761	12,508,761	12,508,761	12,956,665	12,956,665	17,456,665
Non-Revenue Receipts	4000040	71,521,842	103,800,000		96,571,012	106,197,168	106,197,168	96,371,012	105,997,168	105,997,168
Transfer to Info Tech Reserve	4000645	0	(258,716)		(3,500,000)	(3,500,000)	(3,500,000)	(3,500,000)	(3,500,000)	(3,500,000)
<b>Total Funding</b>		<b>81,703,430</b>	<b>109,508,761</b>		<b>105,579,773</b>	<b>115,205,929</b>	<b>115,205,929</b>	<b>105,827,677</b>	<b>115,453,833</b>	<b>119,953,833</b>
Excess Appropriation/(Funding)		(5,967,477)	(12,508,761)		(12,956,665)	(12,956,665)	(17,456,665)	(13,193,803)	(13,193,803)	(22,193,803)
<b>Grand Total</b>		<b>75,735,953</b>	<b>97,000,000</b>		<b>92,623,108</b>	<b>102,249,264</b>	<b>97,749,264</b>	<b>92,633,874</b>	<b>102,260,030</b>	<b>97,760,030</b>

The FY13 Budget amount in Personal Services Matching exceeds the authorized amount due to matching rate adjustments during the 2011-2013 Biennium.

## Change Level by Appropriation

**Appropriation:** 2QX - Information Systems-Operations  
**Funding Sources:** MHC - Department of Information Systems Revolving Fund

### Agency Request

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>92,623,108</b>	<b>257</b>	<b>92,623,108</b>	<b>100.0</b>	<b>92,633,874</b>	<b>257</b>	<b>92,633,874</b>	<b>100.0</b>
C01	Existing Program	5,126,156	0	97,749,264	105.5	5,126,156	0	97,760,030	105.5
C08	Technology	4,500,000	0	102,249,264	110.4	4,500,000	0	102,260,030	110.4

### Executive Recommendation

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>92,623,108</b>	<b>257</b>	<b>92,623,108</b>	<b>100.0</b>	<b>92,633,874</b>	<b>257</b>	<b>92,633,874</b>	<b>100.0</b>
C01	Existing Program	5,126,156	0	97,749,264	105.5	5,126,156	0	97,760,030	105.5
C08	Technology	0	0	97,749,264	105.5	0	0	97,760,030	105.5

### Justification

C01	DIS is requesting \$5,126,156, in appropriation only, to reinstate the Telecommunications Technology appropriation back to its' FY2012 & FY2013 authorized level. DIS purchases communications technology goods and services from the private sector to provide government agencies, boards, and commissions the technology services that are required for the daily operations of each entity. In order to provide design and management services for the state's core information technology infrastructures, DIS must have appropriation authority in an amount sufficient to allow for the purchase of goods and services on behalf of our client customers. Approximately \$16,000,000 of the total \$58,450,929 is dedicated to E-Rate for disbursements to participating schools, libraries and rural health customers.
C08	DIS is requesting a renewal of the \$4.5 million, in appropriation only, for the Capital Outlay line item for each year of the biennium in order to support the following agency requirements: 1. Upgrade or replace existing Data Center cooling system. The appropriation will be used to replace existing piping and chilled water systems that provide required climate controls. The engineering study highlighted that the current system presents an extremely high risk of failure. The preliminary study projected a cost estimate of \$2.7 million. 2. Replace the 33 year-old raised floor system. The replacement will be performed in tandem with the cooling system upgrade/replacement. The new raised floor will maximize both the air flow and cooling efficiency. Estimated project cost is \$500,000. 3. Upgrade or replace the existing single generator with a multi-generator configuration. The current single generator is nearing its load capacity and may not be able to supply adequate power to the Data Center and supporting systems in the event of a power outage. The multi-generator configuration will provide fault tolerant power generation equipment to ensure operation of the Data Center in an emergency. Estimated project cost is \$1.3 million. This project is listed on pages 56 & 58 of the DIS Agency IT plan.

## **Analysis of Budget Request**

**Appropriation:** 2QY - Equipment Acquisition

**Funding Sources:** MHD - Department of Information Systems Reserve

The Department of Information Systems utilizes this appropriation for major equipment acquisition or information technology improvements as stated in A.C.A §25-4-122. The agency also uses appropriation authorized through their Operations appropriation (2QX) for purchase of equipment.

The Department is authorized to accumulate a reserve for equipment acquisition in an amount not to exceed the Department's depreciation expense per fiscal year. In addition, the Department is authorized to obtain, from the State Board of Finance, loans from the Budget Stabilization Trust Fund to supplement the reserve if the reserve is insufficient to handle the total cost of required equipment acquisitions. These loans and the reserve for equipment acquisition shall be used exclusively for major equipment acquisitions or information technology improvements required in order to fulfill the requirements for one (1) or more user agencies. The loans from the Budget Stabilization Trust Fund to the Information Technology Reserve Fund shall be repaid within five (5) years from revenues derived from charges to users, and the annual loan repayment amount shall be computed as a part of the total yearly expenses of the Department and shall be charged proportionately to users. The State Board of Finance, after obtaining the Governor's written approval, shall also review and may approve the loans the establish terms of repayment and a rate of interest to be paid by the Department of Information Systems Revolving Fund to the Budget Stabilization Trust Fund, which rate shall be approximately equivalent to the rate of interest the State Board of Finance is receiving on other investments at the time of approving the loan request.

The Agency's Change Level Request of \$3,100,500 for each year of the 2013-2015 Biennium is to restore the appropriation for Equipment Acquisitions & Information Technology Improvements.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 2QY - Equipment Acquisition  
**Funding Sources:** MHD - Department of Information Systems Reserve

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	2011-2012	2012-2013	2012-2013	2013-2014			2014-2015		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Equip Acq's & IT Improvements 5900046	1,777,616	399,500	3,500,000	399,500	3,500,000	3,500,000	399,500	3,500,000	3,500,000
<b>Total</b>	<b>1,777,616</b>	<b>399,500</b>	<b>3,500,000</b>	<b>399,500</b>	<b>3,500,000</b>	<b>3,500,000</b>	<b>399,500</b>	<b>3,500,000</b>	<b>3,500,000</b>
<b>Funding Sources</b>									
Fund Balance 4000005	1,905,440	140,784		0	0	0	0	0	0
Information Tech Reserve 4000295	0	258,716		399,500	3,500,000	3,500,000	399,500	3,500,000	3,500,000
Miscellaneous Adjustments 4000345	12,960	0		0	0	0	0	0	0
<b>Total Funding</b>	<b>1,918,400</b>	<b>399,500</b>		<b>399,500</b>	<b>3,500,000</b>	<b>3,500,000</b>	<b>399,500</b>	<b>3,500,000</b>	<b>3,500,000</b>
Excess Appropriation/(Funding)	(140,784)	0		0	0	0	0	0	0
<b>Grand Total</b>	<b>1,777,616</b>	<b>399,500</b>		<b>399,500</b>	<b>3,500,000</b>	<b>3,500,000</b>	<b>399,500</b>	<b>3,500,000</b>	<b>3,500,000</b>

Miscellaneous Adjustments line amount reflects Sales Tax Rebates.

## Change Level by Appropriation

**Appropriation:** 2QY - Equipment Acquisition  
**Funding Sources:** MHD - Department of Information Systems Reserve

### Agency Request

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>399,500</b>	<b>0</b>	<b>399,500</b>	<b>100.0</b>	<b>399,500</b>	<b>0</b>	<b>399,500</b>	<b>100.0</b>
C01	Existing Program	3,100,500	0	3,500,000	876.1	3,100,500	0	3,500,000	876.1

### Executive Recommendation

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>399,500</b>	<b>0</b>	<b>399,500</b>	<b>100.0</b>	<b>399,500</b>	<b>0</b>	<b>399,500</b>	<b>100.0</b>
C01	Existing Program	3,100,500	0	3,500,000	876.1	3,100,500	0	3,500,000	876.1

### Justification

C01	The Department is requesting restoration of the \$3,500,000 Equipment Acquisition appropriation for major asset purchases and improvements of information technology. The Department of Information Systems is authorized under A.C.A § 25-4-122 and § 25-4-123 to accumulate a reserve for equipment acquisition in an amount not to exceed the department's depreciation expense per fiscal year. This reserve allows DIS to replace, upgrade obsolete equipment, software, or fully depreciated equipment that needs to be exchanged for newer technology. This appropriation is for major purchases only.
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## Appropriation Summary

**Appropriation:** 81Z - ARRA

**Funding Sources:** FIS - Federal Funds-ARRA

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	2013-2014			2014-2015		
				Base Level	Agency	Executive	Base Level	Agency	Executive
ARRA of 2009 5900052	1,341,594	0	0	0	0	0	0	0	0
Total	1,341,594	0	0	0	0	0	0	0	0
<b>Funding Sources</b>									
Federal Funds-ARRA 4000244	1,341,594	0		0	0	0	0	0	0
Total Funding	1,341,594	0		0	0	0	0	0	0
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	1,341,594	0		0	0	0	0	0	0

APPROPRIATION NOT REQUESTED FOR THE 2013 - 2015 BIENNIUM.

# STATE INSURANCE DEPARTMENT

## Enabling Laws

Act 263 of 2012  
A.C.A. §21-2-701 et seq.  
A.C.A. §21-5-601 et seq.  
A.C.A. §23-60-101---23-101-114  
A.C.A. §26-57-601---26-57-616  
A.C.A. §24-11-301; 24-11-809  
A.C.A. §23-102-105---23-102-119  
A.C.A. §11-9-301---11-9-307  
A.C.A. §21-14-101(d)(2)  
A.C.A. §23-40-101 et seq.

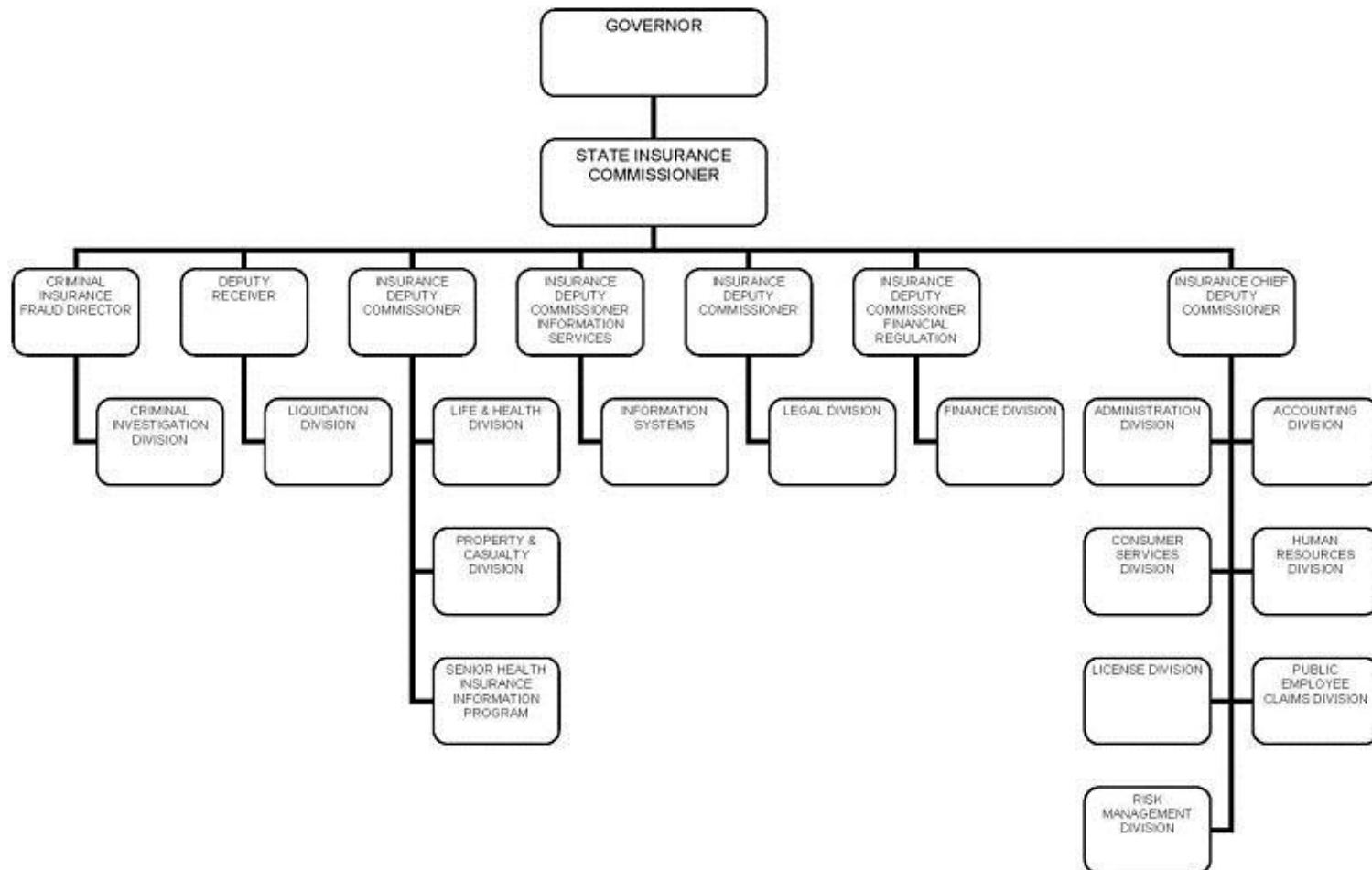
## History and Organization

The purpose of the Arkansas Insurance Department is to serve and protect the public interest by the equitable enforcement of the State's laws and regulations affecting the insurance industry. The primary mission of the Department is consumer protection through insurer solvency, market conduct regulation, and fraud prevention and deterrence.

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, and 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 three to five years and foreign insurers when necessary, testing and licensing of all persons applying to become insurance agents, title agents, reviewing and analyzing policy forms and rate filings, and the collection of applicable premium taxes and fees. In addition, regulate and license limited surety agents, automobile clubs, health maintenance organizations, pre-paid legal insurers and hospital and medical service corporations. Registration requirements have been established for third party administrators. The Department has responsibility for the collection of funds for the Firemen's and Police Officers' Pension Funds. It assists state agencies, institutions and schools in the establishment of appropriate insurance programs and procurement of coverage. The Department receives and investigates complaints from citizens concerning persons engaging in any of the areas regulated, and provides information to the public with regard to these entities. Legislation is prepared and rules are promulgated to effectively carry out duties. The Department administers domiciliary and ancillary receivership proceedings for companies placed in rehabilitation or liquidation. The State Insurance Department operates with a trust fund. Legislation

established the Workers' Compensation Fraud Investigation Unit, the Insurance Fraud Investigation Division, and PrePaid Funeral Benefits Division; all operating with trust funds.

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



## **Agency Commentary**

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, and 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 three to 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 and fees. In addition, regulate and license limited surety agents, automobile clubs, health maintenance organizations, pre-paid legal insurers and hospital and medical service corporations. Registration requirements have been established for third party administrators. The Department has responsibility for the collection of funds for the Firemen's and Police Officers' Pension Funds. Another duty is assisting State agencies, institutions, and schools in the establishment of appropriate insurance programs and procurement of coverage. The Department receives and investigates complaints from citizens concerning persons engaging in any of the areas regulated, and for providing information to the public with regard to these entities. Legislation is prepared and rules and regulations are promulgated to effectively carry out these duties. The Department administers domiciliary and ancillary receivership proceedings for companies placed in rehabilitation or liquidation. Legislation has added the Workers' Compensation Fraud Investigation Unit, the Insurance Fraud Investigation Division and the Prepaid Funeral Benefits Division. The Public Employee Claims Division was also created within the State Insurance Department. This Division is designated as the unit of state government primarily responsible for the administration of Public Employee Workers' Compensation claims in the State of Arkansas. The Department was awarded three federal grants Health Information Counseling for senior citizens on Medicare, Health Insurance Premium Rate Review and Level One Cooperative Agreement.

The Department is requesting Base Level for its programs, with the following exceptions:

In the State Operations Program, the addition of \$20,000 each year in Capital Outlay is requested for replacement of Non-IT equipment. Another \$135,000 each year in Capital Outlay is for continuation of scheduled replacement and upgrading of technology equipment indicated in the Department's IT plan that has been submitted to the DFA - Office of State Technology Planning. An additional \$15,000 each year in Conference Fee & Travel is for increases in airfare. Also, an additional \$100,000 each year is requested for Professional Services for Actuarial Contracts to review company reserves, claims, re-insurance contracts and annuities.

Requesting one (1) new position of Insurance Senior Examiner, Grade C122, to monitor company closings due to depressed financial markets and current economic conditions and the reclassification of four (4) positions: Administrative Specialist II, Grade C109, to Administrative Specialist III, Grade C112.

Transfer of one (1) base level position, Administrative Specialist II, Grade C109, back to its original location in the Insurance-State Operations Program. This position was loaned to the Cycle 1 Exchange Grant and paid by that grant to provide clerical support.

In the Department's Fraud Investigation Unit, reclassification of one (1) position, Criminal Insurance Fraud Investigator, C119, to Assistant Director Fraud Investigation, C126. This position already has the responsibility of the lead investigator and acts as Assistant Director. Due to increased volume and complexity of fraud cases the Director has been spending more time with staff attorneys and prosecutors. No additional costs are involved in this change.

In the Insurance Fraud Investigation Division, request the addition of \$20,000 each year to cover increase in office space square footage due to relocation of this program to other quarters.

In the Public Employee Claims Section, an additional \$9,000 each year is requested to cover increases in office rent and the reclassification of a Workers' Compensation Claims Specialist to a Workers' Compensation Program Manager is also requested.

In the appropriation for State Employee Claims, an additional \$1,000,000 each year is requested to assure sufficient resources are available to process all workers' compensation claims for State employees.

Governmental Bonding Board Operations, an additional \$2,000,000 each year is requested to assure sufficient resources are available to process claims payments.

Health Insurance Premium Rate Review-Federal, Restoration of appropriation originally approved by a miscellaneous federal grant in December, 2011.

Health Care Exchange - Federal, Cycle 1 ends as of September, 2012. Transfer of three positions: One (1) base level position back to the Insurance-State Operations Program and two (2) base level federal positions to the federally funded Level One Cooperative Agreement.

Level One Cooperative Agreement - Federal, restoration of five (5) positions and appropriation approved by miscellaneous federal grant in April, 2012; transfer two (2) base level federal positions from Cycle 1 to the Level One Cooperative Agreement to continue operations.

## **Audit Findings**

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
STATE INSURANCE DEPARTMENT  
FOR THE YEAR ENDED JUNE 30, 2010

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Findings

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Recommendations

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The Liquidation Division had the following internal control deficiencies related to bank accounts:

- The Liquidation Division maintains 37 bank accounts with a total balance at June 30, 2010 of \$9,090,334. Our testing of these receivership bank accounts revealed monthly bank reconciliations were not being prepared for some of the accounts.
- Our review of the Liquidation Division and Property and Casualty Guaranty Fund Operating Accounts revealed that supporting documentation for 3 out of 30 disbursements tested was not properly maintained.
- There were inadequate controls over cash transactions because of insufficient segregation of duties.

The ability to properly safeguard and account for these assets was jeopardized as a result of inadequate controls.

We noted the following internal control deficiencies relating to the various information systems:

- There was no periodic review of system user access abilities to ensure that each user's access is commensurate with job duties.
- The contingency plan that addresses the Agency's procedures in the event of a short-term or long-term interruption of computer service has not been fully established and tested.

Failure to properly implement controls increases the risk of inappropriate access to data and inability to restore computer systems.

Review and follow the required procedures as set out in the State Financial Management Guide.

Implement strong control over its computer systems to help prevent improper use and ensure their successful restoration.

## **State Contracts Over \$25,000 Awarded To Minority Owned Businesses Fiscal Year 2012**

None

## Employment Summary

	Male	Female	Total	%
White Employees	57	86	143	79 %
Black Employees	4	32	36	20 %
Other Racial Minorities	0	2	2	1 %
Total Minorities			38	21 %
Total Employees			181	100 %

## Publications

### A.C.A. 25-1-204

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
Annual Report	A.C.A. 23-61-112	Y	N	120	Required for the Governor and provided to others upon request.

# Department Appropriation Summary

## Historical Data

## Agency Request and Executive Recommendation

Appropriation	2011-2012		2012-2013		2012-2013		2013-2014					2014-2015						
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
1QA AMAIT - Operations	6,311,755	0	10,000,000	0	10,000,000	0	10,000,000	0	10,000,000	0	10,000,000	0	10,000,000	0	10,000,000	0	10,000,000	0
2SW Insurance-State Operations	11,424,872	129	12,194,745	135	12,429,915	136	11,954,989	135	12,323,512	137	12,296,716	137	11,962,589	135	12,331,243	137	12,304,316	137
2SX Fraud Investigation Unit	322,528	4	358,419	4	370,286	4	359,379	4	359,379	4	359,379	4	359,501	4	359,501	4	359,501	4
2SY Insurance Fraud Investigation Division	936,057	11	990,334	11	993,480	11	993,097	11	1,013,097	11	1,013,097	11	994,073	11	1,014,073	11	1,014,073	11
2SZ Prepaid Funeral Benefits Division	299,768	4	375,522	4	374,985	4	376,482	4	376,482	4	376,482	4	376,482	4	376,482	4	376,482	4
2TA Continuing Education Program	4,682	0	35,524	1	37,475	1	35,764	1	35,764	1	35,764	1	35,764	1	35,764	1	35,764	1
2TB State Employee Claims	12,599,583	0	15,000,000	0	15,000,000	0	15,000,000	0	16,000,000	0	16,000,000	0	15,000,000	0	16,000,000	0	16,000,000	0
2TC Governmental Bonding Board Operations	993,372	0	2,104,855	0	2,104,855	0	2,104,855	0	4,104,855	0	4,104,855	0	2,104,855	0	4,104,855	0	4,104,855	0
2TD Public Employees Claims Section	1,515,136	23	1,507,330	23	1,583,324	24	1,527,817	23	1,536,817	23	1,536,817	23	1,528,915	23	1,537,915	23	1,537,915	23
2TE Health Information Counseling	788,641	7	1,372,216	7	1,012,544	6	916,715	6	916,715	6	916,715	6	916,715	6	916,715	6	916,715	6
2TF Refunds of Overpayments	2,975,863	0	11,000,000	0	11,000,000	0	11,000,000	0	11,000,000	0	11,000,000	0	11,000,000	0	11,000,000	0	11,000,000	0
2TG Public School Employees Claims	152,256	0	450,000	0	450,000	0	450,000	0	450,000	0	450,000	0	450,000	0	450,000	0	450,000	0
2TH County Employee Claims	14,575	0	200,000	0	200,000	0	200,000	0	200,000	0	200,000	0	200,000	0	200,000	0	200,000	0
2TJ City Employee Claims	28,446	0	600,000	0	600,000	0	600,000	0	600,000	0	600,000	0	600,000	0	600,000	0	600,000	0
2TK Consumer Info System - Cash	14,853	0	98,887	0	130,166	0	97,546	0	97,546	0	97,546	0	97,546	0	97,546	0	97,546	0
2TM Travel & Subsistence-Cash	55,787	0	100,000	0	100,000	0	100,000	0	100,000	0	100,000	0	100,000	0	100,000	0	100,000	0
2TN Prepaid Funeral Contracts Recovery	17,149	0	500,000	0	500,000	0	500,000	0	500,000	0	500,000	0	500,000	0	500,000	0	500,000	0
4HH Criminal Background Checks-Cash	81,378	0	125,000	0	125,000	0	125,000	0	125,000	0	125,000	0	125,000	0	125,000	0	125,000	0
56A Public School Insurance Program	6,736,393	0	14,000,000	0	14,000,000	0	14,000,000	0	14,000,000	0	14,000,000	0	14,000,000	0	14,000,000	0	14,000,000	0
85P Health Insurance Premium Rate Review-Federal	880,279	5	4,781,740	5	1,000,000	5	891,229	5	3,240,222	5	3,240,222	5	891,351	5	3,240,344	5	3,240,344	5
85Q Health Care Exchange-Federal	854,524	3	424,773	3	1,000,000	3	201,963	3	0	0	0	0	201,963	3	0	0	0	0
F08 Level One Cooperative Agreement - Federal	122,407	5	7,665,483	5	0	0	0	0	7,578,242	7	7,578,242	7	0	0	7,578,242	7	7,578,242	7
<b>NOT REQUESTED FOR THE BIENNIUM</b>																		
85Z Consumer Assistance - Federal	233,979	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>47,364,283</b>	<b>192</b>	<b>83,884,828</b>	<b>198</b>	<b>73,012,030</b>	<b>194</b>	<b>71,434,836</b>	<b>192</b>	<b>84,557,631</b>	<b>198</b>	<b>84,530,835</b>	<b>198</b>	<b>71,444,754</b>	<b>192</b>	<b>84,567,680</b>	<b>198</b>	<b>84,540,753</b>	<b>198</b>

Funding Sources		%		%		%		%		%		%		%		%		%	
Fund Balance	4000005	68,472,189	53.2	81,438,275	48.7	67,049,218	47.5	67,049,218	43.6	67,049,218	43.6	69,823,886	48.5	69,435,363	44.4	69,462,159	44.4		
Federal Revenue	4000020	2,879,830	2.2	14,244,212	8.5	2,009,907	1.4	11,735,179	7.6	11,735,179	7.6	2,010,029	1.4	11,735,301	7.5	11,735,301	7.5		
Special Revenue	4000030	25,376,058	19.7	18,122,940	10.8	18,522,196	13.1	18,531,196	12.0	18,531,196	12.0	18,523,416	12.9	18,532,416	11.9	18,532,416	11.9		
Cash Fund	4000045	142,656	0.1	208,061	0.1	225,000	0.2	225,000	0.1	225,000	0.1	225,000	0.2	225,000	0.1	225,000	0.1		
Trust Fund	4000050	16,161,102	12.5	26,104,855	15.6	26,104,855	18.5	28,104,855	18.3	28,104,855	18.3	26,104,855	18.1	28,104,855	18.0	28,104,855	18.0		
Miscellaneous Revolving	4000350	3,171,140	2.5	12,250,000	7.3	12,250,000	8.7	12,250,000	8.0	12,250,000	8.0	12,250,000	8.5	12,250,000	7.8	12,250,000	7.8		



<b>Funding Sources</b>		<b>%</b>		<b>%</b>		<b>%</b>		<b>%</b>		<b>%</b>		<b>%</b>		<b>%</b>		<b>%</b>		
Workers' Comp Revolving	4000735	12,599,583	9.8	15,000,000	9.0		15,000,000	10.6	16,000,000	10.4	16,000,000	10.4	15,000,000	10.4	16,000,000	10.2	16,000,000	10.2
Total Funds		128,802,558	100.0	167,368,343	100.0		141,161,176	100.0	153,895,448	100.0	153,895,448	100.0	143,937,186	100.0	156,282,935	100.0	156,309,731	100.0
Excess Appropriation/(Funding)		(81,438,275)		(83,483,515)			(69,726,340)		(69,337,817)		(69,364,613)		(72,492,432)		(71,715,255)		(71,768,978)	
Grand Total		47,364,283		83,884,828			71,434,836		84,557,631		84,530,835		71,444,754		84,567,680		84,540,753	

The FY13 Budget amounts for the Prepaid Funeral Benefits Division (2SZ) and the Continuing Education Program (2TA) exceed the Authorized amounts due to matching rate adjustments during the 2011-2013 Biennium. The FY13 Budget amounts for Health Information Counseling (2TE) and Level One Cooperative Agreement-Federal (F08) exceed the Authorized amounts due to transfers from the Miscellaneous Federal Grant Holding Account. Beginning Fund Balance for 2013-2014 is reduced by \$16,434,297 in accordance with the adjustment specified in A.C.A. 23-61-710(c). Variance in 2014-2015 fund balances is due to unfunded appropriation in the Consumer Information System Program (2TK).

## Agency Position Usage Report

FY2010 - 2011						FY2011 - 2012						FY2012 - 2013					
Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused
	Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total	
184	176	11	187	-3	4.35 %	194	178	15	193	1	8.25 %	194	177	23	200	-6	8.76 %

Total Budgeted positions exceed Authorized due to positions authorized through the Miscellaneous Federal Grant process.

## **Analysis of Budget Request**

**Appropriation:** 1QA - AMAIT - Operations

**Funding Sources:** TMI - Arkansas Multi-Agency Insurance Trust Fund

The Arkansas Multi-Agency Insurance Trust Fund Program was established by Act 1762 of 2003 to reduce the costs of insurance coverage for state agencies by combining their premium dollars in purchasing broader coverage for property and vehicle insurance with higher deductibles. The program is also designed to build a growing reserve to self-insure ever larger deductible amounts allowing further reductions in policy prices.

Base Level is \$10,000,000 each year and is the Agency Request.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 1QA - AMAIT - Operations

**Funding Sources:** TMI - Arkansas Multi-Agency Insurance Trust Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	2011-2012	2012-2013	2012-2013	2013-2014			2014-2015		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
AMAIT 5900046	6,311,755	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000
Total	6,311,755	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000
Funding Sources									
Fund Balance 4000005	12,540,597	14,382,495		14,382,495	14,382,495	14,382,495	14,382,495	14,382,495	14,382,495
Trust Fund 4000050	8,153,653	10,000,000		10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000
Total Funding	20,694,250	24,382,495		24,382,495	24,382,495	24,382,495	24,382,495	24,382,495	24,382,495
Excess Appropriation/(Funding)	(14,382,495)	(14,382,495)		(14,382,495)	(14,382,495)	(14,382,495)	(14,382,495)	(14,382,495)	(14,382,495)
Grand Total	6,311,755	10,000,000		10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000

## **Analysis of Budget Request**

**Appropriation:** 2SW - Insurance-State Operations

**Funding Sources:** TSI - State Insurance Department Trust Fund

The State Insurance Department's State Operations appropriation is funded by special revenues that are authorized in Arkansas Code §19-5-922. Base Level for this program is \$11,954,989 for FY14 and \$11,962,589 for FY15, with 135 positions budgeted.

Base Level Regular Salaries and Personal Services Matching include Career Service payments for eligible employees. Personal Services Matching also includes a \$20 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$410 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases. The Base Level salaries of unclassified positions reflects the FY13 line item maximums.

Changes are requested as follows:

The addition of one position, Insurance Senior Examiner, Grade C122, is requested due to the increasing complexity of examinations and analytical reviews conducted by the Department. Salary and matching costs are \$55,163 each year.

The transfer of one position, Administrative Specialist II, Grade C109, back to this program from the Cycle I Healthcare Exchange Program is requested. Salary and matching costs are \$31,564 each year.

The reclassification of four Administrative Specialist II positions to Administrative Specialist III is also requested. Total costs of these changes are \$10,402 each year.

The addition of \$15,000 each year in Conference and Travel is requested due to increases in the cost of airfare.

The addition of \$20,000 each year in Capital Outlay is requested for replacement of Non-IT equipment. Another \$135,000 each year in Capital Outlay is for continuation of scheduled replacement and upgrading of technology equipment indicated in the Department's IT plan that has been submitted to the DFA - Office of State Technology Planning.

An increase of \$100,000 each year in Professional Services is requested for additional costs to obtain outside actuarial input in reviewing company reserves, claims processing, and reinsurance contracts.

The Executive Recommendation provides for the Agency Request, with the exception of the addition to Conference and Travel and reclassification of the four Administrative Specialist II positions.

## Appropriation Summary

**Appropriation:** 2SW - Insurance-State Operations  
**Funding Sources:** TSI - State Insurance Department Trust Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		2011-2012	2012-2013	2012-2013	2013-2014			2014-2015		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	6,637,222	6,878,659	7,184,698	6,785,380	6,858,029	6,848,366	6,791,180	6,863,829	6,854,166
<b>#Positions</b>		<b>129</b>	<b>135</b>	<b>136</b>	<b>135</b>	<b>137</b>	<b>137</b>	<b>135</b>	<b>137</b>	<b>137</b>
Extra Help	5010001	84,087	140,000	140,000	140,000	140,000	140,000	140,000	140,000	140,000
<b>#Extra Help</b>		<b>10</b>	<b>19</b>	<b>19</b>	<b>19</b>	<b>19</b>	<b>19</b>	<b>19</b>	<b>19</b>	<b>19</b>
Personal Services Matching	5010003	2,023,587	2,167,086	2,096,217	2,175,609	2,201,483	2,199,350	2,177,409	2,203,414	2,201,150
Overtime	5010006	210	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000
Operating Expenses	5020002	1,939,361	2,185,000	2,185,000	2,185,000	2,185,000	2,185,000	2,185,000	2,185,000	2,185,000
Conference & Travel Expenses	5050009	116,006	138,000	138,000	138,000	153,000	138,000	138,000	153,000	138,000
Professional Fees	5060010	15,485	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	232,391	155,000	155,000	0	155,000	155,000	0	155,000	155,000
Special Maintenance	5120032	10,782	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Professional Services	5900043	365,741	386,000	386,000	386,000	486,000	486,000	386,000	486,000	486,000
<b>Total</b>		<b>11,424,872</b>	<b>12,194,745</b>	<b>12,429,915</b>	<b>11,954,989</b>	<b>12,323,512</b>	<b>12,296,716</b>	<b>11,962,589</b>	<b>12,331,243</b>	<b>12,304,316</b>
<b>Funding Sources</b>										
Fund Balance	4000005	40,133,241	51,066,516		37,437,474	37,437,474	37,437,474	40,482,485	40,113,962	40,140,758
Special Revenue	4000030	22,358,147	15,000,000		15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000
Total Funding		62,491,388	66,066,516		52,437,474	52,437,474	52,437,474	55,482,485	55,113,962	55,140,758
Excess Appropriation/(Funding)		(51,066,516)	(53,871,771)		(40,482,485)	(40,113,962)	(40,140,758)	(43,519,896)	(42,782,719)	(42,836,442)
<b>Grand Total</b>		<b>11,424,872</b>	<b>12,194,745</b>		<b>11,954,989</b>	<b>12,323,512</b>	<b>12,296,716</b>	<b>11,962,589</b>	<b>12,331,243</b>	<b>12,304,316</b>

FY13 Budget amount in Personal Services Matching exceeds the Authorized amount due to matching rate adjustments during the 2011-2013 Biennium.

Beginning Fund Balance for 2013-2014 is reduced to \$37,437,474, which is the total of 3 previous years' budgets, as specified in A.C.A. 23-61-710(c).

## Change Level by Appropriation

**Appropriation:** 2SW - Insurance-State Operations  
**Funding Sources:** TSI - State Insurance Department Trust Fund

### Agency Request

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	11,954,989	135	11,954,989	100.0	11,962,589	135	11,962,589	100.0
C01	Existing Program	190,163	1	12,145,152	101.6	190,163	1	12,152,752	101.6
C07	Agency Transfer	31,564	1	12,176,716	101.9	31,564	1	12,184,316	101.9
C08	Technology	135,000	0	12,311,716	103.0	135,000	0	12,319,316	103.0
C10	Reclass	11,796	0	12,323,512	103.1	11,927	0	12,331,243	103.1

### Executive Recommendation

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	11,954,989	135	11,954,989	100.0	11,962,589	135	11,962,589	100.0
C01	Existing Program	175,163	1	12,130,152	101.5	175,163	1	12,137,752	101.5
C07	Agency Transfer	31,564	1	12,161,716	101.7	31,564	1	12,169,316	101.7
C08	Technology	135,000	0	12,296,716	102.9	135,000	0	12,304,316	102.9
C10	Reclass	0	0	12,296,716	102.9	0	0	12,304,316	102.9

### Justification

C01	Requesting one (1) new position, Insurance Senior Examiner, Grade C122, due to the volatility in financial markets and current economic conditions. The companies require closer monitoring; Capital Outlay of \$20,000 each year for replacement of Non-IT equipment; an additional \$15,000 each year in Conference Fees and Travel- Common Carrier for increases in airfare prices; an additional \$100,000 each year for Professional Services for Actuarial Contracts to review company reserves, claims processed and reinsurance contracts.
C07	Transfer Insurance Department base level position, Administrative Specialist II, Grade C109, back to its origin in the Insurance-State Operations Program. Position was loaned to Cycle 1 Exchange Grant and was paid by grant to provide clerical support until it ended.
C08	Requesting Capital Outlay of \$135,000 each year to continue scheduled replacement and upgrading of information technology equipment in accordance with the Departments IT Plan as submitted to the DFA - Office of State Technology Planning.
C10	Reclassification is requested for four (4) positions of Administrative Specialist II, Grade C109, to Administrative Specialist III, Grade C112.

## **Analysis of Budget Request**

**Appropriation:** 2SX - Fraud Investigation Unit

**Funding Sources:** TSI - State Insurance Department Trust Fund

The Fraud Investigation Unit was created with the passage of Act 1136 of 1993 to investigate allegations of fraud in workers' compensation cases. Funding is provided by special revenues collected by the Insurance Department and earmarked for this purpose.

Base Level Regular Salaries and Personal Services Matching include Career Service payments for eligible employees. Personal Services Matching also includes a \$20 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$410 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases.

The Department is requesting Base Level of \$359,379 for FY14 and \$359,501 for FY15 for this program, along with the reclassification of a Criminal Insurance Fraud Investigator, Grade C119, to Assistant Director of Fraud Investigation, Grade C126.

The Executive Recommendation provides for the Agency Request, with the reclassification title of Assistant Director of Fraud Investigation provided at Grade C122.



## Appropriation Summary

**Appropriation:** 2SX - Fraud Investigation Unit

**Funding Sources:** TSI - State Insurance Department Trust Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			2013-2014			2014-2015		
		2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	197,405	185,380	198,608	185,380	185,380	185,380	185,480	185,480	185,480
<b>#Positions</b>		<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>
Personal Services Matching	5010003	60,612	59,633	58,272	60,593	60,593	60,593	60,615	60,615	60,615
Operating Expenses	5020002	62,593	90,406	90,406	90,406	90,406	90,406	90,406	90,406	90,406
Conference & Travel Expenses	5050009	1,918	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000
Professional Fees	5060010	0	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>		<b>322,528</b>	<b>358,419</b>	<b>370,286</b>	<b>359,379</b>	<b>359,379</b>	<b>359,379</b>	<b>359,501</b>	<b>359,501</b>	<b>359,501</b>
<b>Funding Sources</b>										
Fund Balance	4000005	180,593	258,018		0	0	0	0	0	0
Special Revenue	4000030	399,953	100,401		359,379	359,379	359,379	359,501	359,501	359,501
<b>Total Funding</b>		<b>580,546</b>	<b>358,419</b>		<b>359,379</b>	<b>359,379</b>	<b>359,379</b>	<b>359,501</b>	<b>359,501</b>	<b>359,501</b>
Excess Appropriation/(Funding)		(258,018)	0		0	0	0	0	0	0
<b>Grand Total</b>		<b>322,528</b>	<b>358,419</b>		<b>359,379</b>	<b>359,379</b>	<b>359,379</b>	<b>359,501</b>	<b>359,501</b>	<b>359,501</b>

FY13 Budget amount in Personal Services Matching exceeds the Authorized amount due to matching rate adjustments during the 2011-2013 Biennium.

## Change Level by Appropriation

**Appropriation:** 2SX - Fraud Investigation Unit  
**Funding Sources:** TSI - State Insurance Department Trust Fund

### Agency Request

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>359,379</b>	<b>4</b>	<b>359,379</b>	<b>100.0</b>	<b>359,501</b>	<b>4</b>	<b>359,501</b>	<b>100.0</b>
C10	Reclass	0	0	359,379	100.0	0	0	359,501	100.0

### Executive Recommendation

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>359,379</b>	<b>4</b>	<b>359,379</b>	<b>100.0</b>	<b>359,501</b>	<b>4</b>	<b>359,501</b>	<b>100.0</b>
C10	Reclass	0	0	359,379	100.0	0	0	359,501	100.0

### Justification

C10	Reclassification is requested for one (1) position as follows: Criminal Insurance Fraud Investigator Grade C119 to Assistant Director Fraud Investigation Grade C126. The new title and grade are more reflective of the responsibilities and duties of position. The increased volume and complexity of fraud cases submitted to the Division requires the Director to spend more time with staff attorneys and prosecutors.
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## **Analysis of Budget Request**

**Appropriation:** 2SY - Insurance Fraud Investigation Division

**Funding Sources:** TIF - Insurance Fraud Investigation Division Trust Fund

Act 337 of 1997 (A.C.A. §23-100-101 et seq.) provides for funding of an Insurance Fraud Investigation Division 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 annually from each company under the Department's jurisdiction.

Base Level Regular Salaries and Personal Services Matching include Career Service payments for eligible employees. Personal Services Matching also includes a \$20 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$410 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases.

Base Level for this program is \$993,097 for FY14 and \$994,073 for FY15, with 11 positions budgeted. The only change requested is an increase of \$20,000 each year in Operating Expenses due to higher rent of office space in a new location.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 2SY - Insurance Fraud Investigation Division

**Funding Sources:** TIF - Insurance Fraud Investigation Division Trust Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		2011-2012	2012-2013	2012-2013	2013-2014			2014-2015		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	626,142	590,824	605,084	590,924	590,924	590,924	591,724	591,724	591,724
<b>#Positions</b>		<b>11</b>	<b>11</b>	<b>11</b>	<b>11</b>	<b>11</b>	<b>11</b>	<b>11</b>	<b>11</b>	<b>11</b>
Personal Services Matching	5010003	189,017	181,875	170,761	184,538	184,538	184,538	184,714	184,714	184,714
Operating Expenses	5020002	113,569	171,635	171,635	171,635	191,635	191,635	171,635	191,635	191,635
Conference & Travel Expenses	5050009	7,292	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000
Professional Fees	5060010	37	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>		<b>936,057</b>	<b>990,334</b>	<b>993,480</b>	<b>993,097</b>	<b>1,013,097</b>	<b>1,013,097</b>	<b>994,073</b>	<b>1,014,073</b>	<b>1,014,073</b>
<b>Funding Sources</b>										
Fund Balance	4000005	1,359,299	1,051,601		811,267	811,267	811,267	568,170	548,170	548,170
Special Revenue	4000030	628,359	750,000		750,000	750,000	750,000	750,000	750,000	750,000
<b>Total Funding</b>		<b>1,987,658</b>	<b>1,801,601</b>		<b>1,561,267</b>	<b>1,561,267</b>	<b>1,561,267</b>	<b>1,318,170</b>	<b>1,298,170</b>	<b>1,298,170</b>
Excess Appropriation/(Funding)		(1,051,601)	(811,267)		(568,170)	(548,170)	(548,170)	(324,097)	(284,097)	(284,097)
<b>Grand Total</b>		<b>936,057</b>	<b>990,334</b>		<b>993,097</b>	<b>1,013,097</b>	<b>1,013,097</b>	<b>994,073</b>	<b>1,014,073</b>	<b>1,014,073</b>

FY13 Budget amount in Personal Services Matching exceeds the Authorized amount due to matching rate adjustments during the 2011-2013 Biennium.

## Change Level by Appropriation

**Appropriation:** 2SY - Insurance Fraud Investigation Division  
**Funding Sources:** TIF - Insurance Fraud Investigation Division Trust Fund

### Agency Request

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>993,097</b>	<b>11</b>	<b>993,097</b>	<b>100.0</b>	<b>994,073</b>	<b>11</b>	<b>994,073</b>	<b>100.0</b>
C01	Existing Program	20,000	0	1,013,097	102.0	20,000	0	1,014,073	102.0

### Executive Recommendation

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>993,097</b>	<b>11</b>	<b>993,097</b>	<b>100.0</b>	<b>994,073</b>	<b>11</b>	<b>994,073</b>	<b>100.0</b>
C01	Existing Program	20,000	0	1,013,097	102.0	20,000	0	1,014,073	102.0

### Justification

C01	Additional \$20,000 each year to cover increase of office space square footage due to move.
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## **Analysis of Budget Request**

**Appropriation:** 2SZ - Prepaid Funeral Benefits Division

**Funding Sources:** TIP - State Insurance Department Prepaid Trust Fund

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 the 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 Level is \$376,482 each year, with 4 positions budgeted.

Base Level Regular Salaries and Personal Services Matching include Career Service payments for eligible employees. Personal Services Matching also includes a \$20 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$410 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases.

The Department is requesting Base Level only for this program.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 2SZ - Prepaid Funeral Benefits Division

**Funding Sources:** TIP - State Insurance Department Prepaid Trust Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			2013-2014			2014-2015		
		2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	221,515	208,415	211,696	208,415	208,415	208,415	208,415	208,415	208,415
<b>#Positions</b>		<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>
Personal Services Matching	5010003	60,346	64,717	60,899	65,677	65,677	65,677	65,677	65,677	65,677
Operating Expenses	5020002	17,907	71,390	71,390	71,390	71,390	71,390	71,390	71,390	71,390
Conference & Travel Expenses	5050009	0	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Professional Fees	5060010	0	27,000	27,000	27,000	27,000	27,000	27,000	27,000	27,000
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>		<b>299,768</b>	<b>375,522</b>	<b>374,985</b>	<b>376,482</b>	<b>376,482</b>	<b>376,482</b>	<b>376,482</b>	<b>376,482</b>	<b>376,482</b>
<b>Funding Sources</b>										
Fund Balance	4000005	813,648	830,519		719,997	719,997	719,997	608,515	608,515	608,515
Special Revenue	4000030	316,639	265,000		265,000	265,000	265,000	265,000	265,000	265,000
<b>Total Funding</b>		<b>1,130,287</b>	<b>1,095,519</b>		<b>984,997</b>	<b>984,997</b>	<b>984,997</b>	<b>873,515</b>	<b>873,515</b>	<b>873,515</b>
Excess Appropriation/(Funding)		(830,519)	(719,997)		(608,515)	(608,515)	(608,515)	(497,033)	(497,033)	(497,033)
<b>Grand Total</b>		<b>299,768</b>	<b>375,522</b>		<b>376,482</b>	<b>376,482</b>	<b>376,482</b>	<b>376,482</b>	<b>376,482</b>	<b>376,482</b>

FY13 Budget amount in Personal Services Matching exceeds the Authorized amount due to matching rate adjustments during the 2011-2013 Biennium.

## **Analysis of Budget Request**

**Appropriation:** 2TA - Continuing Education Program

**Funding Sources:** TIE - Insurance Continuing Education Trust Fund

The Insurance Department's Continuing Education Program has one position budgeted to process continuing education records that are required for agent license renewals. Funding is provided from continuing education application fees, as authorized in Arkansas Code §23-64-308.

Base Level Regular Salaries and Personal Services Matching include Career Service payments for eligible employees. Personal Services Matching also includes a \$20 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$410 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases.

The Department is requesting continuation at the Base Level of \$35,764 each year.

The Executive Recommendation provides for the Agency Request.



## Appropriation Summary

**Appropriation:** 2TA - Continuing Education Program  
**Funding Sources:** TIE - Insurance Continuing Education Trust Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			2013-2014			2014-2015		
		2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	0	25,268	27,279	25,268	25,268	25,268	25,268	25,268	25,268
<b>#Positions</b>		<b>0</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>
Personal Services Matching	5010003	4,682	10,256	10,196	10,496	10,496	10,496	10,496	10,496	10,496
<b>Total</b>		<b>4,682</b>	<b>35,524</b>	<b>37,475</b>	<b>35,764</b>	<b>35,764</b>	<b>35,764</b>	<b>35,764</b>	<b>35,764</b>	<b>35,764</b>
<b>Funding Sources</b>										
Fund Balance	4000005	1,012,922	1,154,584		1,239,060	1,239,060	1,239,060	1,323,296	1,323,296	1,323,296
Special Revenue	4000030	146,344	120,000		120,000	120,000	120,000	120,000	120,000	120,000
<b>Total Funding</b>		<b>1,159,266</b>	<b>1,274,584</b>		<b>1,359,060</b>	<b>1,359,060</b>	<b>1,359,060</b>	<b>1,443,296</b>	<b>1,443,296</b>	<b>1,443,296</b>
Excess Appropriation/(Funding)		(1,154,584)	(1,239,060)		(1,323,296)	(1,323,296)	(1,323,296)	(1,407,532)	(1,407,532)	(1,407,532)
<b>Grand Total</b>		<b>4,682</b>	<b>35,524</b>		<b>35,764</b>	<b>35,764</b>	<b>35,764</b>	<b>35,764</b>	<b>35,764</b>	<b>35,764</b>

FY13 Budget amount in Personal Services Matching exceeds the Authorized amount due to matching rate adjustments during the 2011-2013 Biennium.

## **Analysis of Budget Request**

**Appropriation:** 2TB - State Employee Claims

**Funding Sources:** TUW - Workers' Compensation Revolving Fund

The Insurance Department's Public Employee Claims Section is the processor of workers' compensation claims payments for employees of the State. Revolving funds derived from agency workers' compensation benefits contributions are the revenue sources for this appropriation, as authorized in Arkansas Code §19-5-805. Base Level is \$15,000,000 each year. The Department is requesting the addition of \$1,000,000 each year to assure sufficient appropriation to cover the growing level of claims expenses.

The Executive Recommendation provides for the Agency Request.

# Appropriation Summary

**Appropriation:** 2TB - State Employee Claims  
**Funding Sources:** TUW - Workers' Compensation Revolving Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	2013-2014			2014-2015		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Claims 5110015	12,599,583	15,000,000	15,000,000	15,000,000	16,000,000	16,000,000	15,000,000	16,000,000	16,000,000
Total	12,599,583	15,000,000	15,000,000	15,000,000	16,000,000	16,000,000	15,000,000	16,000,000	16,000,000
<b>Funding Sources</b>									
Workers' Comp Revolving 4000735	12,599,583	15,000,000		15,000,000	16,000,000	16,000,000	15,000,000	16,000,000	16,000,000
Total Funding	12,599,583	15,000,000		15,000,000	16,000,000	16,000,000	15,000,000	16,000,000	16,000,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	12,599,583	15,000,000		15,000,000	16,000,000	16,000,000	15,000,000	16,000,000	16,000,000

## Change Level by Appropriation

**Appropriation:** 2TB - State Employee Claims  
**Funding Sources:** TUV - Workers' Compensation Revolving Fund

### Agency Request

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>15,000,000</b>	<b>0</b>	<b>15,000,000</b>	<b>100.0</b>	<b>15,000,000</b>	<b>0</b>	<b>15,000,000</b>	<b>100.0</b>
C01	Existing Program	1,000,000	0	16,000,000	106.7	1,000,000	0	16,000,000	106.7

### Executive Recommendation

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>15,000,000</b>	<b>0</b>	<b>15,000,000</b>	<b>100.0</b>	<b>15,000,000</b>	<b>0</b>	<b>15,000,000</b>	<b>100.0</b>
C01	Existing Program	1,000,000	0	16,000,000	106.7	1,000,000	0	16,000,000	106.7

### Justification

C01	Requesting an additional \$1,000,000 each year to assure sufficient resources are available to process all workers' compensation claims payments for State employees.								
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## **Analysis of Budget Request**

**Appropriation:** 2TC - Governmental Bonding Board Operations

**Funding Sources:** TFB - Fidelity Bond Trust Fund

The State Insurance Department is the managing agency for the appropriation through which the Governmental Bonding Board administers the Self-Insured Fidelity Bond Program on behalf of officials and public employees of counties, municipalities, public schools, and the State of Arkansas. Funding is authorized in A.C.A. §21-2-711 and is derived from bond premiums withheld from the County Aid, Municipal Aid, and Public School funds and from premiums transferred from the fund accounts of State agencies.

Base Level for this program is \$2,104,855 each year. The Agency is requesting an additional \$2,000,000 each year for the Claims line item to assure sufficient resources to process all claims received during each fiscal year.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 2TC - Governmental Bonding Board Operations

**Funding Sources:** TFB - Fidelity Bond Trust Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	2013-2014			2014-2015		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	361	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Conference & Travel Expenses	5050009	0	0	0	0	0	0	0	0	0
Professional Fees	5060010	0	0	0	0	0	0	0	0	0
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Refunds/Reimbursements	5110014	1,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
Claims	5110015	992,011	1,000,000	1,000,000	1,000,000	3,000,000	3,000,000	1,000,000	3,000,000	3,000,000
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Investments	5120013	0	760,637	760,637	760,637	760,637	760,637	760,637	760,637	760,637
Professional Services	5900043	0	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Reinsurance	5900046	0	139,218	139,218	139,218	139,218	139,218	139,218	139,218	139,218
<b>Total</b>		<b>993,372</b>	<b>2,104,855</b>	<b>2,104,855</b>	<b>2,104,855</b>	<b>4,104,855</b>	<b>4,104,855</b>	<b>2,104,855</b>	<b>4,104,855</b>	<b>4,104,855</b>
<b>Funding Sources</b>										
Fund Balance	4000005	3,502,618	3,175,145		3,175,145	3,175,145	3,175,145	3,175,145	3,175,145	3,175,145
Trust Fund	4000050	665,899	2,104,855		2,104,855	4,104,855	4,104,855	2,104,855	4,104,855	4,104,855
Total Funding		4,168,517	5,280,000		5,280,000	7,280,000	7,280,000	5,280,000	7,280,000	7,280,000
Excess Appropriation/(Funding)		(3,175,145)	(3,175,145)		(3,175,145)	(3,175,145)	(3,175,145)	(3,175,145)	(3,175,145)	(3,175,145)
<b>Grand Total</b>		<b>993,372</b>	<b>2,104,855</b>		<b>2,104,855</b>	<b>4,104,855</b>	<b>4,104,855</b>	<b>2,104,855</b>	<b>4,104,855</b>	<b>4,104,855</b>

## Change Level by Appropriation

**Appropriation:** 2TC - Governmental Bonding Board Operations  
**Funding Sources:** TFB - Fidelity Bond Trust Fund

### Agency Request

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>2,104,855</b>	<b>0</b>	<b>2,104,855</b>	<b>100.0</b>	<b>2,104,855</b>	<b>0</b>	<b>2,104,855</b>	<b>100.0</b>
C01	Existing Program	2,000,000	0	4,104,855	195.0	2,000,000	0	4,104,855	195.0

### Executive Recommendation

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>2,104,855</b>	<b>0</b>	<b>2,104,855</b>	<b>100.0</b>	<b>2,104,855</b>	<b>0</b>	<b>2,104,855</b>	<b>100.0</b>
C01	Existing Program	2,000,000	0	4,104,855	195.0	2,000,000	0	4,104,855	195.0

### Justification

C01	Requesting an additional \$2,000,000 each year to assure sufficient resources are available to process claims payments.								
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## **Analysis of Budget Request**

**Appropriation:** 2TD - Public Employees Claims Section

**Funding Sources:** HUA - Miscellaneous Agencies Fund

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 workers' compensation claims are administered by this Section, as authorized in Arkansas Code §11-9-307. Base Level is \$1,527,817 for FY14 and \$1,528,915 for FY15, with 23 positions budgeted.

Base Level Regular Salaries and Personal Services Matching include Career Service payments for eligible employees. Personal Services Matching also includes a \$20 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$410 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases.

In addition to Base Level, the Department is requesting an increase in Operating Expenses of \$9,000 each year due to higher rent of office space in a new location and the reclassification of one position: A Workers Compensation Specialist to a Workers Compensation Program Manager, both at Grade C121.

The Executive Recommendation provides for the Agency Request.



## Appropriation Summary

**Appropriation:** 2TD - Public Employees Claims Section

**Funding Sources:** HUA - Miscellaneous Agencies Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			2013-2014			2014-2015		
		2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	1,014,195	944,115	1,020,250	956,375	956,375	956,375	957,275	957,275	957,275
<b>#Positions</b>		<b>23</b>	<b>23</b>	<b>24</b>	<b>23</b>	<b>23</b>	<b>23</b>	<b>23</b>	<b>23</b>	<b>23</b>
Personal Services Matching	5010003	325,742	316,006	315,865	324,233	324,233	324,233	324,431	324,431	324,431
Operating Expenses	5020002	167,885	233,209	233,209	233,209	242,209	242,209	233,209	242,209	242,209
Conference & Travel Expenses	5050009	7,314	13,000	13,000	13,000	13,000	13,000	13,000	13,000	13,000
Professional Fees	5060010	0	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>		<b>1,515,136</b>	<b>1,507,330</b>	<b>1,583,324</b>	<b>1,527,817</b>	<b>1,536,817</b>	<b>1,536,817</b>	<b>1,528,915</b>	<b>1,537,915</b>	<b>1,537,915</b>
<b>Funding Sources</b>										
Special Revenue	4000030	1,515,136	1,507,330		1,527,817	1,536,817	1,536,817	1,528,915	1,537,915	1,537,915
<b>Total Funding</b>		<b>1,515,136</b>	<b>1,507,330</b>		<b>1,527,817</b>	<b>1,536,817</b>	<b>1,536,817</b>	<b>1,528,915</b>	<b>1,537,915</b>	<b>1,537,915</b>
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
<b>Grand Total</b>		<b>1,515,136</b>	<b>1,507,330</b>		<b>1,527,817</b>	<b>1,536,817</b>	<b>1,536,817</b>	<b>1,528,915</b>	<b>1,537,915</b>	<b>1,537,915</b>

FY13 Budget amount in Personal Services Matching exceeds the Authorized amount due to matching rate adjustments during the 2011-2013 Biennium.

## Change Level by Appropriation

**Appropriation:** 2TD - Public Employees Claims Section  
**Funding Sources:** HUA - Miscellaneous Agencies Fund

### Agency Request

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>1,527,817</b>	<b>23</b>	<b>1,527,817</b>	<b>100.0</b>	<b>1,528,915</b>	<b>23</b>	<b>1,528,915</b>	<b>100.0</b>
C01	Existing Program	9,000	0	1,536,817	100.6	9,000	0	1,537,915	100.6
C10	Reclass	0	0	1,536,817	100.6	0	0	1,537,915	100.6

### Executive Recommendation

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>1,527,817</b>	<b>23</b>	<b>1,527,817</b>	<b>100.0</b>	<b>1,528,915</b>	<b>23</b>	<b>1,528,915</b>	<b>100.0</b>
C01	Existing Program	9,000	0	1,536,817	100.6	9,000	0	1,537,915	100.6
C10	Reclass	0	0	1,536,817	100.6	0	0	1,537,915	100.6

### Justification

C01	Requesting an additional \$9,000 each year to cover increase in office rent due to relocation of this division to other quarters.
C10	Requesting reclassification of one (1) position of Workers Comp Specialist, Grade C121, to Workers Comp Program Manager, Grade C121.

## **Analysis of Budget Request**

**Appropriation:** 2TE - Health Information Counseling

**Funding Sources:** FID - Insurance Department - Federal

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 Regular Salaries and Personal Services Matching include Career Service payments for eligible employees. Personal Services Matching also includes a \$20 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$410 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases.

Base Level for this program is \$916,715 each year and is the Agency Request.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 2TE - Health Information Counseling

**Funding Sources:** FID - Insurance Department - Federal

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	2013-2014			2014-2015		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	238,683	234,365	167,887	202,116	202,116	202,116	202,116	202,116	202,116
<b>#Positions</b>	<b>7</b>	<b>7</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>
Personal Services Matching 5010003	73,863	84,484	57,346	74,127	74,127	74,127	74,127	74,127	74,127
Operating Expenses 5020002	162,928	350,663	307,107	284,063	284,063	284,063	284,063	284,063	284,063
Conference & Travel Expenses 5050009	0	2,500	0	0	0	0	0	0	0
Professional Fees 5060010	313,167	700,204	480,204	356,409	356,409	356,409	356,409	356,409	356,409
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Capital Outlay 5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>788,641</b>	<b>1,372,216</b>	<b>1,012,544</b>	<b>916,715</b>	<b>916,715</b>	<b>916,715</b>	<b>916,715</b>	<b>916,715</b>	<b>916,715</b>
<b>Funding Sources</b>									
Federal Revenue 4000020	788,641	1,372,216		916,715	916,715	916,715	916,715	916,715	916,715
Total Funding	788,641	1,372,216		916,715	916,715	916,715	916,715	916,715	916,715
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
<b>Grand Total</b>	<b>788,641</b>	<b>1,372,216</b>		<b>916,715</b>	<b>916,715</b>	<b>916,715</b>	<b>916,715</b>	<b>916,715</b>	<b>916,715</b>

Budget exceeds Authorized Appropriation in various line items due to transfers from the Miscellaneous Federal Grant Holding Account.

## **Analysis of Budget Request**

**Appropriation:** 2TF - Refunds of Overpayments

**Funding Sources:** MTA - Miscellaneous Revolving Fund

The Insurance Department requests that its Refunds of Overpayments appropriation be approved to continue at the current level of \$11,000,000 each year. This account is used to return premium taxes paid to this State in error and to return amounts that are overpaid.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 2TF - Refunds of Overpayments  
**Funding Sources:** MTA - Miscellaneous Revolving Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	Historical Data			2013-2014			2014-2015		
	2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Refunds/Reimbursements 5110014	2,975,863	11,000,000	11,000,000	11,000,000	11,000,000	11,000,000	11,000,000	11,000,000	11,000,000
<b>Total</b>	<b>2,975,863</b>	<b>11,000,000</b>	<b>11,000,000</b>	<b>11,000,000</b>	<b>11,000,000</b>	<b>11,000,000</b>	<b>11,000,000</b>	<b>11,000,000</b>	<b>11,000,000</b>
<b>Funding Sources</b>									
Miscellaneous Revolving 4000350	2,975,863	11,000,000		11,000,000	11,000,000	11,000,000	11,000,000	11,000,000	11,000,000
<b>Total Funding</b>	<b>2,975,863</b>	<b>11,000,000</b>		<b>11,000,000</b>	<b>11,000,000</b>	<b>11,000,000</b>	<b>11,000,000</b>	<b>11,000,000</b>	<b>11,000,000</b>
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
<b>Grand Total</b>	<b>2,975,863</b>	<b>11,000,000</b>		<b>11,000,000</b>	<b>11,000,000</b>	<b>11,000,000</b>	<b>11,000,000</b>	<b>11,000,000</b>	<b>11,000,000</b>

## **Analysis of Budget Request**

**Appropriation:** 2TG - Public School Employees Claims

**Funding Sources:** MTA - Miscellaneous Revolving Fund

The Insurance Department's Public Employee Claims Section is the processor of payments for long-term workers' compensation claims filed prior to July 1, 1994, by public school employees. Revolving funds derived from employer workers' compensation benefits contributions are the revenue sources for the appropriation through which claims payments are made, as authorized in A.C.A. §19-5-1009.

The Department is requesting continuation of the Base Level of \$450,000 each year.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 2TG - Public School Employees Claims

**Funding Sources:** MTA - Miscellaneous Revolving Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	Historical Data			2013-2014			2014-2015		
	2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Claims 5110015	152,256	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000
Total	152,256	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000
<b>Funding Sources</b>									
Miscellaneous Revolving 4000350	152,256	450,000		450,000	450,000	450,000	450,000	450,000	450,000
Total Funding	152,256	450,000		450,000	450,000	450,000	450,000	450,000	450,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	152,256	450,000		450,000	450,000	450,000	450,000	450,000	450,000



## **Analysis of Budget Request**

**Appropriation:** 2TH - County Employee Claims

**Funding Sources:** MTA - Miscellaneous Revolving Fund

The Insurance Department's Public Employee Claims Section is the processor of payments for long-term workers' compensation claims filed prior to January 1, 1985, by county employees. Revolving funds derived from employer workers' compensation benefits contributions are the revenue sources for the appropriation through which claims payments are made, as authorized in Arkansas Code §19-5-1009.

The Department is requesting continuation of the Base Level of \$200,000 each year.

The Executive Recommendation provides for the Agency Request.

# Appropriation Summary

**Appropriation:** 2TH - County Employee Claims  
**Funding Sources:** MTA - Miscellaneous Revolving Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	Historical Data			2013-2014			2014-2015		
	2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Claims 5110015	14,575	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Total	14,575	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Funding Sources									
Miscellaneous Revolving 4000350	14,575	200,000		200,000	200,000	200,000	200,000	200,000	200,000
Total Funding	14,575	200,000		200,000	200,000	200,000	200,000	200,000	200,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	14,575	200,000		200,000	200,000	200,000	200,000	200,000	200,000

## **Analysis of Budget Request**

**Appropriation:** 2TJ - City Employee Claims

**Funding Sources:** MTA - Miscellaneous Revolving Fund

The Insurance Department's Public Employee Claims Section is the processor of payments for long-term workers' compensation claims filed prior to January 1, 1985, by city employees. Revolving funds derived from employer workers' compensation benefits contributions are the revenue sources for the appropriation through which claims payments are made, as authorized in Arkansas Code §19-5-1009.

The Department is requesting continuation of the Base Level of \$600,000 each year.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 2TJ - City Employee Claims

**Funding Sources:** MTA - Miscellaneous Revolving Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	2013-2014			2014-2015		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Claims 5110015	28,446	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000
Total	28,446	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000
<b>Funding Sources</b>									
Miscellaneous Revolving 4000350	28,446	600,000		600,000	600,000	600,000	600,000	600,000	600,000
Total Funding	28,446	600,000		600,000	600,000	600,000	600,000	600,000	600,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	28,446	600,000		600,000	600,000	600,000	600,000	600,000	600,000

## **Analysis of Budget Request**

**Appropriation:** 2TK - Consumer Info System - Cash

**Funding Sources:** NDD - Insurance Department - Cash in Treasury

The Department's Consumer Information System Cash Fund is used to dispense information to the public concerning the various policy types, coverages, and purchasing options offered by the insurance industry. Base Level for this program is \$97,546 each year and is the request for 2013-2015.

The current Cash in Treasury balance and previous funding support for this program were derived from a \$100 annual assessment levied on each licensed insurer, as authorized in Arkansas Code §23-63-108. This assessment is no longer collected and support of consumer information through this appropriation will end when the current fund balance and earned interest have been depleted.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 2TK - Consumer Info System - Cash  
**Funding Sources:** NDD - Insurance Department - Cash in Treasury

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			2013-2014			2014-2015		
		2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	14,853	98,887	130,166	97,546	97,546	97,546	97,546	97,546	97,546
Conference & Travel Expenses	5050009	0	0	0	0	0	0	0	0	0
Professional Fees	5060010	0	0	0	0	0	0	0	0	0
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>		<b>14,853</b>	<b>98,887</b>	<b>130,166</b>	<b>97,546</b>	<b>97,546</b>	<b>97,546</b>	<b>97,546</b>	<b>97,546</b>	<b>97,546</b>
<b>Funding Sources</b>										
Fund Balance	4000005	110,868	97,507		0	0	0	0	0	0
Cash Fund	4000045	1,492	1,380		0	0	0	0	0	0
<b>Total Funding</b>		<b>112,360</b>	<b>98,887</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Excess Appropriation/(Funding)		(97,507)	0		97,546	97,546	97,546	97,546	97,546	97,546
<b>Grand Total</b>		<b>14,853</b>	<b>98,887</b>		<b>97,546</b>	<b>97,546</b>	<b>97,546</b>	<b>97,546</b>	<b>97,546</b>	<b>97,546</b>

## **Analysis of Budget Request**

**Appropriation:** 2TM - Travel & Subsistence-Cash

**Funding Sources:** NDD - Insurance Department - Cash in Treasury

The Insurance Department's Travel and Subsistence Cash Fund is currently authorized at \$100,000 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 Department is requesting continuation at the Base Level of \$100,000 each year.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 2TM - Travel & Subsistence-Cash

**Funding Sources:** NDD - Insurance Department - Cash in Treasury

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	2011-2012	2012-2013	2012-2013	2013-2014			2014-2015		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Travel & Subsistence Expenses 5900046	55,787	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Total	55,787	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Funding Sources									
Fund Balance 4000005	1,075	4,538		0	0	0	0	0	0
Cash Fund 4000045	59,250	95,462		100,000	100,000	100,000	100,000	100,000	100,000
Total Funding	60,325	100,000		100,000	100,000	100,000	100,000	100,000	100,000
Excess Appropriation/(Funding)	(4,538)	0		0	0	0	0	0	0
Grand Total	55,787	100,000		100,000	100,000	100,000	100,000	100,000	100,000



## **Analysis of Budget Request**

**Appropriation:** 2TN - Prepaid Funeral Contracts Recovery

**Funding Sources:** TIP - Prepaid Funeral Contracts Program Recovery Fund

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 by the State Insurance Commissioner for transfer to the Prepaid Funeral Contracts Recovery Program Fund to pay expenses and claims incurred. The Department is requesting continuation of the Base Level amount of \$500,000 each year for this program.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 2TN - Prepaid Funeral Contracts Recovery

**Funding Sources:** TIP - Prepaid Funeral Contracts Program Recovery Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	2013-2014			2014-2015		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Expenses & Claims 5900046	17,149	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Total	17,149	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Funding Sources									
Fund Balance 4000005	125,460	119,791		0	0	0	0	0	0
Special Revenue 4000030	11,480	380,209		500,000	500,000	500,000	500,000	500,000	500,000
Total Funding	136,940	500,000		500,000	500,000	500,000	500,000	500,000	500,000
Excess Appropriation/(Funding)	(119,791)	0		0	0	0	0	0	0
Grand Total	17,149	500,000		500,000	500,000	500,000	500,000	500,000	500,000

## **Analysis of Budget Request**

**Appropriation:** 4HH - Criminal Background Checks-Cash

**Funding Sources:** NDD - Criminal Background Checks - Cash in Treasury

The Insurance Department's appropriation for conducting criminal background checks was established by requests from the Cash Fund Holding Account during FY06 and FY07. Funding is provided through a \$22 fee charged to each first-time license applicant and is used to obtain criminal background data from the Arkansas State Police.

This program was appropriated by the General Assembly for the 2011-2013 Biennium in the amounts of \$125,000 each year. The Department is requesting continuation at the Base Level of \$125,000.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 4HH - Criminal Background Checks-Cash

**Funding Sources:** NDD - Criminal Background Checks - Cash in Treasury

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			2013-2014			2014-2015		
		2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	81,378	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000
Conference & Travel Expenses	5050009	0	0	0	0	0	0	0	0	0
Professional Fees	5060010	0	0	0	0	0	0	0	0	0
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>		<b>81,378</b>	<b>125,000</b>	<b>125,000</b>	<b>125,000</b>	<b>125,000</b>	<b>125,000</b>	<b>125,000</b>	<b>125,000</b>	<b>125,000</b>
<b>Funding Sources</b>										
Fund Balance	4000005	13,245	13,781		0	0	0	0	0	0
Cash Fund	4000045	81,914	111,219		125,000	125,000	125,000	125,000	125,000	125,000
<b>Total Funding</b>		<b>95,159</b>	<b>125,000</b>		<b>125,000</b>	<b>125,000</b>	<b>125,000</b>	<b>125,000</b>	<b>125,000</b>	<b>125,000</b>
Excess Appropriation/(Funding)		(13,781)	0		0	0	0	0	0	0
<b>Grand Total</b>		<b>81,378</b>	<b>125,000</b>		<b>125,000</b>	<b>125,000</b>	<b>125,000</b>	<b>125,000</b>	<b>125,000</b>	<b>125,000</b>

## **Analysis of Budget Request**

**Appropriation:** 56A - Public School Insurance Program

**Funding Sources:** TPS - Public School Insurance Trust Fund

Act 738 of 2007 combined the School Motor Vehicle Operations Program and the Public Elementary and Secondary School Insurance Operations Program into the Public School Insurance Program to more efficiently and more economically provide coverage for the vehicles and property of participating school districts.

Base Level for the combined program is \$14,000,000 each year and is the Agency Request.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 56A - Public School Insurance Program

**Funding Sources:** TPS - Public School Insurance Trust Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			2013-2014			2014-2015		
		2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Expenses and Claims	5900046	6,736,393	14,000,000	14,000,000	14,000,000	14,000,000	14,000,000	14,000,000	14,000,000	14,000,000
Total		6,736,393	14,000,000	14,000,000	14,000,000	14,000,000	14,000,000	14,000,000	14,000,000	14,000,000
<b>Funding Sources</b>										
Fund Balance	4000005	8,678,623	9,283,780		9,283,780	9,283,780	9,283,780	9,283,780	9,283,780	9,283,780
Trust Fund	4000050	7,341,550	14,000,000		14,000,000	14,000,000	14,000,000	14,000,000	14,000,000	14,000,000
Total Funding		16,020,173	23,283,780		23,283,780	23,283,780	23,283,780	23,283,780	23,283,780	23,283,780
Excess Appropriation/(Funding)		(9,283,780)	(9,283,780)		(9,283,780)	(9,283,780)	(9,283,780)	(9,283,780)	(9,283,780)	(9,283,780)
Grand Total		6,736,393	14,000,000		14,000,000	14,000,000	14,000,000	14,000,000	14,000,000	14,000,000

## **Analysis of Budget Request**

**Appropriation:** 85P - Health Insurance Premium Rate Review-Federal

**Funding Sources:** FID - Insurance Department - Federal

This federally funded Health Insurance Premium Rate Review Program provides federal dollars from the Department of Health and Human Services to establish or enhance a current state program that will conduct an annual review of health insurance premiums to protect consumers from unreasonable, unjustified, or excessive rate increases. This program is offered through authority in Section 2974 of the federal Public Health Service Act. It was originally established by a miscellaneous federal grant in the amount of \$1,000,000, with 5 positions, approved in October, 2010.

Base Level Regular Salaries and Personal Services Matching include Career Service payments for eligible employees. Personal Services Matching also includes a \$20 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$410 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases.

Base Level for this program is \$891,229 for FY14 and \$891,351 for FY15, with 5 positions budgeted. The Department is requesting the addition of \$2,348,993 each year for continuation of the second phase of this program that was approved as a miscellaneous federal grant in December, 2011.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 85P - Health Insurance Premium Rate Review-Federal

**Funding Sources:** FID - Insurance Department - Federal

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		2011-2012	2012-2013	2012-2013	2013-2014			2014-2015		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	257,349	1,478,030	329,650	299,901	299,901	299,901	300,001	300,001	300,001
<b>#Positions</b>		<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>
Personal Services Matching	5010003	77,996	374,822	90,455	90,788	90,788	90,788	90,810	90,810	90,810
Operating Expenses	5020002	215,135	884,493	221,332	221,332	884,493	884,493	221,332	884,493	884,493
Conference & Travel Expenses	5050009	5,128	165,641	2,400	2,400	165,641	165,641	2,400	165,641	165,641
Professional Fees	5060010	228,934	1,799,173	276,808	276,808	1,799,173	1,799,173	276,808	1,799,173	1,799,173
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	95,737	79,581	79,355	0	226	226	0	226	226
<b>Total</b>		<b>880,279</b>	<b>4,781,740</b>	<b>1,000,000</b>	<b>891,229</b>	<b>3,240,222</b>	<b>3,240,222</b>	<b>891,351</b>	<b>3,240,344</b>	<b>3,240,344</b>
<b>Funding Sources</b>										
Federal Revenue	4000020	880,279	4,781,740		891,229	3,240,222	3,240,222	891,351	3,240,344	3,240,344
Total Funding		880,279	4,781,740		891,229	3,240,222	3,240,222	891,351	3,240,344	3,240,344
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
<b>Grand Total</b>		<b>880,279</b>	<b>4,781,740</b>		<b>891,229</b>	<b>3,240,222</b>	<b>3,240,222</b>	<b>891,351</b>	<b>3,240,344</b>	<b>3,240,344</b>

Budget exceeds Authorized Appropriation in various line items due to transfers from the Miscellaneous Federal Grant Holding Account.



## Change Level by Appropriation

**Appropriation:** 85P - Health Insurance Premium Rate Review-Federal  
**Funding Sources:** FID - Insurance Department - Federal

### Agency Request

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>891,229</b>	<b>5</b>	<b>891,229</b>	<b>100.0</b>	<b>891,351</b>	<b>5</b>	<b>891,351</b>	<b>100.0</b>
C06	Restore Position/Approp	2,348,993	0	3,240,222	363.6	2,348,993	0	3,240,344	363.5

### Executive Recommendation

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>891,229</b>	<b>5</b>	<b>891,229</b>	<b>100.0</b>	<b>891,351</b>	<b>5</b>	<b>891,351</b>	<b>100.0</b>
C06	Restore Position/Approp	2,348,993	0	3,240,222	363.6	2,348,993	0	3,240,344	363.5

### Justification

C06	Requesting continuation of resources added to this federal program by miscellaneous federal grant in December, 2011.
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## **Analysis of Budget Request**

**Appropriation:** 85Q - Health Care Exchange-Federal

**Funding Sources:** FID - Health Care Exchange Planning - Federal

This federally funded Health Care Exchange Planning Program provides federal dollars from the Department of Health and Human Services (HHS) to assist the State of Arkansas in the process of developing Arkansas' Insurance Health Care Exchange within the time frame and requirements determined by the federal Affordable Care Act and subject to regulations established by HHS.

It was established by a miscellaneous federal grant in the amount of \$1,000,000 in October, 2010, and was continued in the 2011-2013 Biennium.

This program is being phased out by the end of September, 2012. The Agency Request is for transfer of one of the program's positions to return it to the State Operations Program. Transfer of the other two positions is requested to the Level One Cooperative Agreement, which is the next phase of this initiative.

The Executive Recommendation provides for the Agency Request.

# Appropriation Summary

**Appropriation:** 85Q - Health Care Exchange-Federal  
**Funding Sources:** FID - Health Care Exchange Planning - Federal

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	Historical Data			2013-2014			2014-2015		
	2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	128,731	153,257	126,695	153,357	0	0	153,357	0	0
<b>#Positions</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>3</b>	<b>0</b>	<b>0</b>
Personal Services Matching 5010003	35,899	47,864	34,980	48,606	0	0	48,606	0	0
Operating Expenses 5020002	30,147	37,877	37,877	0	0	0	0	0	0
Conference & Travel Expenses 5050009	22,100	10,448	10,448	0	0	0	0	0	0
Professional Fees 5060010	637,647	175,327	790,000	0	0	0	0	0	0
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Capital Outlay 5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>854,524</b>	<b>424,773</b>	<b>1,000,000</b>	<b>201,963</b>	<b>0</b>	<b>0</b>	<b>201,963</b>	<b>0</b>	<b>0</b>
<b>Funding Sources</b>									
Federal Revenue 4000020	854,524	424,773		201,963	0	0	201,963	0	0
Total Funding	854,524	424,773		201,963	0	0	201,963	0	0
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
<b>Grand Total</b>	<b>854,524</b>	<b>424,773</b>		<b>201,963</b>	<b>0</b>	<b>0</b>	<b>201,963</b>	<b>0</b>	<b>0</b>

## Change Level by Appropriation

**Appropriation:** 85Q - Health Care Exchange-Federal  
**Funding Sources:** FID - Health Care Exchange Planning - Federal

### Agency Request

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>201,963</b>	<b>3</b>	<b>201,963</b>	<b>100.0</b>	<b>201,963</b>	<b>3</b>	<b>201,963</b>	<b>100.0</b>
C07	Agency Transfer	(201,963)	(3)	0	0.0	(201,963)	(3)	0	0.0

### Executive Recommendation

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>201,963</b>	<b>3</b>	<b>201,963</b>	<b>100.0</b>	<b>201,963</b>	<b>3</b>	<b>201,963</b>	<b>100.0</b>
C07	Agency Transfer	(201,963)	(3)	0	0.0	(201,963)	(3)	0	0.0

### Justification

C07	Cycle 1 Health Care Exchange - Federal ends in September, 2012. Request the transfer of three positions as follows: One (1) base level position back to the Insurance-State Operations Program and two (2) base level federal positions to the Level 1 Cooperative Agreement.
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## **Analysis of Budget Request**

**Appropriation:** F08 - Level One Cooperative Agreement - Federal

**Funding Sources:** FID - Insurance Department - Federal

The federally funded Level One Cooperative Agreement is the follow up to the Health Care Exchange Planning Program. This phase was approved as a miscellaneous federal grant with 5 positions in April, 2012. It provides federal dollars from the Department of Health and Human Services (HHS) to assist the State of Arkansas in the process of developing a federally funded Arkansas Insurance Health Care Exchange within the time frame and requirements determined by the federal Affordable Care Act and subject to regulations established by HHS.

This request is to continue this program, including the original 5 positions and 2 other positions transferred from the original Planning phase, in the amount of \$7,578,242 each year.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** F08 - Level One Cooperative Agreement - Federal

**Funding Sources:** FID - Insurance Department - Federal

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	2013-2014			2014-2015		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	48,417	336,690	0	0	292,711	292,711	0	292,711	292,711
<b>#Positions</b>	<b>5</b>	<b>5</b>	<b>0</b>	<b>0</b>	<b>7</b>	<b>7</b>	<b>0</b>	<b>7</b>	<b>7</b>
Personal Services Matching 5010003	11,000	142,303	0	0	99,041	99,041	0	99,041	99,041
Operating Expenses 5020002	29,398	96,504	0	0	96,504	96,504	0	96,504	96,504
Conference & Travel Expenses 5050009	3,792	57,362	0	0	57,362	57,362	0	57,362	57,362
Professional Fees 5060010	29,800	7,032,624	0	0	7,032,624	7,032,624	0	7,032,624	7,032,624
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Capital Outlay 5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>122,407</b>	<b>7,665,483</b>	<b>0</b>	<b>0</b>	<b>7,578,242</b>	<b>7,578,242</b>	<b>0</b>	<b>7,578,242</b>	<b>7,578,242</b>
<b>Funding Sources</b>									
Federal Revenue 4000020	122,407	7,665,483		0	7,578,242	7,578,242	0	7,578,242	7,578,242
<b>Total Funding</b>	<b>122,407</b>	<b>7,665,483</b>		<b>0</b>	<b>7,578,242</b>	<b>7,578,242</b>	<b>0</b>	<b>7,578,242</b>	<b>7,578,242</b>
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
<b>Grand Total</b>	<b>122,407</b>	<b>7,665,483</b>		<b>0</b>	<b>7,578,242</b>	<b>7,578,242</b>	<b>0</b>	<b>7,578,242</b>	<b>7,578,242</b>

This appropriation was established through the authority of the Miscellaneous Federal Program Act.

## Change Level by Appropriation

**Appropriation:** F08 - Level One Cooperative Agreement - Federal  
**Funding Sources:** FID - Insurance Department - Federal

### Agency Request

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>
C06	Restore Position/Approp	7,407,843	5	7,407,843	100.0	7,407,843	5	7,407,843	100.0
C07	Agency Transfer	170,399	2	7,578,242	102.3	170,399	2	7,578,242	102.3

### Executive Recommendation

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>
C06	Restore Position/Approp	7,407,843	5	7,407,843	100.0	7,407,843	5	7,407,843	100.0
C07	Agency Transfer	170,399	2	7,578,242	102.3	170,399	2	7,578,242	102.3

### Justification

C06	Continuation of five (5) positions and balance of appropriation originally approved by miscellaneous federal grant in April, 2012.
C07	Transfer of two (2) federal base level positions from Cycle 1 to the Level One Cooperative Agreement to continue operations for the federal Health Care Exchange.

## Appropriation Summary

**Appropriation:** 85Z - Consumer Assistance - Federal

**Funding Sources:** FID - Consumer Assistance-Federal

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	2013-2014			2014-2015		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	86,434	0	0	0	0	0	0	0	0
<b>#Positions</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Personal Services Matching 5010003	32,137	0	0	0	0	0	0	0	0
Operating Expenses 5020002	95,511	0	0	0	0	0	0	0	0
Conference & Travel Expenses 5050009	3,944	0	0	0	0	0	0	0	0
Professional Fees 5060010	0	0	0	0	0	0	0	0	0
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Capital Outlay 5120011	15,953	0	0	0	0	0	0	0	0
<b>Total</b>	<b>233,979</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Funding Sources</b>									
Federal Revenue 4000020	233,979	0		0	0	0	0	0	0
<b>Total Funding</b>	<b>233,979</b>	<b>0</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
<b>Grand Total</b>	<b>233,979</b>	<b>0</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

THIS APPROPRIATION NOT BEING REQUESTED FOR THE 2013-2015 BIENNIUM.



# JUDICIAL DISCIPLINE & DISABILITY COMMISSION

## Enabling Laws

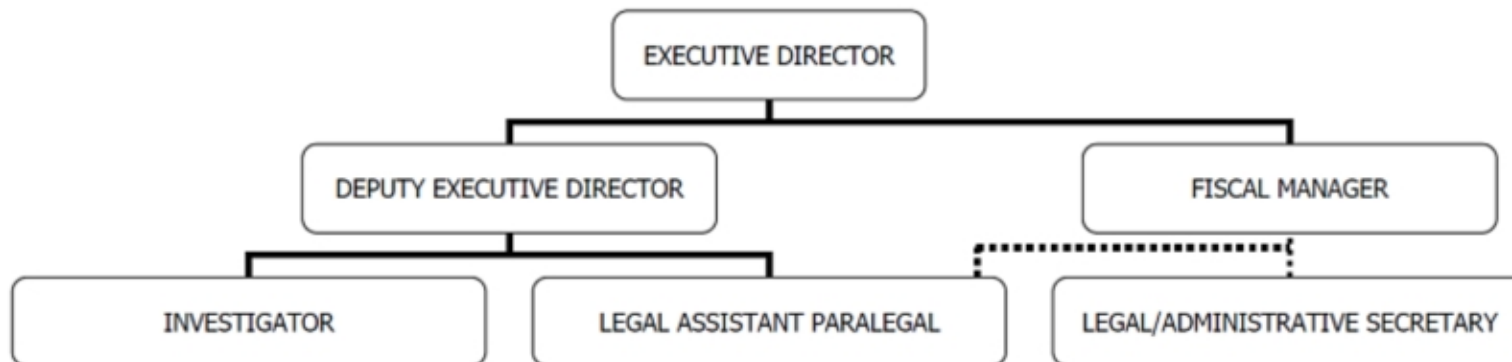
Act 83 of 2012  
A.C.A. §21-5-204 et seq.  
A.C.A. §21-5-101 et seq.

## History and Organization

The Arkansas Judicial Discipline and Disability Commission was created by the passage of Amendment 66 to the Arkansas Constitution in November 1988. This amendment was proposed by Senate Joint Resolution 5, and was adopted at the 1988 general election. Act 637 of 1989, the enabling legislation of the Commission, is A.C.A. §16-101-401 et seq.

The Arkansas Judicial Discipline and Disability Commission receives and investigates information and complaints about the possible ethical misconduct or disability of Arkansas judges. The Commission's purpose is to help enforce the high ethical standards of judicial conduct on and off the bench, and thereby preserve both the integrity of judges, and public confidence in the courts. In performing its functions, the Commission strives to maintain the necessary balance between judicial independence and public accountability.

The Arkansas Judicial Discipline and Disability Commission created a Judicial Ethics Advisory Committee on July 1, 1991. This committee issues advisory opinions to all judges and judicial candidates on matters concerning ethical issues. The committee allows individuals to receive advice on how to act appropriately in future matters.



## **Agency Commentary**

The Arkansas Judicial Discipline and Disability Commission receives and investigates information and complaints about the possible ethical misconduct or disability of Arkansas judges. The Commission's mission is to help enforce high standards of judicial conduct on and off the bench, in so doing preserving both the integrity of judges and public confidence in the judicial system.

The Commission requests 1) an increase of \$15,000 in fiscal year 2014 in Maintenance and Operations to cover the cost of improving existing database system and 2) restoration of Maintenance and Operations to original authorized level in fiscal year 2015.

## **Audit Findings**

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
JUDICIAL DISCIPLINE AND DISABILITY COMMISSION  
FOR THE YEAR ENDED JUNE 30, 2010

Findings

Recommendations

None

None

## **State Contracts Over \$25,000 Awarded To Minority Owned Businesses Fiscal Year 2012**

None

## Employment Summary

	Male	Female	Total	%
White Employees	3	1	4	67 %
Black Employees	0	2	2	33 %
Other Racial Minorities	0	0	0	0 %
Total Minorities			2	33 %
Total Employees			6	100 %

## Publications

### A.C.A. 25-1-204

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
Annual Mission Statement	A.C.A. §16-10-404	Y	Y	10	Required by Law
Annual Report	A.C.A. §16-10-404	Y	Y	150	Required by Law

## Agency Position Usage Report

FY2010 - 2011						FY2011 - 2012						FY2012 - 2013					
Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused
	Filled	Unfilled	Total				Filled	Unfilled	Total				Filled	Unfilled	Total		
6	6	0	6	0	0.00 %	6	6	0	6	0	0.00 %	6	6	0	6	0	0.00 %

## **Analysis of Budget Request**

**Appropriation:** 913 - Judicial Discipline - Operations

**Funding Sources:** HUA - Miscellaneous Agencies Fund

The Arkansas Judicial Discipline & Disability Commission receives and investigates information and complaints about the possible ethical misconduct or disability of Arkansas judges. The Commission's purpose is to help enforce the high standards of judicial on and off the bench, and thereby preserve both the integrity of judges, and public confidence in the courts. In performing its functions, the Commission strives to maintain the necessary balance between judicial independence and public accountability. This appropriation is funded entirely by General Revenue.

Base Level Regular Salaries and Personal Services Matching includes Career Service payments for eligible employees. Personal Services Matching also includes a \$20 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$410 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases. The Base Level salary of unclassified positions reflects the FY13 line item maximum.

The Agency is requesting Base Level appropriation in both years of the 2013-2015 Biennium. Base Level includes appropriation and general revenue funding of \$672,144 in FY14 and \$672,387 in FY15 with 6 Regular Positions.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 913 - Judicial Discipline - Operations

**Funding Sources:** HUA - Miscellaneous Agencies Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
	2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	2013-2014			2014-2015		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	374,019	350,218	368,088	359,191	359,191	359,191	359,391	359,391	359,391
<b>#Positions</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>
Personal Services Matching 5010003	107,237	104,743	101,800	108,363	108,363	108,363	108,406	108,406	108,406
Operating Expenses 5020002	79,830	83,720	85,267	83,720	83,720	83,720	83,720	83,720	83,720
Conference & Travel Expenses 5050009	7,871	8,125	8,125	8,125	8,125	8,125	8,125	8,125	8,125
Professional Fees 5060010	18,005	84,665	84,665	84,665	84,665	84,665	84,665	84,665	84,665
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Capital Outlay 5120011	0	0	0	0	0	0	0	0	0
Investigator Expenses 5900046	17,605	28,080	28,080	28,080	28,080	28,080	28,080	28,080	28,080
<b>Total</b>	<b>604,567</b>	<b>659,551</b>	<b>676,025</b>	<b>672,144</b>	<b>672,144</b>	<b>672,144</b>	<b>672,387</b>	<b>672,387</b>	<b>672,387</b>
<b>Funding Sources</b>									
General Revenue 4000010	604,567	659,551		672,144	672,144	672,144	672,387	672,387	672,387
Total Funding	604,567	659,551		672,144	672,144	672,144	672,387	672,387	672,387
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	604,567	659,551		672,144	672,144	672,144	672,387	672,387	672,387

FY13 Budget amount in Personal Services Matching exceeds the authorized amount due to matching rate adjustments during the 2011-2013 Biennium.

# AR MINORITY HEALTH COMMISSION

## Enabling Laws

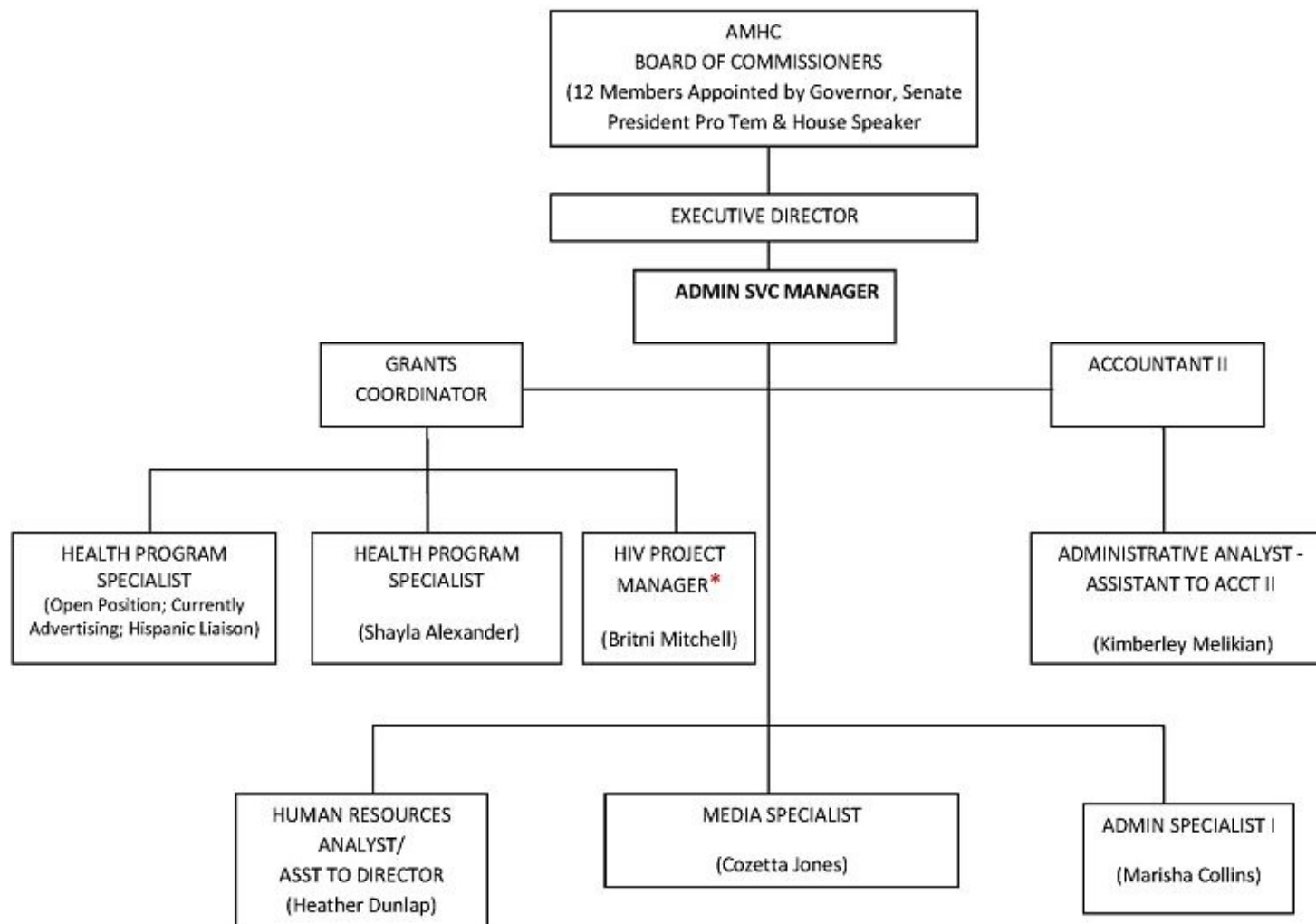
Acts 86 and 87 of 2012  
A.C.A. §20-2-101 et seq.  
A.C.A. §19-12-101 et seq.

## History and Organization

The Arkansas Minority Health Commission was created by Act 912 of 1991 to: 1) study the issues relating to the delivery of access to health services for minorities in the State; 2) identify any gaps in the health system delivery that particularly affect minorities; 3) make recommendations to the relevant agencies for minorities and implement programs that impact the health status of minorities; and 4) study and make recommendations as to whether adequate services are available to ensure future minority health needs will be met.

Initiated Act I of 2000 provides that the Arkansas Minority Health Commission shall establish and administer the Arkansas Minority Initiatives for screening, monitoring, and treating hypertension, strokes, and other disorders disproportionately critical to minority groups in Arkansas. The program is designed to: 1) increase awareness of hypertension, strokes, and other disorders disproportionately critical to minorities by utilizing different approaches that include but are not limited to the following: advertisements, distribution of educational materials and providing medications for high risk minority populations; 2) provide screenings or access to screenings for hypertension, strokes, and other disorders disproportionately critical to minorities but will also provide this service to any citizen within the State regardless of racial/ethnic group; 3) develop intervention strategies to decrease hypertension, strokes, and other disorders noted above, as well as associated complications, including: educational programs, modification of risk factors by smoking cessations programs, weight loss, promoting healthy lifestyles, and treatment of hypertension with cost-effective, well-tolerated medications, as well as case management for patients in these programs; and 4) develop and maintain a database.

Act 358 of 2009 charges the AMHC with developing, implementing, maintaining, and disseminating a comprehensive survey of racial and ethnic minority disparities in health and health care. The Act specifies that the study is to be repeated every five years and that the commission will subsequently publish evidence-based data, define state goals and objectives, and develop pilot projects for decreasing disparities. In addition, Act 574 of 2009 modified the governance structure for the Commission and expanded and clarified its duties.



\*PCS Contract

## **Agency Commentary**

The mission of the Arkansas Minority Health Commission is to assure that all minority Arkansan access to health care is equal to the care received by other citizens of the State. The Agency also seeks ways to address and treat diseases and conditions that are prevalent among minority populations. Funding for appropriation for the Arkansas Minority Health Commission is state general revenue, tobacco settlement funds, and cash funds from donations, grants, and reimbursements.

The Arkansas Minority Health Commission (AMHC) is requesting a grade C124 Administrative Services Manager- Class Code G076G position to be added beginning July 1, 2013. The AMHC is in critical need of an Administrative Services Manager to assist the Executive Director in planning, organizing and directing the increased and relevant activities of the administrative services arm of the agency.

As you aware, AMHC has undergone significant in-house changes over the past three years under new management to accommodate the growing and expanding programmatic, policy and administrative services activities of the Commission. These changes were necessary in order to meet the legislative mandates, mission, vision and goals of the Commission. As a result, the agency has had to adjust to provide a fortified infrastructure support system to the overall successful operations of the state agency to meet its expanding needs.

Prior to April of 2009, AMHC operated predominantly as an outreach and education extension into Arkansas's minority population communities. The agency's staff and predominant work surrounded participation in and attendance at health fairs, public forums, and setting up informational booths at churches and partner organization events. The infrastructure of the agency was sufficient to meet the scope of work being performed at that time.

However, AMHC Board of Commissioners underwent a Strategic Planning Process in 2008/2009 which maintained a focus on Outreach & Education, but expanded tremendously in the areas of: Grants/Pilot Projects, Public Policy & Research, and Collaboration & Coordination with partners.

In addition, the Commissioners narrowed the agency's five year foci to HIV/AIDS, Sickle Cell Disease, Workforce Diversity, Health Resource Navigation and an overarching focus on Nutrition & Physical Fitness.

As the elasticity of the agency has, out of necessity, continually adjusted over the past three years to new programs, complimentary partnerships and increased administrative oversight, AMHC desires to ensure critical infrastructural capacity of the agency by adjusting TSF funds to accommodate the growth of an Administrative Services Manager.



## **Audit Findings**

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
ARKANSAS MINORITY HEALTH COMMISSION  
FOR THE YEAR ENDED JUNE 30, 2011

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Findings

In April 2009, the Agency began issuing grants to local not-for-profit organizations to assist in promoting education, awareness, and other health-related activities in communities. At the beginning of this process, the agency did not establish procedures to sufficiently monitor subrecipients' activities to ensure that these activities were appropriate, allowable, or adequately documented. The Agency investigated and addressed problems as they became known.

During fiscal year 2011, the Agency implemented additional policies and procedures with the assistance from the Department of Finance and Administration. Expenditures of assistance, grants, and aid to local not-for-profit organizations totaled \$264,542, \$311,256, and \$150,000 in fiscal years 2011, 2010, and 2009, respectively.

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Recommendations

Continue to evaluate and respond to controls and procedures related to subrecipient monitoring, which require subrecipients to obtain, retain, and submit adequate supporting documentation and financial reports of their activities.

## **Performance Audit Findings**

*Brothas & Sistas, Inc. Grant Expenditures  
Arkansas Minority Health Commission  
(April 1, 2009 – March 31, 2010)*

Findings and Conclusions:

- Brothas & Sistas, Inc. allowed equipment purchased with state grant funds to be used to create documents for outside organizations.
- Forty-nine percent of grant funds (or \$24,575) was advanced to the grantee prior to the submission of expenditure supporting documentation.
- The Commission paid the grantee \$1,821 for expenditures that were in excess of amounts permitted by the grant, reimbursed or advanced the grantee \$6,132 for undocumented expenditures in contradiction to Arkansas Department of Finance and Administration financial management requirements, and did not provide proper oversight of grant funds by not prohibiting Brothas & Sistas, Inc. from comingling grant funds with other funds.
- The Brothas & Sistas, Inc. grant application contradicts itself by first indicating the grantee would "request" matching funds while simultaneously indicating in the budget portion of the grant application that the grantee would provide \$25,000 of in-kind matching to maximize the financial impact on the grant initiative.

Recommendations:

- The Commission more clearly communicates allowed and unallowed uses of grant assets and institutes an internal procedure to monitor grantees for compliance.
- The Commission reconsiders the practice of advancing funds to grantees to ensure that grant funds are expended for grant purposes.
- The Commission develops uniform and comprehensive reimbursement procedures for grantees in compliance with state laws and regulations to ensure only allowed expenditures are reimbursed within the terms of the grant and adequate documentation is retained to support the expenditure of grant funds.
- The Commission clarifies future grant requirements in writing prior to the issuance of grant awards.

**State Contracts Over \$25,000 Awarded To Minority Owned Businesses Fiscal Year 2012**

None

**Employment Summary**

	Male	Female	Total	%
White Employees	0	1	1	20 %
Black Employees	0	3	3	60 %
Other Racial Minorities	0	1	1	20 %
Total Minorities			4	80 %
Total Employees			5	100 %

## Publications

### A.C.A. 25-1-204

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
AMHC Annual Report	A.C.A. §19-12-114, A.C.A. §20-2-101	Y	Y	100	Requests by the Public, Commissioners and Legislators
AMHC Yearly Magazine - Bridge	A.C.A. §19-12-114 (Initiated Act 1 of 2000)	N	N	5,000	Requests by the Public and Commissioners
Arkansas Racial & Ethnic Health Disparity Study Report	A.C.A. §20-2-101 (Act 912 of 1991)	N	Y	100	Requests by the Public, Institutions, and Agencies
Minority Health Consortium Directory	A.C.A. §19-12-114, A.C.A. §20-2-101	Y	Y	100	Requests by the Public, Commissioners and Legislators

# Department Appropriation Summary

## Historical Data

## Agency Request and Executive Recommendation

Appropriation	2011-2012		2012-2013		2012-2013		2013-2014					2014-2015						
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
2MF Treasury Cash	46,319	0	65,000	0	100,000	0	65,000	0	65,000	0	65,000	0	65,000	0	65,000	0	65,000	0
463 Minority Health Initiative	1,538,655	6	1,637,421	6	1,648,961	6	1,638,920	6	1,708,985	7	1,647,380	6	1,638,920	6	1,708,985	7	1,647,380	6
815 Minority Health Operations	205,252	3	194,388	3	197,934	3	195,151	3	203,871	3	203,871	3	195,151	3	203,871	3	203,871	3
<b>Total</b>	<b>1,790,226</b>	<b>9</b>	<b>1,896,809</b>	<b>9</b>	<b>1,946,895</b>	<b>9</b>	<b>1,899,071</b>	<b>9</b>	<b>1,977,856</b>	<b>10</b>	<b>1,916,251</b>	<b>9</b>	<b>1,899,071</b>	<b>9</b>	<b>1,977,856</b>	<b>10</b>	<b>1,916,251</b>	<b>9</b>

Funding Sources		%		%		%		%		%		%		%		%		%		
Fund Balance	4000005	12,830	0.7	746	0.0		0	0.0		0	0.0		0	0.0		0	0.0		0	0.0
General Revenue	4000010	183,745	10.3	186,469	9.8		195,151	10.3		203,871	10.3		195,151	10.3		203,871	10.3		203,871	10.6
Cash Fund	4000045	34,235	1.9	64,254	3.4		65,000	3.4		65,000	3.3		65,000	3.4		65,000	3.3		65,000	3.4
Merit Adjustment Fund	4000055	21,507	1.2	7,919	0.4		0	0.0		0	0.0		0	0.0		0	0.0		0	0.0
Tobacco Settlement	4000495	1,538,655	85.9	1,637,421	86.3		1,638,920	86.3		1,708,985	86.4		1,638,920	86.3		1,708,985	86.4		1,647,380	86.0
<b>Total Funds</b>		<b>1,790,972</b>	<b>100.0</b>	<b>1,896,809</b>	<b>100.0</b>		<b>1,899,071</b>	<b>100.0</b>		<b>1,977,856</b>	<b>100.0</b>		<b>1,899,071</b>	<b>100.0</b>		<b>1,977,856</b>	<b>100.0</b>		<b>1,916,251</b>	<b>100.0</b>
Excess Appropriation/(Funding)		(746)		0			0			0			0			0			0	
<b>Grand Total</b>		<b>1,790,226</b>		<b>1,896,809</b>			<b>1,899,071</b>			<b>1,977,856</b>			<b>1,899,071</b>			<b>1,977,856</b>			<b>1,916,251</b>	

## Agency Position Usage Report

FY2010 - 2011						FY2011 - 2012						FY2012 - 2013					
Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused
	Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total	
9	8	1	9	0	11.11 %	9	8	1	9	0	11.11 %	9	6	3	9	0	33.33 %

## **Analysis of Budget Request**

**Appropriation:** 2MF - Treasury Cash

**Funding Sources:** NMH - Cash in Treasury

This cash fund appropriation allows the Agency to expense any grants, donations, or reimbursements that it may receive on reimbursements for expenses of providing seminars or educational activities.

The Agency Request is requesting Base Level in the amount of \$65,000 each year of the biennium for this appropriation.

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

## Appropriation Summary

**Appropriation:** 2MF - Treasury Cash

**Funding Sources:** NMH - Cash in Treasury

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	2013-2014			2014-2015		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Personal Svcs & Oprs Exp 5900046	46,319	65,000	100,000	65,000	65,000	65,000	65,000	65,000	65,000
<b>Total</b>	<b>46,319</b>	<b>65,000</b>	<b>100,000</b>	<b>65,000</b>	<b>65,000</b>	<b>65,000</b>	<b>65,000</b>	<b>65,000</b>	<b>65,000</b>
<b>Funding Sources</b>									
Fund Balance 4000005	12,830	746		0	0	0	0	0	0
Cash Fund 4000045	34,235	64,254		65,000	65,000	65,000	65,000	65,000	65,000
<b>Total Funding</b>	<b>47,065</b>	<b>65,000</b>		<b>65,000</b>	<b>65,000</b>	<b>65,000</b>	<b>65,000</b>	<b>65,000</b>	<b>65,000</b>
Excess Appropriation/(Funding)	(746)	0		0	0	0	0	0	0
<b>Grand Total</b>	<b>46,319</b>	<b>65,000</b>		<b>65,000</b>	<b>65,000</b>	<b>65,000</b>	<b>65,000</b>	<b>65,000</b>	<b>65,000</b>

## **Analysis of Budget Request**

**Appropriation:** 463 - Minority Health Initiative

**Funding Sources:** TSE - Targeted State Needs Program Account

The Tobacco Settlement Funded Minority Health Initiative is one of four targeted state needs programs established by Initiated Act 1 of 2000. This Initiative was established and is administered by the Agency to provide screening, monitoring, and treatment of hypertension, stroke, and other disorders disproportionately critical to the State's minorities.

Special Language allows the Agency to transfer from its Operating Expenses and/or Screening, Monitoring, Treating and Outreach appropriation and funds to be used in the acquisition of promotional items.

Base Level Regular Salaries and Personal Services Matching includes Career Service payments for eligible employees. Personal Services Matching also includes a \$20 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$410 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases.

The Agency Request is for a Base Level of \$1,638,920 each year of the biennium with a Change Level of \$70,065 in appropriation and funding. The request is for a Grade C124 Administrative Services Manager position to assist the Executive Director in planning, organizing, and directing the increased and relevant activities of the administrative services arm of the agency. The request also consists of a reclassification of one Grade C112 Administrative Specialist III to a Grade C117 Human Resource Analyst, and one Grade C115 Administrative Analyst to a Grade C117 Health Program Specialist I due to the increased workload at the Commission.

The Executive Recommendation provides for Base Level, with the exception of the reclassification for the two positions.



## Appropriation Summary

**Appropriation:** 463 - Minority Health Initiative  
**Funding Sources:** TSE - Targeted State Needs Program Account

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	Historical Data			2013-2014			2014-2015		
	2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	174,108	194,233	211,767	194,233	246,383	201,006	194,233	246,383	201,006
<b>#Positions</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>7</b>	<b>6</b>	<b>6</b>	<b>7</b>	<b>6</b>
Personal Services Matching 5010003	68,738	76,425	70,431	77,924	95,839	79,611	77,924	95,839	79,611
Operating Expenses 5020002	329,177	339,650	339,650	339,650	339,650	339,650	339,650	339,650	339,650
Conference & Travel Expenses 5050009	19,990	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Professional Fees 5060010	388,536	448,559	448,559	448,559	448,559	448,559	448,559	448,559	448,559
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Promotional Items 5090028	9,727	0	0	0	0	0	0	0	0
Capital Outlay 5120011	0	0	0	0	0	0	0	0	0
Screen/Monitor/Treat & Outreach 5900046	548,379	558,554	558,554	558,554	558,554	558,554	558,554	558,554	558,554
<b>Total</b>	<b>1,538,655</b>	<b>1,637,421</b>	<b>1,648,961</b>	<b>1,638,920</b>	<b>1,708,985</b>	<b>1,647,380</b>	<b>1,638,920</b>	<b>1,708,985</b>	<b>1,647,380</b>
<b>Funding Sources</b>									
Tobacco Settlement 4000495	1,538,655	1,637,421		1,638,920	1,708,985	1,647,380	1,638,920	1,708,985	1,647,380
Total Funding	1,538,655	1,637,421		1,638,920	1,708,985	1,647,380	1,638,920	1,708,985	1,647,380
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	1,538,655	1,637,421		1,638,920	1,708,985	1,647,380	1,638,920	1,708,985	1,647,380

FY13 Budget amount in Personal Services Matching exceeds the authorized amount due to matching rate adjustments during the 2011-2013 Biennium.

## Change Level by Appropriation

**Appropriation:** 463 - Minority Health Initiative  
**Funding Sources:** TSE - Targeted State Needs Program Account

### Agency Request

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>1,638,920</b>	<b>6</b>	<b>1,638,920</b>	<b>100.0</b>	<b>1,638,920</b>	<b>6</b>	<b>1,638,920</b>	<b>100.0</b>
C01	Existing Program	61,605	1	1,700,525	103.8	61,605	1	1,700,525	103.8
C10	Reclass	8,460	0	1,708,985	104.3	8,460	0	1,708,985	104.3

### Executive Recommendation

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>1,638,920</b>	<b>6</b>	<b>1,638,920</b>	<b>100.0</b>	<b>1,638,920</b>	<b>6</b>	<b>1,638,920</b>	<b>100.0</b>
C01	Existing Program	0	0	1,638,920	100.0	0	0	1,638,920	100.0
C10	Reclass	8,460	0	1,647,380	100.5	8,460	0	1,647,380	100.5

### Justification

C01	The Commission is requesting a Grade C124 Administrative Services Manager position to assist the Executive Director in planning, organizing, and directing the increased and relevant activities of the administrative services arm of the agency.
C10	This request is to reclass one (1) Grade C112 Administrative Specialist III to a Grade C117 Human Resource Analyst and one (1) Grade C115 Administrative Analyst to a Grade C117 Health Program Specialist I due to the increased administrative workload.

## **Analysis of Budget Request**

**Appropriation:** 815 - Minority Health Operations

**Funding Sources:** HUA - Miscellaneous Agencies Fund

The general revenue funded Minority Health Operations appropriation is used to assure equal access of the State's minorities to health care, provide disease education, treatment, screening, and prevention, study health delivery issues, increase awareness, and make agency and legislative recommendations concerning these issues.

Special Language allows the Agency to transfer from its Operating Expenses appropriation and funds to be used in the acquisition of Promotional Items.

Base Level Regular Salaries and Personal Services Matching includes Career Service payments for eligible employees. Personal Services Matching also includes a \$20 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$410 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases.

The Agency Request is for a Base Level of \$195,151 each year of the biennium with a Change Level of \$8,720 in appropriation and general revenue funding. The request consists of a reclassification of one Grade C115 Administrative Analyst to a Grade C116 Media Specialist, and one Grade C112 Administrative Specialist III to a Grade C117 Health Program Specialist I due to the increased workload at the Commission.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 815 - Minority Health Operations  
**Funding Sources:** HUA - Miscellaneous Agencies Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	2013-2014			2014-2015		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	154,380	143,021	151,691	143,021	150,002	150,002	143,021	150,002	150,002
<b>#Positions</b>		<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>
Personal Services Matching	5010003	49,445	49,638	44,514	50,401	52,140	52,140	50,401	52,140	52,140
Operating Expenses	5020002	1,228	1,229	1,229	1,229	1,229	1,229	1,229	1,229	1,229
Conference & Travel Expenses	5050009	199	500	500	500	500	500	500	500	500
Professional Fees	5060010	0	0	0	0	0	0	0	0	0
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Promotional Items	5900028	0	0	0	0	0	0	0	0	0
<b>Total</b>		<b>205,252</b>	<b>194,388</b>	<b>197,934</b>	<b>195,151</b>	<b>203,871</b>	<b>203,871</b>	<b>195,151</b>	<b>203,871</b>	<b>203,871</b>
<b>Funding Sources</b>										
General Revenue	4000010	183,745	186,469		195,151	203,871	203,871	195,151	203,871	203,871
Merit Adjustment Fund	4000055	21,507	7,919		0	0	0	0	0	0
<b>Total Funding</b>		<b>205,252</b>	<b>194,388</b>		<b>195,151</b>	<b>203,871</b>	<b>203,871</b>	<b>195,151</b>	<b>203,871</b>	<b>203,871</b>
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
<b>Grand Total</b>		<b>205,252</b>	<b>194,388</b>		<b>195,151</b>	<b>203,871</b>	<b>203,871</b>	<b>195,151</b>	<b>203,871</b>	<b>203,871</b>

FY13 Budget amount in Personal Services Matching exceeds the authorized amount due to matching rate adjustments during the 2011-2013 Biennium.

## Change Level by Appropriation

**Appropriation:** 815 - Minority Health Operations  
**Funding Sources:** HUA - Miscellaneous Agencies Fund

### Agency Request

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>195,151</b>	<b>3</b>	<b>195,151</b>	<b>100.0</b>	<b>195,151</b>	<b>3</b>	<b>195,151</b>	<b>100.0</b>
C10	Reclass	8,720	0	203,871	104.5	8,720	0	203,871	104.5

### Executive Recommendation

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>195,151</b>	<b>3</b>	<b>195,151</b>	<b>100.0</b>	<b>195,151</b>	<b>3</b>	<b>195,151</b>	<b>100.0</b>
C10	Reclass	8,720	0	203,871	104.5	8,720	0	203,871	104.5

### Justification

C10	The Commission is requesting to reclass one (1) Grade C112 Administrative Analyst to a C117 Media Specialist and one (1) C112 Administrative Specialist III to a Grade C117 Health Program Specialist I due to increased administrative workload.
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# OIL AND GAS COMMISSION

## **Enabling Laws**

Act 272 of 2012  
A.C.A. §15-71-101 et seq.  
A.C.A. §15-72-101 et seq.  
A.C.A. §15-76-301 et seq.

## **History and Organization**

The purpose and mission of the Arkansas Oil and Gas Commission is to serve the public regarding oil and gas matters, to protect the correlative rights and interests of mineral owners through orderly resource development and to regulate the oil, gas and brine production industries to insure compliance with state and federal laws regarding protection of the environment and waters of the state.

The Commission maintains administrative offices in Little Rock and district offices in El Dorado and Ft. Smith. Approximately 40,000 permits to drill have been issued by the Arkansas Oil and Gas Commission since creation of the Commission in 1939. Well records for these wells are maintained at the Commission district offices in El Dorado and Ft. Smith and are available to the public during normal office hours. The Commission maintains a web page containing information pertinent to the general public and regulated community regarding the oil and gas industry in Arkansas.

Act 105 of 1939, repealed existing oil and gas laws and regulations and created the Oil and Gas Commission to oversee the oil and gas conservation and production requirements contained in Act 105. The Commission consisted of seven members with industry knowledge, appointed by the Governor to serve staggered six year terms. Compensation was also authorized for each day Commissioners attended a meeting or hearing, along with reimbursement of all necessary travel expenses. Act 680 of 1985 added two members to the Commission and specified that industry knowledge would not be a requirement of service by individuals holding these two positions. The Director of Production and Conservation serves as the ex-officio Secretary of the Commission and serves as the Director of the Commission staff. Act 472 of 1949, as amended by Act 232 of 1953, stipulates that the Director shall also serve as a member of the Pollution Control and Ecology Commission.

Act 111 of 1969 amended Paragraph M of Section 11 of Act 105 of 1939 and empowered the Oil and Gas Commission to regulate the drilling for and production of salt water for the bromine industry.

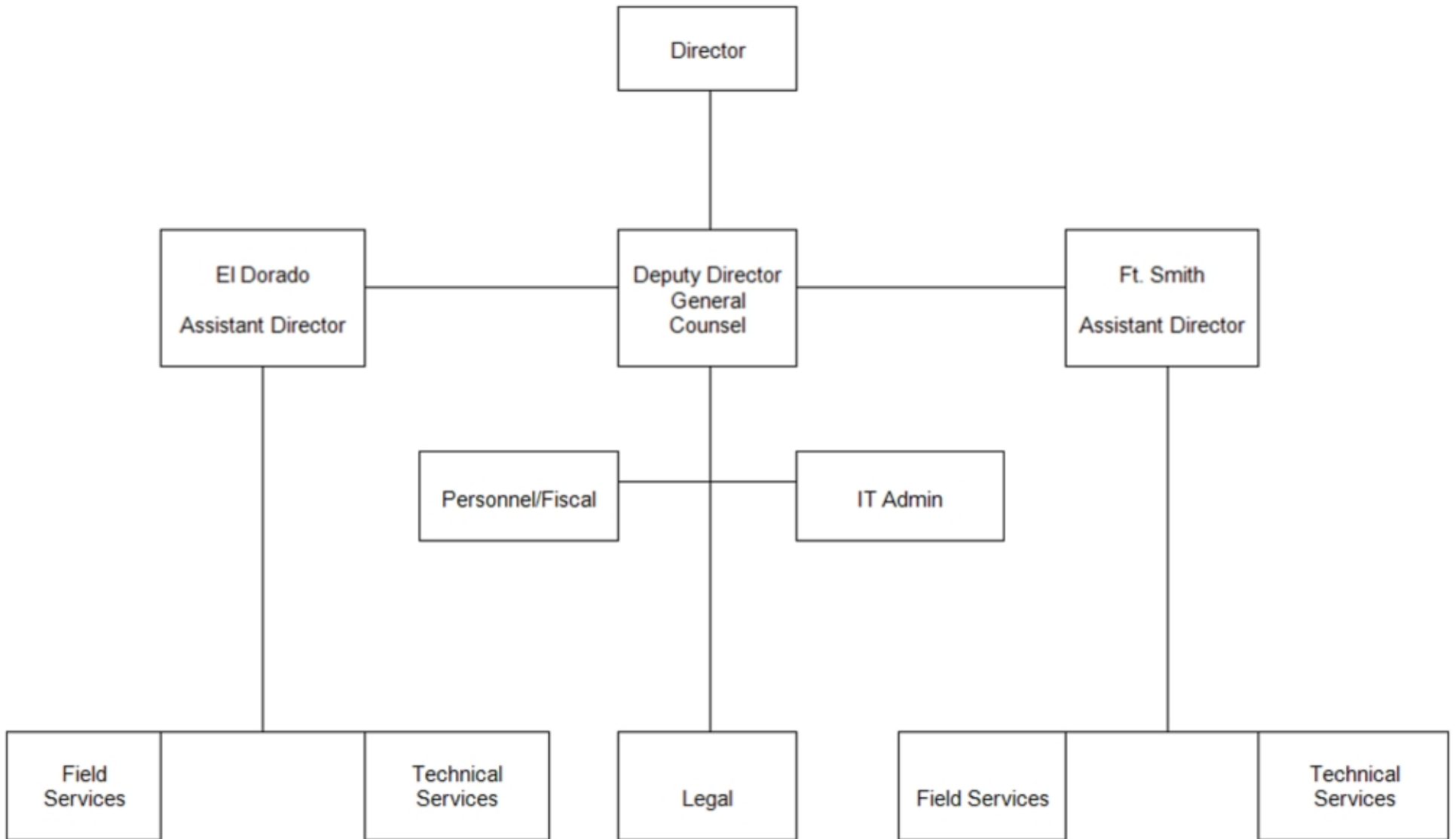
In 1978, the U.S. Congress passed the Natural Gas Policy Act, and the Arkansas Department of Energy determined that the Oil and Gas Commission should serve as the jurisdictional agency for status determination under the provisions of that Act.

Act 937 of 1979 provided additional authorities to the Commission to regulate drilling for and extraction of bromine from produced brine.

In March 1984, the Oil and Gas Commission assumed primacy for the Underground Injection Control Program from the U.S. Environmental Protection Agency for Class II injection wells and Class V bromine-related brine disposal wells. Additional staff personnel were authorized for assimilation of this program into the Agency's regular duties.

Act 5 of 1991 required persons and entities conducting or proposing to conduct field seismic operations in the State to obtain a permit from and post a bond with the Oil and Gas Commission.

Acts 1265, 1266, and 1267 of 2005 created an Abandoned and Orphan Well Plugging Fund to plug abandoned oil and gas wells for which a responsible party no longer existed or could not be located. The Fund and associated plugging program is administered by the Oil and Gas Commission and is funded by an annually assessed fee paid by oil and gas production companies operating in Arkansas.





## **Agency Commentary**

The Oil and Gas Commission is charged by state statute to administer and enforce state and federal laws dealing with the regulatory oversight of the oil, natural gas and brine production industries in Arkansas. These laws are designed to protect the correlative rights of mineral owners, protect the oil, natural gas and brine resources of the state, and to protect the environment and waters of the state during the production of these resources. The Oil and Gas Commission regulatory programs also include administration of the USEPA Underground Injection Control Program for operation of deep injection disposal wells, the USDOT Pipeline Safety Program for natural gas gathering lines and Arkansas Abandoned and Orphaned Well Plugging Program used to plug old abandoned oil and gas wells for which the operators no longer are in existence.

The Fayetteville Shale development continues to expand in the north central part of the state and over the last 7 years has resulted in a six (6) fold increase in the State's total natural gas production. The Fayetteville Shale development is occurring in an area of the State which had not previously experienced oil and natural gas development, which has resulted in increased field inspections to ensure compliance with Commission regulations. The Commission began to address this need during the last two (2) budget cycles and received additional staff and appropriations to meet the growing regulatory program. In addition, exploration is ongoing in the Smackover "brown dense" oil and gas play in the southern part of the State. The Commission is continuing to address the demands of the Fayetteville Shale development and the potential Smackover "brown dense" play and has requested an additional four (4) staff positions in the AOGC FY14-15 budget: a Senior Petroleum Geologist position to address the growing permit review process dealing with drilling, fracture stimulation and citizen inquires dealing with water issues; two (2) Oil and Gas Inspectors for the Fayetteville Shale development area and one (1) Oil and Gas Inspector for the potential Smackover "brown dense" development in south Arkansas.

In addition, to continue to enhance the states' overall oil and gas regulatory program and in view of the increasing demands on the Commission and other State agencies with regulatory oversight in the Fayetteville Shale development area, the Commission is requesting an increase in the AOGC Grant to ADEQ for the purpose of funding ADEQ Fayetteville Field Inspectors currently funded by the Arkansas Game and Fish Commission. The Game and Fish Commission funding of the ADEQ Fayetteville Shale Inspectors will expire at the end of FY13.

There are approximately 700 abandoned and orphaned oil and gas wells currently in the Commission Abandoned and Orphan Well Plugging Program awaiting plugging. In order to sufficiently fund the program to cover the plugging costs for these abandoned and orphan wells, the Commission is requesting to transfer two (2) million dollars annually from the Commission Treasury Fund to the Abandoned and Orphan Well Plugging Fund and increase the expenditure appropriation from the current 1.5 million dollars to 2.5 million dollars annually.

## **Audit Findings**

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
ARKANSAS OIL AND GAS COMMISSION  
FOR THE YEAR ENDED JUNE 30, 2011

Findings

Recommendations

None

None

## **State Contracts Over \$25,000 Awarded To Minority Owned Businesses Fiscal Year 2012**

None

## **Employment Summary**

	Male	Female	Total	%
White Employees	20	15	35	97 %
Black Employees	0	1	1	3 %
Other Racial Minorities	0	0	0	0 %
Total Minorities			1	3 %
Total Employees			36	100 %

## **Cash Fund Balance Description as of June 30, 2012**

Fund Account	Balance	Type	Location
3010000	\$480,149	Checking	Bank of the Ozark, Little Rock

Statutory/Other Restrictions on use:

n/a

Statutory Provisions for Fees, Fines, Penalties:

A.C.A. 15-71-110 Gives the Commission authority to oversee production of oil and gas and collect fees and fines to fund operations.

Revenue Receipts Cycle:

Fees and Penalties are collected throughout the year.

Fund Balance Utilization:

Refunds/Transfers - Funds are collected on a daily basis. Appropriation is used to make refunds for overpayments and to reimburse posted bonds. The remaining balance at the end of each month is transferred to the State Treasury.

## Publications

### A.C.A. 25-1-204

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
Rules and Regulations	15-71-111	N	N	0	Required by industry to inform them of Agency rules and regulations. Also included are forms required to be filed for drilling and required production reporting in Arkansas. Available on agency web site.
Weekly Permit and Completion Report	None	N	N	0	Weekly status report of current oil and gas well drilling and completion. Provided to all parties via agency webpage and also available to the general public in Oil & Gas Commission offices.

## Department Appropriation Summary

### Historical Data

### Agency Request and Executive Recommendation

Appropriation	2011-2012		2012-2013		2012-2013		2013-2014						2014-2015					
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
204 Oil & Gas Commission-Operations	4,069,503	40	4,315,753	40	4,389,565	40	4,313,051	40	5,029,380	44	5,029,380	44	4,316,834	40	5,033,163	44	5,033,163	44
2XV Well Plugging Program	583,882	0	1,500,000	0	1,500,000	0	1,500,000	0	2,500,000	0	2,500,000	0	1,500,000	0	2,500,000	0	2,500,000	0
A20 Refunds/Reimbursements	161,000	0	500,000	0	500,000	0	500,000	0	500,000	0	500,000	0	500,000	0	500,000	0	500,000	0
<b>Total</b>	<b>4,814,385</b>	<b>40</b>	<b>6,315,753</b>	<b>40</b>	<b>6,389,565</b>	<b>40</b>	<b>6,313,051</b>	<b>40</b>	<b>8,029,380</b>	<b>44</b>	<b>8,029,380</b>	<b>44</b>	<b>6,316,834</b>	<b>40</b>	<b>8,033,163</b>	<b>44</b>	<b>8,033,163</b>	<b>44</b>

Funding Sources		%		%		%		%		%		%		%		%		%	
Fund Balance	4000005	19,836,830	62.5	26,936,737	72.4			30,870,984	78.1	30,870,984	76.8	30,870,984	76.8	33,191,604	79.4	32,191,604	77.5	32,191,604	77.5
Special Revenue	4000030	11,864,758	37.4	9,000,000	24.2			8,133,671	20.6	8,850,000	22.0	8,850,000	22.0	8,133,671	19.4	8,850,000	21.3	8,850,000	21.3
Cash Fund	4000045	49,534	0.2	500,000	1.3			500,000	1.3	500,000	1.2	500,000	1.2	500,000	1.2	500,000	1.2	500,000	1.2
Transfer from Special Revenue	4000565	750,000	2.4	750,000	2.0			750,000	1.9	2,000,000	5.0	2,000,000	5.0	750,000	1.8	2,000,000	4.8	2,000,000	4.8
Transfers / Adjustments	4000683	(750,000)	(2.4)	0	0.0			(750,000)	(1.9)	(2,000,000)	(5.0)	(2,000,000)	(5.0)	(750,000)	(1.8)	(2,000,000)	(4.8)	(2,000,000)	(4.8)
<b>Total Funds</b>		<b>31,751,122</b>	<b>100.0</b>	<b>37,186,737</b>	<b>100.0</b>			<b>39,504,655</b>	<b>100.0</b>	<b>40,220,984</b>	<b>100.0</b>	<b>40,220,984</b>	<b>100.0</b>	<b>41,825,275</b>	<b>100.0</b>	<b>41,541,604</b>	<b>100.0</b>	<b>41,541,604</b>	<b>100.0</b>
Excess Appropriation/(Funding)		(26,936,737)		(30,870,984)				(33,191,604)		(32,191,604)		(32,191,604)		(35,508,441)		(33,508,441)		(33,508,441)	
<b>Grand Total</b>		<b>4,814,385</b>		<b>6,315,753</b>				<b>6,313,051</b>		<b>8,029,380</b>		<b>8,029,380</b>		<b>6,316,834</b>		<b>8,033,163</b>		<b>8,033,163</b>	

## Agency Position Usage Report

FY2010 - 2011						FY2011 - 2012						FY2012 - 2013					
Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused
	Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total	
39	38	1	39	0	2.56 %	40	36	4	40	0	10.00 %	40	37	3	40	0	7.50 %

## **Analysis of Budget Request**

**Appropriation:** 204 - Oil & Gas Commission-Operations

**Funding Sources:** SDO - Oil and Gas Commission Fund

The Oil & Gas Commission's operating appropriation is funded by special revenues, as authorized in A.C.A §19-6-410.

Base Level Regular Salaries and Personal Services Matching includes Career Service payments for eligible employees. Personal Services Matching also includes a \$20 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$410 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases. The Base Level salary of unclassified positions reflects the FY13 line item maximum.

The Commission's request includes Base Level appropriation of \$4,313,051 in FY14, \$4,316,834 in FY15 and Change Level requests of \$716,329 each year. Change Level request reflects the following:

- Increase of \$222,829 each year in Regular Salaries and Personal Services Matching to support four (4) positions: one (1) Senior Petroleum Geologist, two (2) Oil and Gas Inspector positions to address the increase in permit applications, fracture stimulation and water issues associated with the Fayetteville Shale Development, and one (1) Oil and Gas Inspector position for the Smackover "brown dense" development in south Arkansas.
- Increase of \$340,000 each year in Grants and Aids to provide a grant to the Arkansas Department of Environmental Quality (ADEQ). The grant will provide funding for unfunded ADEQ personnel assigned to the Fayetteville Shale Play. Initial funding for the positions were provided by a grant from the Arkansas Game & Fish Commission.
- Increase of \$150,000 each year in Capital Outlay to provide vehicles for the new inspectors and replace existing vehicles as needed due to high mileage and/or maintenance costs.
- Increase of \$3,500 each year in Groundwater Protection to provide state membership and program representation in the National Ground Water Protection Council.

The Executive Recommendation provides for the Agency Request.

# Appropriation Summary

**Appropriation:** 204 - Oil & Gas Commission-Operations

**Funding Sources:** SDO - Oil and Gas Commission Fund

## Historical Data

## Agency Request and Executive Recommendation

Commitment Item		2011-2012	2012-2013	2012-2013	2013-2014			2014-2015		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	1,854,758	1,861,771	1,935,531	1,850,724	2,017,307	2,017,307	1,853,824	2,020,407	2,020,407
<b>#Positions</b>		<b>40</b>	<b>40</b>	<b>40</b>	<b>40</b>	<b>44</b>	<b>44</b>	<b>40</b>	<b>44</b>	<b>44</b>
Extra Help	5010001	68,479	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
<b>#Extra Help</b>		<b>9</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>
Personal Services Matching	5010003	597,359	600,968	601,020	609,313	665,559	665,559	609,996	666,242	666,242
Operating Expenses	5020002	980,572	987,797	987,797	987,797	987,797	987,797	987,797	987,797	987,797
Conference & Travel Expenses	5050009	10,307	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
Professional Fees	5060010	12,651	52,000	52,000	52,000	52,000	52,000	52,000	52,000	52,000
Construction	5090005	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Grants and Aid	5100004	10,000	10,000	10,000	10,000	350,000	350,000	10,000	350,000	350,000
Refunds/Reimbursements	5110014	2,350	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Capital Outlay	5120011	0	0	0	0	150,000	150,000	0	150,000	150,000
Data Processing Services	5900044	320,214	348,217	348,217	348,217	348,217	348,217	348,217	348,217	348,217
Interstate Oil Compact	5900046	8,200	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Underground Injection Control	5900048	99,613	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Groundwater Protection	5900049	5,000	5,000	5,000	5,000	8,500	8,500	5,000	8,500	8,500
<b>Total</b>		<b>4,069,503</b>	<b>4,315,753</b>	<b>4,389,565</b>	<b>4,313,051</b>	<b>5,029,380</b>	<b>5,029,380</b>	<b>4,316,834</b>	<b>5,033,163</b>	<b>5,033,163</b>
<b>Funding Sources</b>										
Fund Balance	4000005	17,160,940	23,772,078		28,106,325	28,106,325	28,106,325	30,826,945	29,576,945	29,576,945
Special Revenue	4000030	11,430,641	8,650,000		7,783,671	8,500,000	8,500,000	7,783,671	8,500,000	8,500,000
Transfers / Adjustments	4000683	(750,000)	0		(750,000)	(2,000,000)	(2,000,000)	(750,000)	(2,000,000)	(2,000,000)
<b>Total Funding</b>		<b>27,841,581</b>	<b>32,422,078</b>		<b>35,139,996</b>	<b>34,606,325</b>	<b>34,606,325</b>	<b>37,860,616</b>	<b>36,076,945</b>	<b>36,076,945</b>
Excess Appropriation/(Funding)		(23,772,078)	(28,106,325)		(30,826,945)	(29,576,945)	(29,576,945)	(33,543,782)	(31,043,782)	(31,043,782)
<b>Grand Total</b>		<b>4,069,503</b>	<b>4,315,753</b>		<b>4,313,051</b>	<b>5,029,380</b>	<b>5,029,380</b>	<b>4,316,834</b>	<b>5,033,163</b>	<b>5,033,163</b>

## Change Level by Appropriation

**Appropriation:** 204 - Oil & Gas Commission-Operations  
**Funding Sources:** SDO - Oil and Gas Commission Fund

### Agency Request

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>4,313,051</b>	<b>40</b>	<b>4,313,051</b>	<b>100.0</b>	<b>4,316,834</b>	<b>40</b>	<b>4,316,834</b>	<b>100.0</b>
C01	Existing Program	716,329	4	5,029,380	116.6	716,329	4	5,033,163	116.6

### Executive Recommendation

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>4,313,051</b>	<b>40</b>	<b>4,313,051</b>	<b>100.0</b>	<b>4,316,834</b>	<b>40</b>	<b>4,316,834</b>	<b>100.0</b>
C01	Existing Program	716,329	4	5,029,380	116.6	716,329	4	5,033,163	116.6

### Justification

C01	The requested increase in Grants/Aid will provide necessary support to ADEQ to maintain current staffing levels for the Fayetteville Shale Inspectors. These ADEQ positions were initially funded by a grant from the Arkansas Game & Fish Commission. The increase would make the total requested appropriation \$350,000 per fiscal year (as AOGC currently provides a Grant to ADEQ in the amount of \$10,000 for testing purposes). The capital outlay requested will provide funds for vehicles for the new inspectors, replace vehicles as required for existing Inspectors and to maintain agency capital expenses. State membership in the Ground Water Protection Council (GWPC) help maintain the ability to represent state programs at the national level. State dues are calculated on a per-state basis and will increase to \$8,500 per state. Four (4) positions are requested: a Senior Petroleum Geologist position to address the growing permit review process dealing with drilling, fracture stimulation and citizen inquires dealing with water issues; two (2) Oil and Gas Inspectors for the Fayetteville Shale development area and one (1) Oil and Gas Inspector for the potential Smackover "brown dense" development in south Arkansas.
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## **Analysis of Budget Request**

**Appropriation:** 2XV - Well Plugging Program

**Funding Sources:** SAW - Abandoned and Orphan Well Plugging Fund

This appropriation is funded by special revenue derived from fees, forfeited bonds, proceeds from the sale of hydrocarbons, and grants or gifts from the public. In addition, upon review of the Chief Fiscal Officer of the State and the Legislative Council, special language allows a transfer up to \$750,000 per year from the Oil and Gas Fund to the Abandoned and Orphan Well Plugging Fund. The Oil & Gas Commission's Abandoned and Orphan Well Plugging Fund was established by Acts 1265 and 1267 of 2005 (A.C.A. §15-71-115). The fund is utilized for well plugging program expenses. The Commission specifically utilizes the funds to plug abandoned and orphaned wells by means of contracts, grants to landowners, or for the payment of other plugging costs or corrective work.

In addition to Base Level of \$1,500,000 each year, the Commission is requesting an increase in Well Plugging Expenses of \$1,000,000 each year. The increase is needed to cover the plugging costs for approximately 700 abandoned and orphaned oil and gas wells. To provide funding to support this request the Commission is requesting to increase the special language transfer authority from \$750,000 per year to \$2,000,000 per year from the Oil and Gas Fund to the Abandoned and Orphan Well Plugging Fund.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 2XV - Well Plugging Program

**Funding Sources:** SAW - Abandoned and Orphan Well Plugging Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			2013-2014			2014-2015		
		2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Well Plugging Expenses	5900046	583,882	1,500,000	1,500,000	1,500,000	2,500,000	2,500,000	1,500,000	2,500,000	2,500,000
Total		583,882	1,500,000	1,500,000	1,500,000	2,500,000	2,500,000	1,500,000	2,500,000	2,500,000
<b>Funding Sources</b>										
Fund Balance	4000005	2,084,275	2,684,510		2,284,510	2,284,510	2,284,510	1,884,510	2,134,510	2,134,510
Special Revenue	4000030	434,117	350,000		350,000	350,000	350,000	350,000	350,000	350,000
Transfer from Special Revenue	4000565	750,000	750,000		750,000	2,000,000	2,000,000	750,000	2,000,000	2,000,000
Total Funding		3,268,392	3,784,510		3,384,510	4,634,510	4,634,510	2,984,510	4,484,510	4,484,510
Excess Appropriation/(Funding)		(2,684,510)	(2,284,510)		(1,884,510)	(2,134,510)	(2,134,510)	(1,484,510)	(1,984,510)	(1,984,510)
Grand Total		583,882	1,500,000		1,500,000	2,500,000	2,500,000	1,500,000	2,500,000	2,500,000

## Change Level by Appropriation

**Appropriation:** 2XV - Well Plugging Program  
**Funding Sources:** SAW - Abandoned and Orphan Well Plugging Fund

### Agency Request

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>1,500,000</b>	<b>0</b>	<b>1,500,000</b>	<b>100.0</b>	<b>1,500,000</b>	<b>0</b>	<b>1,500,000</b>	<b>100.0</b>
C01	Existing Program	1,000,000	0	2,500,000	166.7	1,000,000	0	2,500,000	166.7

### Executive Recommendation

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>1,500,000</b>	<b>0</b>	<b>1,500,000</b>	<b>100.0</b>	<b>1,500,000</b>	<b>0</b>	<b>1,500,000</b>	<b>100.0</b>
C01	Existing Program	1,000,000	0	2,500,000	166.7	1,000,000	0	2,500,000	166.7

### Justification

C01	An increase in appropriation for well plugging is requested so that the workflow for plugging the abandoned wells in the State can continue as work is approved and contractors are available to accomplish the remedial 700+ well project. This would make the total appropriation \$2,500,000 each year of the biennium.
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## **Analysis of Budget Request**

**Appropriation:** A20 - Refunds/Reimbursements

**Funding Sources:** 301 - Oil and Gas Commission Cash

The Oil & Gas Commission's cash fund is used for deposit of special revenue fees collected by the Commission and to hold bonds posted by companies engaged in seismographic exploration in the State. This account provides checks with which to make transfers to the State Treasury and eliminates the necessity of sending cash through the mail. The Commission then transfers collected funds to the Oil and Gas Commission Fund to be utilized for Regular Salaries and Operating Expenses.

The Commission is requesting Base Level of \$500,000 each year.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** A20 - Refunds/Reimbursements  
**Funding Sources:** 301 - Oil and Gas Commission Cash

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	Historical Data			2013-2014			2014-2015		
	2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Refunds/Reimbursements 5110014	161,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
<b>Total</b>	<b>161,000</b>	<b>500,000</b>	<b>500,000</b>	<b>500,000</b>	<b>500,000</b>	<b>500,000</b>	<b>500,000</b>	<b>500,000</b>	<b>500,000</b>
<b>Funding Sources</b>									
Fund Balance 4000005	591,615	480,149		480,149	480,149	480,149	480,149	480,149	480,149
Cash Fund 4000045	49,534	500,000		500,000	500,000	500,000	500,000	500,000	500,000
<b>Total Funding</b>	<b>641,149</b>	<b>980,149</b>		<b>980,149</b>	<b>980,149</b>	<b>980,149</b>	<b>980,149</b>	<b>980,149</b>	<b>980,149</b>
Excess Appropriation/(Funding)	(480,149)	(480,149)		(480,149)	(480,149)	(480,149)	(480,149)	(480,149)	(480,149)
<b>Grand Total</b>	<b>161,000</b>	<b>500,000</b>		<b>500,000</b>	<b>500,000</b>	<b>500,000</b>	<b>500,000</b>	<b>500,000</b>	<b>500,000</b>

# DEPARTMENT OF PARKS AND TOURISM

## Enabling Laws

Appropriation Acts: Act 8, 214, 116 and 90 of 2013.

Arkansas Code: 25-13-101 to 103; 25-13-104; 13-5-320; 13-5-321; 13-9-101 to 105; 13-13-102; 23-89-518; 26-58-124; 15-11-101 to 102; 15-11-201 to 209; 22-4-202; 22-4-307; 25-16-904; 3-5-701, 703; 14-170-205; 15-11-301 to 306; 15-11-401 to 410; 15-11-501 to 511; 15-11-802; 15-20-703,705 to 708; 25-13-301; 26-52-1006; 26-51-2207; 27-67-224; 25-13-101,102; 27-69-201 to 207; 15-11-601 to 604; 8-6-404; 8-6-612; 8-6-606; 8-6-1003; 19-6-484; 13-5-201 to 207; 13-5-309; 13-5-313, 314, 316, 317; 13-5-401 to 604; 13-5-801; 13-5-1013; 13-7-103; 13-7- 401; 13-14-103,105; 14-270-201, 203; 15-11-210,-211; 15-11-702 to 709; 15-12-101 to 103; 15-45-302; 19-5-051; 19-5-986; 19-6-426, 484; 21-5-701,705; 22-4-102 to 22-4-111,113; 22-4-201,203; 22-4-302; 22-4-305, 310, 312 to 313; 22-4-401 to 408; 22-4-501 to 504; 25-13-103; 25-17-304; 26-75-303; 27-24-1601 to 1602; 27 -67-204; 27-67-322; 6-20-205; 12-61-123; 13-3-101 to 109; 13-3-201 to 207, 209

## History and Organization

The mission of the Department of Parks and Tourism is to enhance the quality of life in Arkansas by promoting, protecting, interpreting and managing the State's natural and cultural resources.

The reorganization of State government, as affected by Act 38 of 1971, gave considerable emphasis to Arkansas' travel and recreation industry. This was emphasized by the creation of the Department of Parks and Tourism and by the expansion of the overall effort of the Agency. The Executive Director is appointed by the Governor and is responsible for personnel and administration; policy is set by various commissions. Within the department itself, organization of the staff functions and delivery of services are divided into six defined areas with each managed by a division director. The Executive Director's office coordinates the overall operations of the department and also directs the personnel, internal audit and public information functions.

The Personnel Section of the Department of Parks and Tourism works directly for the Executive Director. The primary functions of this section include human resources management, the personnel process, policy, affirmative action, training, human resources management, personnel records, performance evaluation, job classification and the application/interview process. It works with all divisions of the department to provide technical assistance, employee counseling and career planning.

The Administration Division provides administrative support for all department divisions in the accounting, auditing, purchasing and payroll areas, as well as the mailroom, printing reproduction, warehouse functions, and data processing service. All department budgetary funding responsibilities are coordinated, verified, and monitored by the Administration Division.

The Arkansas State Parks, Recreation and Travel Commission, the policy board of the Parks and Tourism divisions of the department, has fifteen members appointed by the Governor. Two are commissioner emeritus (lifetime) and one represents the retirement age sector of our population. The remaining twelve members include representatives of the newspaper, radio, television, news media, recreation, and hospitality industries. Each of the four Congressional Districts of the State is represented on this commission.

The Parks Division is the largest in the department. It is charged with conserving and protecting the State's natural, historical and cultural resources, providing recreation and educational opportunities to the State's citizens and visitors, enhancing the economy through tourism, and leadership in resource conservation. The State Parks Division, beginning operations in 1937, four years after the initial development of the first State parks in 1933 by the National Parks Service advisors and the Civilian Conservation Corps (CCC), is responsible for the development, maintenance, and operation of over 54,358 acres of land, consisting of 52 State parks and museums that offer a variety of natural, cultural, historical, educational, and recreational experiences. Characterized by 877 buildings (including 183 historic structures), six national historic and one natural landmark, 1,786 campsites, four lodges, 373 miles of trails, 10 marinas, 199 cabins, hundreds of miles of utilities, and over 8 million visitors annually, the State parks are like running small cities.

The Parks Division administers the Outdoor Recreation Grants Program from the U.S. Department of Interior, the Natural and Cultural Resources Fund for cities and counties, the Trails for Life Grant Program, the Statewide Comprehensive Outdoor Recreation Plan (SCORP), and provides technical assistance in park development and operation for cities and counties. The staff participates in statewide trail programs, environmental reviews, and conservation, recreation and environmental committees on behalf of the department. The Arkansas Outdoor Recreation Grants Advisory Committee is organized under provisions of the Land and Water Conservation Fund Act of 1965 and the Arkansas Open Project Selection Process as approved by the National Park Service. The Committee shall consist of five members appointed by the Governor.

In 1996, Amendment 75 was passed by the voters establishing a 1/8 cent conservation tax to repair, renovate and improve the State parks. In 1999, ArkansasStateParks.com web site was developed to enhance marketing, educational and informational efforts.

The State Parks Division (ASP) works with the Prairie Grove Battlefield Advisory Commission, which is composed of seven members appointed by the Governor, and charged with advising ASP for the preservation and development of the park commemorating those that fought the Battle of Prairie Grove in 1862.

The Arkansas Museum of Natural Resources Advisory Committee, consisting of fifteen members, appointed by the Governor, serves in an advisory capacity to the Agency. At least half of the members are residents of oil and brine producing counties of south Arkansas. The Advisory Committee advises in the establishment of policies and procedures for the operation and development of the Arkansas Museum of Natural Resources and coordinates efforts to encourage gifts or donations to the museum.

The Plantation Agriculture Review Committee is a five-member group appointed by the Governor to advise the Agency in the establishment of policies and procedures for the development and operation of the Plantation Agriculture Museum and develops and coordinates efforts to encourage gifts or donations to the Plantation Agriculture Museum.

The Ozark Folk Cultural Center Commission members are selected by the seated Commission members and must be approved by the City Council of Mountain View. The nine (9) member board was created by legislation for the purpose of construction and operation of the Ozark Folk Center. The OFCCC serves as an advisory board and approves Capital Improvements/Major Maintenance Expenditures Reserve Account projects.

The overall purpose of the Tourism Division is to enrich the quality of life and improve the economy of Arkansas by generating travel and enhancing the image of the State. The division's out-of-state efforts are to: (1) generate travel and tourism to Arkansas by utilizing sophisticated marketing techniques; (2) enhance the image of the State via advertising messages, the Internet, and editorial efforts with national media; (3) encourage investment in Arkansas' tourism industry by providing an environment of cooperation and incentive where possible; and (4) encourage retirement and relocation to the State. The division's in-state objectives are to: (1) encourage travel and tourism in Arkansas by Arkansas people; (2) build pride by image enhancement and educational efforts; (3) be a leader and advocate to build understanding and support for the important role tourism plays in the Arkansas economy; (4) work to present and enhance the image of Arkansas. In 1998, arkansas.com web site was developed to expand the State's marketing and promotional efforts.

The Tourism Division has four in-house sections: Communications, Tourism Development, Group Travel, and Research & Information Services. The Communications Section generates articles and photos (which are made available to the public and the media), arranges and hosts "familiarization" tours for visiting journalists and writers, and also has Internet responsibilities. The Tourism Development Section conducts hospitality training seminars, provides technical assistance to city and county governments, assists communities and businesses with tourism development plans, promotes and assists in the development of retirement and relocation to the state, and aids in the planning and promotion of local festivals. It also administers the Division's matching fund program which makes grant monies available to recognized regional tourism promotion associations. The Group Travel Section markets the state to increase visitor expenditures made by motor coach tours, conventions, and other group travelers and assists the Arkansas tourism industry in its group travel and convention marketing efforts. The Research & Information Services Section compiles and analyzes statistical data and handles fulfillment operations for the Division's inquiries from the traveling public. It also operates the State's system of 13 Welcome Centers located at major entry points into Arkansas. Trained staff at these facilities, which are a cooperative venture with the Arkansas State Highway & Transportation Department, provide that critical "first impression" to our visitors, encouraging them to get off the main highways and explore all corners of the Natural State.



In addition, the Tourism Division works with two outside organizations, an advertising agency and an Internet agency, which provide professional services to augment the Division's promotional efforts. The ad agency produces an annual marketing plan, creates and places media campaigns, conducts research, and assists in a variety of public relations efforts. The Internet agency keeps the arkansas.com web site current, conducts research, places key-word buys, and coordinates search engine optimization efforts. During FY 2011-12, traffic on arkansas.com totaled 4,995,093 visitors - which led to 5,272,420 industry referrals for additional information or making reservations.

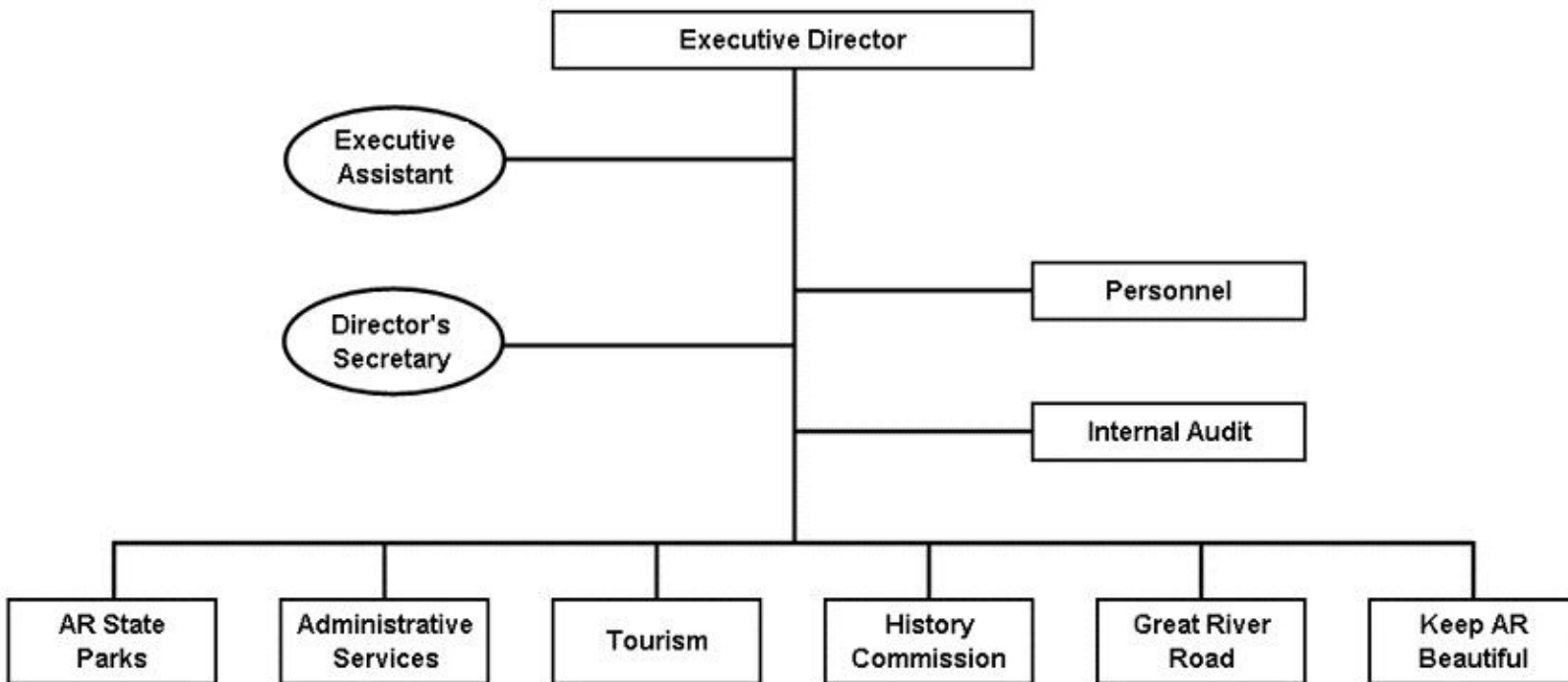
The Great River Road was reorganized under the Tourism Division, for administrative purposes. The Great River Road has a policy board, the Arkansas Mississippi River Parkway Commission, composed of ten members appointed by the Governor. The members represent the ten counties bordering the Mississippi River. The Great River Road Section is charged with preserving and promoting all tourism and historic aspects of the ten counties. The Section also works with the other states of the International Mississippi River Parkway Commission to secure National Scenic Byway status for all states in cooperation with the Federal Highway Administration. This International Parkway provides a unique route for tourists from Canada to the Gulf of Mexico.

The History Commission was created by Act 215 of 1905, but its existence as a functioning State agency was uncertain until after the passage of Act 355 by the General Assembly of 1911. The latter Act, as amended by Act 207 of 1963, is the basic law under which the Commission operates. This fundamental Act charges the History Commission with the responsibility of keeping and caring for the official archives of the State, collecting materials relating to Arkansas history, and encouraging the use of historical source materials such as documents, newspaper files, maps and photographs. A documents restoration laboratory and a microfilm section assist with preservation. In 1996, the ark-ives.com web site was developed to enhance educational and informational efforts.

The History Commission itself is composed of seven members appointed by the Governor with the approval of the Senate. Since the passage of Act 38 of 1971, the Commission has operated within the Department of Parks and Tourism. The Arkansas Black History Commission of Arkansas was created by Act 1233 of 1991 (name changed from Black History Advisory Commission by Act 1601 of 2007). It operates in connection with the History Commission.

The Keep Arkansas Beautiful Commission (KArB) was established in 1989 by Executive Order of the Governor. Since 1993, the Keep Arkansas Beautiful Commission has been a division of the Department of Parks and Tourism. In 1996, Amendment 75 the Conservation Amendment created funding for the Keep Arkansas Beautiful Commission. Act 1278 of 1997 superseded the Executive order and re-created the KArB Commission and a new Commission was appointed by the Governor, consisting of nine Commissioners appointed to six-year terms. Two members are appointed from each of the four Congressional Districts and one from the state at-large. In 2000, KeepArkansasBeautiful.com web site was developed to enhance marketing, educational and informational efforts.

Keep Arkansas Beautiful is charged with: (1) raising public awareness of our litter problem; (2) educating the general public of the economics and ecological impact of litter; (3) encouraging litter prevention; (4) increasing awareness of litter laws and enforcement; (5) promoting recycling and recycling benefits to consumers; (6) generating interest in beautification projects; (7) supporting communities statewide in establishing litter prevention programs, ongoing recycling campaigns, and beautification projects.



## Agency Commentary

The State Operations Administrative Division provides centralized management and administrative services for the Agency. These services include internal audit, personnel, accounting, purchasing, budgeting, computer technology services, printing and warehousing. In addition, overall agency coordination, direction and liaison with the Governor, Legislature and various Commissions are responsibilities of this division. The budget request includes reallocation within the maintenance and operation cost elements to cover activities relating to the normal cost of doing business. A reallocation of \$4,849 in FY2014 and \$19,391 FY2015 is required to cover IT expenses for normal computer replacement in various Central Administration sections based on the agency's computer rotation schedule, which is reflected in the Agency's IT Plan. Capital Outlay of \$1,900 is requested in FY2014 for the sales tax related to replacement of a deteriorating 1997 Dodge van. The vehicle stalls frequently, is in poor running condition and is very unreliable despite recent repair work. Repairs are costly and will exceed the estimated blue book value. This vehicle is used by the Central Warehouse mailroom to pick up and deliver mail daily for the Little Rock operations. These changes are necessary to accommodate the current level of operations and support of agency staff.

The Conservation Tax appropriation funding is derived from the One-Eighth (1/8) Cent Sales Tax, and it is utilized provide for repair and development, as well as to supplement existing funding for State Parks. The Agency is requesting increases in Maintenance and Operation expenses to accommodate activities relating to the normal cost of doing business and increases in Professional Fees for marketing and advertising expenses for new parks and facilities. The Agency is also requesting increases in Construction and Special Maintenance for scheduled design and construction of the long term plan for the Conservation Amendment and to address a backlog of maintenance repairs and Capital Outlay increases for replacement of equipment.

The Tourism Promotion appropriation is funded from a Two Percent Gross Receipts Tax on tourist-related business. The primary mission is to improve the State's economy, which is accomplished by increasing consumer and group travel to Arkansas and encouraging retirement and relocation through varies marketing mediums. This task is accomplished by investing in targeted advertising that entices new travelers to the state year after year, as well as potential new residents. To help grow the State's tourism industry, the Agency must maintain an active presence in the travel marketplace. To achieve this goal, we must meet our competition in neighboring states head on and increase our print and broadcast advertising presence, as well as add cutting edge content and tools to the Arkansas.com website. Assisting us in this endeavor are the State's twelve (12) promotional regions. They utilize the State's (2 to 1) Regional Matching Funds Program and assist the grassroots efforts of local tourism attractions and events and help extend the reach of Arkansas's advertising messaging. The twelve (12) regions focus consumer attention on local destinations by maintaining and expanding their advertising campaigns and upgrading website content annually. The Tourism Division is also responsible for promoting the Natural State as a group travel destination. This task is accomplished by participating in motorcoach marketplaces, sporting event trade shows and other convention-based selling opportunities that include both domestic and international buyers. Travel expenditures in Arkansas generated more than \$5.1 billion dollars in 2011 and contributed approximately \$267 million in state tax receipts. To continue this upward trend, the Tourism Division requests additional authorization in Appropriation 504 for increases in Operating Expenses for travel show participation, photographic supplies and advertising expenses, Professional Fees for conference registration fees and Capital Outlay for vehicle replacement. The Agency is also requesting increases in Tourist Promotion for the Regional Matching Funds Program and Advertising Expenses to improve print and broadcast advertising investments and the Arkansas.com website.

The Outdoor Recreation Grants Program appropriation is utilized for operating expenses and providing outdoor recreational grants to cities and counties, with funding provided by the State Parks' portion of proceeds of the Real Estate Transfer Tax increase. The Agency is requesting an increase in Grants and Aid due to projected collections in real estate transfer tax and unexpended grant obligations.

The SCORP program appropriation is utilized for the Outdoor Recreation Grant Program and development of the Statewide Comprehensive Outdoor Recreation Plan. The Agency is requesting a decrease in Grants and Aid due to a reduction in federal apportionment and an increase in Professional Fees for the production and planning of the Statewide Comprehensive Outdoor Recreation Plan.

The State Parks Division operates 52 state parks and museums covering 54,353 acres of forest, wetlands, fish, and wildlife habitat, outdoor recreation facilities and unique historic and cultural resources. The system includes over 891 buildings (including 183 historic structures) in its inventory with the buildings and contents insured for over \$363 million. Our state parks have over 1,786 camp sites, over 963 picnic sites, 199 cabins, four lodges (242 guest rooms), eight restaurants, ten marinas, 371 miles of hiking trails, over 120 miles of road and hundreds of miles of utilities. The parks have over 8 million visitors each year who come from all regions of the country. In FY2011 the parks generated \$23.2 million in revenue. Each park is similar to a small city, except the population changes every week. There are constant maintenance needs with buildings, recreational facilities, roads and utility systems. There are customer service, law enforcement, fire protection, financial management, recreational and educational programs, supervision, visitor safety and security responsibilities to be concerned with on a 24/7 basis.

The Operations and Construction Cash fund generates funding from numerous retail facilities and services provided at the state parks and museums. This is the major operating fund for day to day operations and maintenance. An increase in Operating Expenses of \$1,210,729 is requested in each year of the biennium to implement a new on-line reservation system, and for expected increases related to higher fuel and utility costs. An increase in Professional Fees & Services of \$33,713 in each year of the biennium is requested for additional expenses for marketing and advertising new facilities/parks at Lake Fort Smith, Mississippi River, Village Creek and Logoly. The Parks Division requests an increase in Construction by \$4,771,385 for each year of the biennium. The Agency was approved for \$4,771,385 during FY13 for construction projects at Village Creek State Park. The request is to continue this funding to use the \$5.7 million in funds received from the sale of the rail at Delta Heritage Trail State Park (DHTSP) for the construction and upgrade in the south portion of DHTSP and complete the construction at Village Creek State Park. The Agency is also requesting an increase of \$194,478 in each year of the biennium to accommodate increasing prices for resale operations for the new facilities coming on line in the new biennium, and an increase in Capital Outlay of \$525,000 in each year for replacement of high mileage aging vehicles and deteriorating equipment. The Agency is requesting a \$1 million decrease in FY15 in Debt Services for decreases in the bond payments.

The Entertainers Hall of Fame appropriation is utilized to honor individuals who by achievement or service have made outstanding and lasting contributions in entertainment. Due to a decline in ticket sales, the Agency is requesting a decrease in appropriation in each year.

The Agency Personnel Change Level Requests include the following: The State Parks Division requests four (4) new and four (4) restored positions to support new and expanded operations at Lake Fort Smith State Park, Logoly State Park, Mississippi River State Park and Village Creek State Park. Upgrade requests on four (4) titles (Facility Manager I & II, Housekeeper and Housekeeper Supervisor) to enable the Agency to be more competitive in the job market and decrease the high turnover in these positions. Reclassification requests on various positions to better classify and utilize proper titles in multiple locations throughout the park system. Transfer of one (1) position (Curator) from Parks Cash Fund appropriation to the Museum of Natural Resources appropriation.

## Audit Findings

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
ARKANSAS DEPARTMENT OF PARKS AND TOURISM  
FOR THE YEAR ENDED JUNE 30, 2010

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Findings

As reported previously, the Agency failed to establish procedures to adequately monitor resale inventory. The Agency relied on ending inventory balances to compute sales and did not track sales in a manner to ensure that items removed from inventory were actually sold instead of stolen or removed due to spoilage.

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Recommendations

We recommend the Agency continue its efforts to establish internal controls over resale inventory to improve management oversight of these assets.

## State Contracts Over \$25,000 Awarded To Minority Owned Businesses Fiscal Year 2012

None

## Employment Summary

	Male	Female	Total	%
White Employees	355	312	667	90 %
Black Employees	23	31	54	7 %
Other Racial Minorities	12	6	18	3 %
Total Minorities			72	10 %
Total Employees			739	100 %

## Publications

### A.C.A. 25-1-204

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

# Department Appropriation Summary

## Historical Data

## Agency Request and Executive Recommendation

Appropriation	2011-2012		2012-2013		2012-2013		2013-2014					2014-2015						
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
1MH Trails for Life Grants	259,995	0	260,000	0	260,000	0	260,000	0	260,000	0	260,000	0	260,000	0	260,000	0	260,000	0
2JJ SCORP Program-Federal	487,463	2	6,698,684	2	6,746,350	3	6,699,164	2	3,315,267	2	3,315,267	2	6,699,164	2	3,315,267	2	3,315,267	2
433 Museum Natural Res-Spec Rev	56,984	1	59,650	1	68,236	1	60,635	1	112,710	2	112,710	2	60,635	1	112,710	2	112,710	2
499 State Operations	21,867,894	419	21,250,145	415	21,921,025	415	21,406,712	415	21,448,511	415	21,432,825	415	21,424,459	415	21,464,844	415	21,448,867	415
500 Conservation Tax	21,897,161	135	35,418,249	146	35,580,413	149	33,939,902	146	46,415,194	148	46,409,472	148	33,946,119	146	46,421,558	148	46,415,836	148
502 Keep Arkansas Beautiful-ConsTax	644,390	3	696,396	3	694,829	3	697,366	3	697,366	3	697,366	3	697,366	3	697,366	3	697,366	3
504 Tourism Promotion-Special Rev	11,549,367	7	12,956,878	7	12,957,881	7	12,923,681	7	14,139,762	7	14,139,762	7	12,923,681	7	14,889,652	7	14,889,652	7
54L Wildlife Observation Trails	0	0	1,006,614	0	1,050,557	0	1,006,614	0	1,006,614	0	1,006,614	0	1,006,614	0	1,006,614	0	1,006,614	0
579 Outdoor Recreation Grants Prg	1,984,539	3	3,388,938	3	3,462,581	3	3,389,658	3	4,456,853	3	4,456,853	3	3,389,782	3	4,456,977	3	4,456,977	3
986 Operations & Construction-Cash in Treasury	30,792,890	203	32,324,475	202	32,602,995	204	31,872,941	202	38,858,236	207	38,853,477	207	31,878,418	202	37,863,740	207	37,858,979	207
994 Retirement & Relocation Program	216,382	0	228,278	0	228,278	0	228,278	0	228,278	0	228,278	0	228,278	0	228,278	0	228,278	0
995 Tourism - Cash in Treasury	1,971	0	65,200	0	65,200	0	65,200	0	65,200	0	65,200	0	65,200	0	65,200	0	65,200	0
996 Entertainers Hall of Fame-Treas	958	0	41,633	0	49,633	0	41,633	0	40,060	0	40,060	0	41,633	0	38,420	0	38,420	0
<b>NOT REQUESTED FOR THE BIENNIUM</b>																		
85S Cultural Resource Studies for Prairie Grove Batt	64,838	0	49,170	0	82,000	0	0	0	0	0	0	0	0	0	0	0	0	0
85T Tent 3 - Traveling Education Nature Trailer	12,225	0	3,675	0	15,900	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>89,837,057</b>	<b>772</b>	<b>114,447,985</b>	<b>779</b>	<b>115,785,878</b>	<b>785</b>	<b>112,591,784</b>	<b>779</b>	<b>131,044,051</b>	<b>787</b>	<b>131,017,884</b>	<b>787</b>	<b>112,621,349</b>	<b>779</b>	<b>130,820,626</b>	<b>787</b>	<b>130,794,166</b>	<b>787</b>

Funding Sources		%		%		%		%		%		%		%		%		%
Fund Balance	4000005	37,106,547	27.9	43,229,736	30.9	25,537,467	20.3	25,537,467	20.3	25,537,467	20.3	16,221,091	13.6	3,397,497	3.2	3,402,256	3.2	
General Revenue	4000010	21,193,682	15.9	20,932,378	15.0	21,634,990	17.2	21,676,789	17.2	21,661,103	17.2	21,652,737	18.2	21,693,122	20.4	21,677,145	20.4	
Federal Revenue	4000020	501,414	0.4	6,570,950	4.7	3,521,780	2.8	3,521,780	2.8	3,521,780	2.8	3,521,780	3.0	3,521,780	3.3	3,521,780	3.3	
Special Revenue	4000030	42,440,126	31.9	43,531,640	31.1	47,027,428	37.4	47,027,428	37.4	47,027,428	37.4	48,886,840	41.0	48,886,840	46.0	48,886,840	46.0	
Cash Fund	4000045	30,930,838	23.2	24,159,979	17.3	27,064,106	21.5	27,064,106	21.5	27,064,106	21.5	27,827,877	23.4	27,827,877	26.2	27,827,877	26.2	
Merit Adjustment Fund	4000055	890,594	0.7	546,045	0.4	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	
Interest	4000300	3,000	0.0	7,500	0.0	7,000	0.0	7,000	0.0	7,000	0.0	7,000	0.0	7,000	0.0	7,000	0.0	
Interest Income / Royalties	4000307	592	0.0	610	0.0	610	0.0	610	0.0	610	0.0	0	0.0	0	0.0	0	0.0	
Transfers from Agencies	4000690	0	0.0	1,006,614	0.7	1,006,614	0.8	1,006,614	0.8	1,006,614	0.8	1,006,614	0.8	1,006,614	0.9	1,006,614	0.9	
<b>Total Funds</b>		<b>133,066,793</b>	<b>100.0</b>	<b>139,985,452</b>	<b>100.0</b>	<b>125,799,995</b>	<b>100.0</b>	<b>125,841,794</b>	<b>100.0</b>	<b>125,826,108</b>	<b>100.0</b>	<b>119,123,939</b>	<b>100.0</b>	<b>106,340,730</b>	<b>100.0</b>	<b>106,329,512</b>	<b>100.0</b>	
Excess Appropriation/(Funding)		(43,229,736)		(25,537,467)		(13,208,211)		5,202,257		5,191,776		(6,502,590)		24,479,896		24,464,654		
<b>Grand Total</b>		<b>89,837,057</b>		<b>114,447,985</b>		<b>112,591,784</b>		<b>131,044,051</b>		<b>131,017,884</b>		<b>112,621,349</b>		<b>130,820,626</b>		<b>130,794,166</b>		

Variance in Fund Balance is due to unfunded appropriation. The FY13 Budget amount in Keep Arkansas Beautiful (Appropriation 502) exceeds the Authorized amount due to Personal Services Matching rate adjustments during the 2011-2013 Biennium.

## Agency Position Usage Report

FY2010 - 2011						FY2011 - 2012						FY2012 - 2013					
Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused
	Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total	
774	747	37	784	-10	3.49 %	785	745	31	776	9	5.10 %	785	741	38	779	6	5.61 %

Total Budgeted positions exceed Authorized amount due to positions authorized from the Central Growth Pool.



## **Analysis of Budget Request**

**Appropriation:** 1MH - Trails for Life Grants

**Funding Sources:** NPT - Parks Treasury Fund

This appropriation is funded by proceeds derived from the Health Department - Tobacco Settlement Proceeds Act for grants to cities and counties for the purpose of constructing health and fitness trails and other related facilities that target public health and fitness improvements in their communities.

The Agency Request is for Base Level.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 1MH - Trails for Life Grants

**Funding Sources:** NPT - Parks Treasury Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	2013-2014			2014-2015		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid	5100004	259,995	260,000	260,000	260,000	260,000	260,000	260,000	260,000	260,000
Total		259,995	260,000	260,000	260,000	260,000	260,000	260,000	260,000	260,000
<b>Funding Sources</b>										
Fund Balance	4000005	338,360	181,496		28,996	28,996	28,996	17,996	17,996	17,996
Cash Fund	4000045	100,131	105,000		247,000	247,000	247,000	245,000	245,000	245,000
Interest	4000300	3,000	2,500		2,000	2,000	2,000	2,000	2,000	2,000
Total Funding		441,491	288,996		277,996	277,996	277,996	264,996	264,996	264,996
Excess Appropriation/(Funding)		(181,496)	(28,996)		(17,996)	(17,996)	(17,996)	(4,996)	(4,996)	(4,996)
Grand Total		259,995	260,000		260,000	260,000	260,000	260,000	260,000	260,000

## **Analysis of Budget Request**

**Appropriation:** 2JJ - SCORP Program-Federal

**Funding Sources:** FPT - Parks & Tourism Federal

The Department utilizes this appropriation to provide for the Outdoor Recreation Grant Program and the Development of the Statewide Comprehensive Outdoor Recreation Plan. This appropriation is funded by the Federal Land and Water Conservation Fund Program (LWCF).

Base Level Regular Salaries and Personal Services Matching includes Career Service payments for eligible employees. Personal Services Matching also includes a \$20 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$410 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases.

The Base Level Request includes appropriation in the amount of \$6,699,164 each year.

The Change Level Request reflects the following:

An increase of \$20,000 in Professional Fees for the planning and production of the Statewide Comprehensive Outdoor Recreation Plan.

A decrease of \$3,403,897 in Grants and Aid due to an anticipated federal apportionment reduction.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 2JJ - SCORP Program-Federal

**Funding Sources:** FPT - Parks & Tourism Federal

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		2011-2012	2012-2013	2012-2013	2013-2014			2014-2015		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	64,954	61,855	98,617	61,855	61,855	61,855	61,855	61,855	61,855
<b>#Positions</b>		<b>2</b>	<b>2</b>	<b>3</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>
Personal Services Matching	5010003	24,207	24,434	35,338	24,914	24,914	24,914	24,914	24,914	24,914
Operating Expenses	5020002	18,510	25,800	25,800	25,800	25,800	25,800	25,800	25,800	25,800
Conference & Travel Expenses	5050009	0	4,600	4,600	4,600	4,600	4,600	4,600	4,600	4,600
Professional Fees	5060010	0	0	0	0	20,000	20,000	0	20,000	20,000
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Grants and Aid	5100004	379,792	6,581,995	6,581,995	6,581,995	3,178,098	3,178,098	6,581,995	3,178,098	3,178,098
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>		<b>487,463</b>	<b>6,698,684</b>	<b>6,746,350</b>	<b>6,699,164</b>	<b>3,315,267</b>	<b>3,315,267</b>	<b>6,699,164</b>	<b>3,315,267</b>	<b>3,315,267</b>
<b>Funding Sources</b>										
Fund Balance	4000005	393,868	342,981		166,077	166,077	166,077	0	372,590	372,590
Federal Revenue	4000020	436,576	6,521,780		3,521,780	3,521,780	3,521,780	3,521,780	3,521,780	3,521,780
Total Funding		830,444	6,864,761		3,687,857	3,687,857	3,687,857	3,521,780	3,894,370	3,894,370
Excess Appropriation/(Funding)		(342,981)	(166,077)		3,011,307	(372,590)	(372,590)	3,177,384	(579,103)	(579,103)
<b>Grand Total</b>		<b>487,463</b>	<b>6,698,684</b>		<b>6,699,164</b>	<b>3,315,267</b>	<b>3,315,267</b>	<b>6,699,164</b>	<b>3,315,267</b>	<b>3,315,267</b>

## Change Level by Appropriation

**Appropriation:** 2JJ - SCORP Program-Federal  
**Funding Sources:** FPT - Parks & Tourism Federal

### Agency Request

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>6,699,164</b>	<b>2</b>	<b>6,699,164</b>	<b>100.0</b>	<b>6,699,164</b>	<b>2</b>	<b>6,699,164</b>	<b>100.0</b>
C01	Existing Program	20,000	0	6,719,164	100.3	20,000	0	6,719,164	100.3
C03	Discontinue Program	(3,403,897)	0	3,315,267	49.5	(3,403,897)	0	3,315,267	49.5

### Executive Recommendation

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>6,699,164</b>	<b>2</b>	<b>6,699,164</b>	<b>100.0</b>	<b>6,699,164</b>	<b>2</b>	<b>6,699,164</b>	<b>100.0</b>
C01	Existing Program	20,000	0	6,719,164	100.3	20,000	0	6,719,164	100.3
C03	Discontinue Program	(3,403,897)	0	3,315,267	49.5	(3,403,897)	0	3,315,267	49.5

### Justification

C01	The Agency is requesting an increase in Professional Fees for outside expertise in planning and production of the Statewide Comprehensive Outdoor Recreation Plan.
C03	The Agency is requesting a reduction in Grants and Aid due to an anticipated federal apportionment reduction.

## **Analysis of Budget Request**

**Appropriation:** 433 - Museum Natural Res-Spec Rev

**Funding Sources:** SAH - Arkansas Oil Museum Fund

The Department utilizes this appropriation to provide operating expenses for the Museum of Natural Resources (formerly the Oil and Brine Museum). Pursuant to Arkansas Code §25-58-301, this appropriation receives its income from the 1/2 Cent Tax on each barrel of oil produced in the State.

Base Level Regular Salaries and Personal Services Matching includes Career Service payments for eligible employees. Personal Services Matching also includes a \$20 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$410 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases.

The Agency's Change Request Level reflects an increase of \$52,075 in Regular Salaries and Personal Services Matching in each year of the biennium to reallocate a position used by the Arkansas Museum of Natural Resources, previously paid from Operations and Construction cash appropriation to be funded from this appropriation. Collections for this special revenue have increased, allowing this position to be funded from this revenue stream.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 433 - Museum Natural Res-Spec Rev

**Funding Sources:** SAH - Arkansas Oil Museum Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	2013-2014			2014-2015		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	42,309	42,309	46,442	42,909	80,824	80,824	42,909	80,824	80,824
<b>#Positions</b>		<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>2</b>	<b>2</b>	<b>1</b>	<b>2</b>	<b>2</b>
Extra Help	5010001	0	2,043	2,043	2,043	2,043	2,043	2,043	2,043	2,043
<b>#Extra Help</b>		<b>0</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>
Personal Services Matching	5010003	14,581	15,198	19,651	15,583	29,743	29,743	15,583	29,743	29,743
Operating Expenses	5020002	94	100	100	100	100	100	100	100	100
Conference & Travel Expenses	5050009	0	0	0	0	0	0	0	0	0
Professional Fees	5060010	0	0	0	0	0	0	0	0	0
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>		<b>56,984</b>	<b>59,650</b>	<b>68,236</b>	<b>60,635</b>	<b>112,710</b>	<b>112,710</b>	<b>60,635</b>	<b>112,710</b>	<b>112,710</b>
<b>Funding Sources</b>										
Fund Balance	4000005	17,506	38,458		59,808	59,808	59,808	85,173	33,098	33,098
Special Revenue	4000030	77,936	81,000		86,000	86,000	86,000	89,000	89,000	89,000
<b>Total Funding</b>		<b>95,442</b>	<b>119,458</b>		<b>145,808</b>	<b>145,808</b>	<b>145,808</b>	<b>174,173</b>	<b>122,098</b>	<b>122,098</b>
Excess Appropriation/(Funding)		(38,458)	(59,808)		(85,173)	(33,098)	(33,098)	(113,538)	(9,388)	(9,388)
<b>Grand Total</b>		<b>56,984</b>	<b>59,650</b>		<b>60,635</b>	<b>112,710</b>	<b>112,710</b>	<b>60,635</b>	<b>112,710</b>	<b>112,710</b>

## Change Level by Appropriation

**Appropriation:** 433 - Museum Natural Res-Spec Rev  
**Funding Sources:** SAH - Arkansas Oil Museum Fund

### Agency Request

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>60,635</b>	<b>1</b>	<b>60,635</b>	<b>100.0</b>	<b>60,635</b>	<b>1</b>	<b>60,635</b>	<b>100.0</b>
C07	Agency Transfer	52,075	1	112,710	185.9	52,075	1	112,710	185.9

### Executive Recommendation

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>60,635</b>	<b>1</b>	<b>60,635</b>	<b>100.0</b>	<b>60,635</b>	<b>1</b>	<b>60,635</b>	<b>100.0</b>
C07	Agency Transfer	52,075	1	112,710	185.9	52,075	1	112,710	185.9

### Justification

C07	The Agency is requesting to reallocate a position that is used at the Arkansas Museum of Natural Resources and previously paid from cash funds (Appropriation 986) to be funded from special revenue from the oil and brine revenues (Appropriation 433). Collections from the severance tax has increased the amount of funding and allows for this position to be paid from this revenue stream.
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## **Analysis of Budget Request**

**Appropriation:** 499 - State Operations

**Funding Sources:** HGA - Parks & Tourism Account

This appropriation provides State Funding for the personal services and operating expenses of the Central Administration, Tourism (including Great River Road), and Parks (including Museum Services) Divisions of the Department of Parks and Tourism. The funding source for this appropriation is general revenue.

Base Level Regular Salaries and Personal Services Matching includes Career Service payments for eligible employees. Personal Services Matching also includes a \$20 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$410 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases.

The Base Level Request includes appropriation and general revenue funding in the amount of \$21,406,712 in FY14 and \$21,424,459 in FY15.

The Agency's Change Level Request of \$41,799 in FY14 and \$40,385 in FY15 reflects the following:

An increase of \$9,307 in FY14 and \$9,452 in FY15 in Regular Salaries and Personal Services Matching appropriation and general revenue funding for reclassification of multiple positions to properly align those positions with work being performed throughout the park system. An increase of \$30,592 in FY14 and \$30,933 in FY15 in Regular Salaries and Personal Services Matching appropriation and general revenue funding for position upgrade requests for Housekeeper, Housekeeper Supervisor, Facility Manager I and Facility Manager II positions park wide to allow the Agency to become more competitive in the marketplace and reduce turnover for those positions.

Reallocation of \$4,849 in FY14 and \$19,391 in FY15 in Operating Expenses to facilitate normal computer replacement according to the Agency's computer rotation schedule, as referenced in the Agency's IT Plan, under Future Hardware Purchases.

An increase of \$1,900 in Capital Outlay in FY14 in appropriation and general revenue funding for sales tax related to the replacement of an aging vehicle utilized by the Central Warehouse mailroom.

The Executive Recommendation provides for the Agency Request, except for \$15,686 in appropriation and general revenue funding in Regular Salaries and Personal Services Matching in FY14 and \$15,977 in FY15 related to the Housekeeper and Housekeeper Supervisor position upgrade requests.

## Appropriation Summary

**Appropriation:** 499 - State Operations  
**Funding Sources:** HGA - Parks & Tourism Account

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			2013-2014			2014-2015		
		2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	15,073,694	14,291,255	15,168,503	14,337,158	14,367,472	14,355,373	14,351,258	14,381,572	14,369,473
<b>#Positions</b>		<b>419</b>	<b>415</b>	<b>415</b>	<b>415</b>	<b>415</b>	<b>415</b>	<b>415</b>	<b>415</b>	<b>415</b>
Extra Help	5010001	22,620	23,032	23,032	23,032	23,032	23,032	23,032	23,032	23,032
<b>#Extra Help</b>		<b>3</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>
Personal Services Matching	5010003	5,260,868	5,424,176	5,217,808	5,534,840	5,544,425	5,540,838	5,538,487	5,548,558	5,544,680
Operating Expenses	5020002	549,795	549,893	549,893	549,893	549,893	549,893	549,893	549,893	549,893
Conference & Travel Expenses	5050009	4,165	4,950	4,950	4,950	4,950	4,950	4,950	4,950	4,950
Professional Fees	5060010	0	0	0	0	0	0	0	0	0
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Grants and Aid	5100004	22,588	22,588	22,588	22,588	22,588	22,588	22,588	22,588	22,588
Capital Outlay	5120011	0	0	0	0	1,900	1,900	0	0	0
Tourism Promotion	5900046	316,176	316,263	316,263	316,263	316,263	316,263	316,263	316,263	316,263
Advertising Expense	5900047	617,888	617,888	617,888	617,888	617,888	617,888	617,888	617,888	617,888
Conference-DAC	5900048	100	100	100	100	100	100	100	100	100
<b>Total</b>		<b>21,867,894</b>	<b>21,250,145</b>	<b>21,921,025</b>	<b>21,406,712</b>	<b>21,448,511</b>	<b>21,432,825</b>	<b>21,424,459</b>	<b>21,464,844</b>	<b>21,448,867</b>
<b>Funding Sources</b>										
General Revenue	4000010	20,977,300	20,704,100		21,406,712	21,448,511	21,432,825	21,424,459	21,464,844	21,448,867
Merit Adjustment Fund	4000055	890,594	546,045		0	0	0	0	0	0
<b>Total Funding</b>		<b>21,867,894</b>	<b>21,250,145</b>		<b>21,406,712</b>	<b>21,448,511</b>	<b>21,432,825</b>	<b>21,424,459</b>	<b>21,464,844</b>	<b>21,448,867</b>
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
<b>Grand Total</b>		<b>21,867,894</b>	<b>21,250,145</b>		<b>21,406,712</b>	<b>21,448,511</b>	<b>21,432,825</b>	<b>21,424,459</b>	<b>21,464,844</b>	<b>21,448,867</b>

FY13 Budget amount in Personal Services Matching exceeds the authorized amount due to matching rate adjustments during the 2011-2013 Biennium.

## Change Level by Appropriation

**Appropriation:** 499 - State Operations  
**Funding Sources:** HGA - Parks & Tourism Account

### Agency Request

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	21,406,712	415	21,406,712	100.0	21,424,459	415	21,424,459	100.0
C02	New Program	1,900	0	21,408,612	100.0	0	0	21,424,459	100.0
C04	Reallocation	0	0	21,408,612	100.0	0	0	21,424,459	100.0
C10	Reclass	9,307	0	21,417,919	100.1	9,452	0	21,433,911	100.0
C11	Upgrade/Downgrade	30,592	0	21,448,511	100.2	30,933	0	21,464,844	100.2

### Executive Recommendation

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	21,406,712	415	21,406,712	100.0	21,424,459	415	21,424,459	100.0
C02	New Program	1,900	0	21,408,612	100.0	0	0	21,424,459	100.0
C04	Reallocation	0	0	21,408,612	100.0	0	0	21,424,459	100.0
C10	Reclass	9,307	0	21,417,919	100.1	9,452	0	21,433,911	100.0
C11	Upgrade/Downgrade	14,906	0	21,432,825	100.1	14,956	0	21,448,867	100.1

### Justification

C02	The Agency is requesting Capital Outlay of \$1,900 in FY2014 to provide funding for the sales tax for the purchase of a replacement vehicle for a deteriorating 1997 Dodge van used by the Central Warehouse mailroom to pick up and deliver mail daily for Little Rock operations.
C04	The Agency is requesting reallocation of \$4,849 in FY2014 and \$19,391 in FY2015. This is required to cover IT expenses for normal computer replacement in various Central Administration sections based on the Agency's computer rotation schedule.
C10	The Agency is requesting reclassification of the Agency Controller I position to Agency Controller II due to the size of the accounting division, the complexity of the accounting functions for this agency, and the extent of the financial record keeping requirements. This change does not require additional funding and will impact only this one position. An increase in Regular Salaries and Personal Services Matching of \$1,976 in FY14 and FY15 is requested for the reclassification of an Education & Instruction Specialist to Education & Instruction Analyst to properly reflect the duties currently performed for the agency. An increase is requested in Regular Salaries and Personal Services Matching of \$4,279 for FY14 and FY15 for the reclassification of an Administrative Specialist II to Fiscal Support Specialist. This reclassification is needed to assist the Deputy Tourism Director with the Division's financial and accounting requirements. This request will not impact any other position. An increase of \$3,052 in Regular Salaries and Personal Services Matching as a result of various reclassification requests to properly align positions with work being performed in multiple locations throughout the park system.
C11	The Agency is requesting an increase of \$30,592 in FY 14 and \$30,933 in FY 15 Regular Salaries and Personal Services Matching to upgrade the Housekeeper, Housekeeper Supervisor title and the Facility Manager I & II title park wide to become more competitive in the marketplace and reduce turnover.

## **Analysis of Budget Request**

**Appropriation:** 500 - Conservation Tax

**Funding Sources:** SPT - Dept. of Parks & Tourism Treasury Fund

This appropriation provides for the special revenue funding from the 1/8 Cent Sales Tax levied by Amendment 75 (A.C.A.19-6-484). The Department utilizes these funds to supplement existing funding for State Parks and to provide for their repair and further development, consistent with the referendum presented to and approved by the citizens of Arkansas in 1996.

Base Level Regular Salaries and Personal Services Matching includes Career Service payments for eligible employees. Personal Services Matching also includes a \$20 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$410 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases.

The Base Level Request includes appropriation in the amount of \$33,939,902 in FY14 and \$33,946,119 in FY15.

The Agency's Change Level Request of \$12,475,292 in FY14 and \$12,475,439 in FY15 reflects the following:

An increase of \$98,383 in Regular Salaries and Personal Services Matching in each year for restoration of two positions. An increase of \$1,008 in FY14 and \$1,155 in FY15 in Regular Salaries and Personal Services Matching for reclassification requests to properly align positions with work being performed in multiple locations throughout the park system. An increase of \$17,317 in Regular Salaries and Personal Services Matching in each year for position upgrade requests for Housekeeper, Facility Manager I and Facility Manager II positions park wide to allow the Agency to become more competitive in the marketplace and reduce turnover for those positions.

An increase of \$46,317 in Extra Help and Personal Services Matching in each year of the biennium to provide a 2% incentive increase for returning long-term Extra Help employees.

An increase of \$321,803 in Operating Expenses in each year of the biennium to accommodate higher fuel and utility costs through the Agency.

An increase of \$12,464 in Professional Fees and Services in each year of the biennium for additional expenses to market and advertise new facilities and parks.

An increase of \$10,000,000 in Construction in each year of the biennium for scheduled design and construction as part of the long term plan for the Conservation Amendment.

An increase of \$1,578,000 in Capital Outlay in each year of the biennium to replace deteriorated equipment in parks and museums throughout the Agency.

An increase of \$400,000 in Special Maintenance in each year of the biennium to address a backlog of maintenance repairs and renovations and conservation measures to buildings and grounds.

The Executive Recommendation provides for the Agency Request, except for \$5,722 in Regular Salaries and Personal Services Matching in each year of the biennium related to the Housekeeper Supervisor position upgrade request.

## Appropriation Summary

**Appropriation:** 500 - Conservation Tax  
**Funding Sources:** SPT - Dept. of Parks & Tourism Treasury Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	2013-2014			2014-2015		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	4,279,810	4,495,279	4,733,549	4,507,027	4,592,584	4,587,983	4,512,027	4,597,584	4,592,983
<b>#Positions</b>		<b>135</b>	<b>146</b>	<b>149</b>	<b>146</b>	<b>148</b>	<b>148</b>	<b>146</b>	<b>148</b>	<b>148</b>
Extra Help	5010001	1,099,547	1,102,852	1,102,852	1,102,852	1,144,909	1,144,909	1,102,852	1,144,909	1,144,909
<b>#Extra Help</b>		<b>114</b>	<b>156</b>	<b>156</b>	<b>156</b>	<b>156</b>	<b>156</b>	<b>156</b>	<b>156</b>	<b>156</b>
Personal Services Matching	5010003	1,892,766	1,890,498	1,814,392	1,928,403	1,963,814	1,962,693	1,929,620	1,965,178	1,964,057
Operating Expenses	5020002	6,603,838	7,661,973	7,661,973	7,661,973	7,983,776	7,983,776	7,661,973	7,983,776	7,983,776
Conference & Travel Expenses	5050009	0	0	0	0	0	0	0	0	0
Professional Fees	5060010	185,157	296,760	296,760	296,760	309,224	309,224	296,760	309,224	309,224
Construction	5090005	4,556,495	16,624,272	16,624,272	16,624,272	26,624,272	26,624,272	16,624,272	26,624,272	26,624,272
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	1,490,615	1,528,000	1,528,000	0	1,578,000	1,578,000	0	1,578,000	1,578,000
Special Maintenance	5120032	1,788,933	1,818,615	1,818,615	1,818,615	2,218,615	2,218,615	1,818,615	2,218,615	2,218,615
<b>Total</b>		<b>21,897,161</b>	<b>35,418,249</b>	<b>35,580,413</b>	<b>33,939,902</b>	<b>46,415,194</b>	<b>46,409,472</b>	<b>33,946,119</b>	<b>46,421,558</b>	<b>46,415,836</b>
<b>Funding Sources</b>										
Fund Balance	4000005	9,907,319	15,992,317		8,771,788	8,771,788	8,771,788	3,875,538	0	0
Special Revenue	4000030	27,982,159	28,197,720		29,043,652	29,043,652	29,043,652	30,591,045	30,591,045	30,591,045
<b>Total Funding</b>		<b>37,889,478</b>	<b>44,190,037</b>		<b>37,815,440</b>	<b>37,815,440</b>	<b>37,815,440</b>	<b>34,466,583</b>	<b>30,591,045</b>	<b>30,591,045</b>
Excess Appropriation/(Funding)		(15,992,317)	(8,771,788)		(3,875,538)	8,599,754	8,594,032	(520,464)	15,830,513	15,824,791
<b>Grand Total</b>		<b>21,897,161</b>	<b>35,418,249</b>		<b>33,939,902</b>	<b>46,415,194</b>	<b>46,409,472</b>	<b>33,946,119</b>	<b>46,421,558</b>	<b>46,415,836</b>

FY13 Budget amount in Personal Services Matching exceeds the authorized amount due to matching rate adjustments during the 2011-2013 Biennium.

## Change Level by Appropriation

**Appropriation:** 500 - Conservation Tax  
**Funding Sources:** SPT - Dept. of Parks & Tourism Treasury Fund

### Agency Request

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>33,939,902</b>	<b>146</b>	<b>33,939,902</b>	<b>100.0</b>	<b>33,946,119</b>	<b>146</b>	<b>33,946,119</b>	<b>100.0</b>
C01	Existing Program	12,456,967	2	46,396,869	136.7	12,456,967	2	46,403,086	136.7
C10	Reclass	1,008	0	46,397,877	136.7	1,155	0	46,404,241	136.7
C11	Upgrade/Downgrade	17,317	0	46,415,194	136.8	17,317	0	46,421,558	136.8

### Executive Recommendation

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>33,939,902</b>	<b>146</b>	<b>33,939,902</b>	<b>100.0</b>	<b>33,946,119</b>	<b>146</b>	<b>33,946,119</b>	<b>100.0</b>
C01	Existing Program	12,456,967	2	46,396,869	136.7	12,456,967	2	46,403,086	136.7
C10	Reclass	1,008	0	46,397,877	136.7	1,155	0	46,404,241	136.7
C11	Upgrade/Downgrade	11,595	0	46,409,472	136.7	11,595	0	46,415,836	136.7

### Justification

C01	An increase in Regular Salaries and Personal Services Matching of \$98,383 for two position restorations (Museum Manager and Park Superintendent II). An increase in Extra Help and Personal Services Matching of \$46,317 for a 2% incentive increase for returning long term Extra Help employees. An increase in Operating Expenses of \$321,803 for increases related to expected higher fuel and utility costs system wide. An increase of \$12,464 in Professional Fees and Services for additional expenses to market and advertise new facilities/parks. An increase of \$10,000,000 in Construction each year of the biennium for scheduled design and construction as a part of the long term plan for the Conservation Amendment. To establish Capital Outlay each year of the biennium of \$1,578,000 to meet the parks and museums needs to replace worn out and deteriorated equipment. An increase of \$400,000 in each year of the biennium in Special Maintenance to address a backlog of maintenance repairs and renovations to buildings and grounds and energy conservation measures.
C10	An increase of \$1,008.00 in Regular Salaries and Personal Services Matching as a result of various reclassification requests to properly align positions with work being performed in multiple locations throughout the park system.
C11	An increase of \$17,317 in Regular Salaries and Personal Services Matching to upgrade the Housekeeper and Housekeeper Supervisor title and the Facility Manager I and II title park wide to become more competitive in the marketplace and reduce turnover.

## **Analysis of Budget Request**

**Appropriation:** 502 - Keep Arkansas Beautiful-ConsTax

**Funding Sources:** SBA - Keep Arkansas Beautiful

Act 1278 of 1997 (A.C.A. 15-11-603) established the Keep Arkansas Beautiful Commission to implement a statewide litter prevention program through the voluntary actions of local communities. This appropriation provides for the special revenue funding from the 1/8<sup>th</sup> Cent Sales Tax levied by Amendment 75 (A.C.A. 19-6-484). This funding will be utilized to support the Keep Arkansas Beautiful Commission and its activities.

Base Level Regular Salaries and Personal Services Matching includes Career Service payments for eligible employees. Personal Services Matching also includes a \$20 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$410 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases.

The Agency is requesting Base Level in each year of the biennium.

The Executive Recommendation provides for the Agency Request.



## Appropriation Summary

**Appropriation:** 502 - Keep Arkansas Beautiful-ConsTax

**Funding Sources:** SBA - Keep Arkansas Beautiful

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			2013-2014			2014-2015		
		2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	130,452	124,242	125,758	124,442	124,442	124,442	124,442	124,442	124,442
<b>#Positions</b>		<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>
Extra Help	5010001	0	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
<b>#Extra Help</b>		<b>0</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>
Personal Services Matching	5010003	43,394	43,775	40,692	44,545	44,545	44,545	44,545	44,545	44,545
Operating Expenses	5020002	69,084	89,928	89,928	89,928	89,928	89,928	89,928	89,928	89,928
Conference & Travel Expenses	5050009	80	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Professional Fees	5060010	22,380	35,400	35,400	35,400	35,400	35,400	35,400	35,400	35,400
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Grants and Aid	5100004	0	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Advertising Expense	5900047	379,000	379,051	379,051	379,051	379,051	379,051	379,051	379,051	379,051
<b>Total</b>		<b>644,390</b>	<b>696,396</b>	<b>694,829</b>	<b>697,366</b>	<b>697,366</b>	<b>697,366</b>	<b>697,366</b>	<b>697,366</b>	<b>697,366</b>
<b>Funding Sources</b>										
Fund Balance	4000005	156,792	126,713		62,968	62,968	62,968	19,827	19,827	19,827
Special Revenue	4000030	614,311	632,651		654,225	654,225	654,225	681,301	681,301	681,301
<b>Total Funding</b>		<b>771,103</b>	<b>759,364</b>		<b>717,193</b>	<b>717,193</b>	<b>717,193</b>	<b>701,128</b>	<b>701,128</b>	<b>701,128</b>
Excess Appropriation/(Funding)		(126,713)	(62,968)		(19,827)	(19,827)	(19,827)	(3,762)	(3,762)	(3,762)
<b>Grand Total</b>		<b>644,390</b>	<b>696,396</b>		<b>697,366</b>	<b>697,366</b>	<b>697,366</b>	<b>697,366</b>	<b>697,366</b>	<b>697,366</b>

FY13 Budget amount in Personal Services Matching exceeds the authorized amount due to matching rate adjustments during the 2011-2013 Biennium.

## **Analysis of Budget Request**

**Appropriation:** 504 - Tourism Promotion-Special Rev

**Funding Sources:** TDT - Tourism Development Trust

Act 629 of 1989 (A.C.A. §19-5-956) established the Tourism Development Trust Fund to promote tourism in Arkansas. Pursuant to A.C.A. § 26-52-1006, funding is derived from a 2% Gross Receipts Tax on tourist-related business. The Department utilizes this appropriation for operating expenses to promote Arkansas tourism through advertising and website promotion, grassroots campaigns, and printed materials.

Base Level Regular Salaries and Personal Services Matching includes Career Service payments for eligible employees. Personal Services Matching also includes a \$20 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$410 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases.

The Base Level Request includes appropriation in the amount of \$12,923,681 in each year.

The Agency's Change Level Request of \$1,216,081 in FY14 and \$1,965,971 in FY15 reflects the following:

An increase in Extra Help appropriation with the necessary Personal Services Matching of \$5,507 in FY14 and \$6,608 in FY15 to provide staff at various welcome centers throughout the state during the heaviest travel seasons.

An increase in Operating Expenses of \$87,025 in FY14 and \$115,025 in FY15 for expected increases in Network Services and general operating expenses, including increases in conference fees and association dues, increases in mileage, meals and lodging appropriation for travel writers, for photography supplies and advertising services increases.

An increase in Professional Fees of \$1,500 each year for an expected increase in conference registration fees.

An increase in Capital Outlay of \$70,000 each year for replacing worn and damaged vehicles as necessary.

An increase of \$24,000 for Tourist Promotion each year to support the Regional Matching Funds Program, which assists grassroots promotional efforts of local tourism attractions and events.

An increase of \$1,028,049 in FY14 and \$1,748,838 in FY15 in Advertising Expenses to increase print and broadcast advertising investments and to update the Arkansas.com website.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 504 - Tourism Promotion-Special Rev

**Funding Sources:** TDT - Tourism Development Trust

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			2013-2014			2014-2015		
		2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	235,789	225,190	231,402	225,290	225,290	225,290	225,290	225,290	225,290
<b>#Positions</b>		<b>7</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>7</b>
Extra Help	5010001	14,162	19,000	19,000	19,000	24,000	24,000	19,000	25,000	25,000
<b>#Extra Help</b>		<b>3</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>
Personal Services Matching	5010003	89,533	89,566	84,357	91,269	91,776	91,776	91,269	91,877	91,877
Operating Expenses	5020002	724,525	1,434,250	1,434,250	1,434,250	1,521,275	1,521,275	1,434,250	1,549,275	1,549,275
Conference & Travel Expenses	5050009	25	3,860	3,860	3,860	5,360	5,360	3,860	5,360	5,360
Professional Fees	5060010	4,922	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	35,000	35,000	0	70,000	70,000	0	70,000	70,000
Tourist Promotion	5900046	870,493	955,737	955,737	955,737	979,737	979,737	955,737	979,737	979,737
Advertising Expense	5900047	9,609,918	10,174,275	10,174,275	10,174,275	11,202,324	11,202,324	10,174,275	11,923,113	11,923,113
<b>Total</b>		<b>11,549,367</b>	<b>12,956,878</b>	<b>12,957,881</b>	<b>12,923,681</b>	<b>14,139,762</b>	<b>14,139,762</b>	<b>12,923,681</b>	<b>14,889,652</b>	<b>14,889,652</b>
<b>Funding Sources</b>										
Fund Balance	4000005	540,829	1,077,569		943,559	943,559	943,559	1,675,908	459,827	459,827
Special Revenue	4000030	12,086,107	12,817,868		13,651,030	13,651,030	13,651,030	14,538,347	14,538,347	14,538,347
Interest	4000300	0	5,000		5,000	5,000	5,000	5,000	5,000	5,000
<b>Total Funding</b>		<b>12,626,936</b>	<b>13,900,437</b>		<b>14,599,589</b>	<b>14,599,589</b>	<b>14,599,589</b>	<b>16,219,255</b>	<b>15,003,174</b>	<b>15,003,174</b>
Excess Appropriation/(Funding)		(1,077,569)	(943,559)		(1,675,908)	(459,827)	(459,827)	(3,295,574)	(113,522)	(113,522)
<b>Grand Total</b>		<b>11,549,367</b>	<b>12,956,878</b>		<b>12,923,681</b>	<b>14,139,762</b>	<b>14,139,762</b>	<b>12,923,681</b>	<b>14,889,652</b>	<b>14,889,652</b>

FY13 Budget amount in Personal Services Matching exceeds the authorized amount due to matching rate adjustments during the 2011-2013 Biennium.

## Change Level by Appropriation

**Appropriation:** 504 - Tourism Promotion-Special Rev  
**Funding Sources:** TDT - Tourism Development Trust

### Agency Request

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>12,923,681</b>	<b>7</b>	<b>12,923,681</b>	<b>100.0</b>	<b>12,923,681</b>	<b>7</b>	<b>12,923,681</b>	<b>100.0</b>
C01	Existing Program	1,216,081	0	14,139,762	109.4	1,965,971	0	14,889,652	115.2

### Executive Recommendation

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>12,923,681</b>	<b>7</b>	<b>12,923,681</b>	<b>100.0</b>	<b>12,923,681</b>	<b>7</b>	<b>12,923,681</b>	<b>100.0</b>
C01	Existing Program	1,216,081	0	14,139,762	109.4	1,965,971	0	14,889,652	115.2

### Justification

C01	<p>Advertising Expense – This request is necessary to help grow the state’s tourism industry by maintaining an active presence in the travel marketplace. As the competition for travel dollars heats up among our contiguous states, including a \$150 million advertising investment made in 2011 by BP to revive the Gulf Coast after the devastating oil spill in 2010, the increase will allow The Natural State to maintain a competitive edge with targeted advertising messages. To achieve this goal, we must increase our print and broadcast advertising investments, as well as add cutting edge content and tools to the Arkansas.com website. Tourist Promotion- Additional appropriation is necessary to support the Regional Matching Funds Program, which assists grassroots promotional efforts of local tourism attractions and events. The 12 regions’ mission is to focus consumer attention on local destinations. Additional appropriation will allow the regions to maintain and expand their advertising campaigns and upgrade website content. Mileage –The Department’s four travel writers are traveling more miles within their respective territories to cover news worthy events for publication. Increased funding will help defray travel expenses. Network Services - Due to DIS increasing the Tourism Division’s network services expenses in 2014 and 2015, the request is necessary to cover these additional costs. Research – To ensure that the Department is receiving the greatest value for its advertising and website investments, additional research is necessary to survey the state’s travel consumers. The appropriation request will allow us to pursue new research options. Extra Help – Several of the state’s busiest welcome centers – Texarkana, West Memphis and Van Buren/Fort Smith – are in need of additional help during the heaviest travel seasons to assist visitors with questions and directions, as well as offer suggestions for things to see and do while in The Natural State. Additional appropriation will provide much needed help to these centers. LV Equipment - An increase in low value equipment appropriation is necessary each year, which allows for replacing photographic equipment, as well as providing the Department’s four travel writers with upgraded online technology for expediting social media messaging to travel consumers. Capital Outlay - The request also allows for replacing worn or damaged vehicles as necessary. Miscellaneous – Several travel trade and professional associations, as well as conferences, are expected to implement increases in membership dues and registration fees. In addition, meals and lodging expenses are predicted to increase. Lastly, the Department’s trade show booth requires periodic updating with new attraction and event photos. The requested appropriation will cover all these anticipated expenses over the next biennium.</p>
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## **Analysis of Budget Request**

**Appropriation:** 54L - Wildlife Observation Trails

**Funding Sources:** SWO - Operations

Act 686 of 2009 established that the Arkansas Game and Fish Commission make available \$1,000,000 in FY2010 and FY2011 for the Wildlife Observation Trails Pilot Program. Wildlife Observation Trail means a trail route designed to promote conservation and management of wildlife resources of the state and to promote tourism and economic development through the enjoyment, use, protection and improvement of the natural resources of Arkansas.

The Agency is requesting Base Level in each year of the biennium.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 54L - Wildlife Observation Trails

**Funding Sources:** SWO - Operations

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	Historical Data			2013-2014			2014-2015		
	2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	0	0	32,249	0	0	0	0	0	0
<b>#Positions</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Personal Services Matching 5010003	0	0	11,694	0	0	0	0	0	0
Operating Expenses 5020002	0	6,614	6,614	6,614	6,614	6,614	6,614	6,614	6,614
Conference & Travel Expenses 5050009	0	0	0	0	0	0	0	0	0
Professional Fees 5060010	0	0	0	0	0	0	0	0	0
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Grants and Aid 5100004	0	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Capital Outlay 5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>1,006,614</b>	<b>1,050,557</b>	<b>1,006,614</b>	<b>1,006,614</b>	<b>1,006,614</b>	<b>1,006,614</b>	<b>1,006,614</b>	<b>1,006,614</b>
<b>Funding Sources</b>									
Transfers from Agencies 4000690	0	1,006,614		1,006,614	1,006,614	1,006,614	1,006,614	1,006,614	1,006,614
Total Funding	0	1,006,614		1,006,614	1,006,614	1,006,614	1,006,614	1,006,614	1,006,614
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
<b>Grand Total</b>	<b>0</b>	<b>1,006,614</b>		<b>1,006,614</b>	<b>1,006,614</b>	<b>1,006,614</b>	<b>1,006,614</b>	<b>1,006,614</b>	<b>1,006,614</b>

## **Analysis of Budget Request**

**Appropriation:** 579 - Outdoor Recreation Grants Prg

**Funding Sources:** MPT - Parks & Tourism Outdoor Recreation

The Agency utilizes this appropriation for operating expenses and outdoor recreational grants to cities and counties. Funding is derived from the State Parks' portion of the proceeds of the Real Estate Transfer Tax increase levied by Act 729 of 1987, and further increased by Act 1181 of 1993 (A.C.A. 26-60-105).

Base Level Regular Salaries and Personal Services Matching includes Career Service payments for eligible employees. Personal Services Matching also includes a \$20 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$410 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases.

The Base Level Request includes appropriation in the amount of \$3,389,658 in FY14 and \$3,389,782 in FY15.

The Agency's Change Level Request reflects an increase of \$1,067,195 in Grants and Aid in each year of the biennium due to projected collections in real estate transfers tax and unexpended grant obligations.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 579 - Outdoor Recreation Grants Prg  
**Funding Sources:** MPT - Parks & Tourism Outdoor Recreation

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			2013-2014			2014-2015		
		2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	148,551	114,128	173,600	114,128	114,128	114,128	114,228	114,228	114,228
<b>#Positions</b>		<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>
Extra Help	5010001	0	15,210	15,210	15,210	15,210	15,210	15,210	15,210	15,210
<b>#Extra Help</b>		<b>0</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>
Personal Services Matching	5010003	40,439	43,394	57,565	44,114	44,114	44,114	44,138	44,138	44,138
Operating Expenses	5020002	37,000	37,020	37,020	37,020	37,020	37,020	37,020	37,020	37,020
Conference & Travel Expenses	5050009	0	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Professional Fees	5060010	0	0	0	0	0	0	0	0	0
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Grants and Aid	5100004	1,758,549	3,177,686	3,177,686	3,177,686	4,244,881	4,244,881	3,177,686	4,244,881	4,244,881
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>		<b>1,984,539</b>	<b>3,388,938</b>	<b>3,462,581</b>	<b>3,389,658</b>	<b>4,456,853</b>	<b>4,456,853</b>	<b>3,389,782</b>	<b>4,456,977</b>	<b>4,456,977</b>
<b>Funding Sources</b>										
Fund Balance	4000005	4,626,403	4,321,477		2,734,940	2,734,940	2,734,940	2,937,803	1,870,608	1,870,608
Special Revenue	4000030	1,679,613	1,802,401		3,592,521	3,592,521	3,592,521	2,987,147	2,987,147	2,987,147
Total Funding		6,306,016	6,123,878		6,327,461	6,327,461	6,327,461	5,924,950	4,857,755	4,857,755
Excess Appropriation/(Funding)		(4,321,477)	(2,734,940)		(2,937,803)	(1,870,608)	(1,870,608)	(2,535,168)	(400,778)	(400,778)
<b>Grand Total</b>		<b>1,984,539</b>	<b>3,388,938</b>		<b>3,389,658</b>	<b>4,456,853</b>	<b>4,456,853</b>	<b>3,389,782</b>	<b>4,456,977</b>	<b>4,456,977</b>



## Change Level by Appropriation

**Appropriation:** 579 - Outdoor Recreation Grants Prg  
**Funding Sources:** MPT - Parks & Tourism Outdoor Recreation

### Agency Request

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>3,389,658</b>	<b>3</b>	<b>3,389,658</b>	<b>100.0</b>	<b>3,389,782</b>	<b>3</b>	<b>3,389,782</b>	<b>100.0</b>
C01	Existing Program	1,067,195	0	4,456,853	131.5	1,067,195	0	4,456,977	131.5

### Executive Recommendation

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>3,389,658</b>	<b>3</b>	<b>3,389,658</b>	<b>100.0</b>	<b>3,389,782</b>	<b>3</b>	<b>3,389,782</b>	<b>100.0</b>
C01	Existing Program	1,067,195	0	4,456,853	131.5	1,067,195	0	4,456,977	131.5

### Justification

C01	An increase in Grants and Aid due to projected collections in real estate transfers tax and unexpended grant obligations.
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## **Analysis of Budget Request**

**Appropriation:** 986 - Operations & Construction-Cash in Treasury

**Funding Sources:** NPT - Parks Fund

This appropriation is financed by cash receipts and interest income generated by the State Park System. Cash receipts include the fees charged for park facility usage and/or property rentals, the sale of items purchased from gift shops, restaurant operations, and other miscellaneous receipts. The Department utilizes this appropriation to provide staff and operational support to park and museum activities.

Base Level Regular Salaries and Personal Services Matching includes Career Service payments for eligible employees. Personal Services Matching also includes a \$20 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$410 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases.

The Base Level Request includes appropriation in the amount of \$31,872,941 in FY14 and \$31,878,418 in FY15

The Agency's Change Level Request reflects the following:

An increase in Regular Salaries and Personal Services Matching of \$127,172 each year for 4 new positions, (2 Maintenance Assistants at Delta Heritage Trail State Park, 1 Facility Manager I at Logoly State Park and 1 Housekeeper at Lake Fort Smith); \$84,419 each year for restoration of 2 positions, (Park Superintendent I - Central Office trainee and Park Interpreter - Village Creek); \$10,064 each year to reclassify various positions throughout the park system; \$9,481 in FY14 and \$9,508 in FY15 to upgrade the Housekeeper, Housekeeper Supervisor, Facility Manager I and Facility Manager II positions park wide; transfer of \$52,075 each year to transfer a position used by the Arkansas Museum of Natural Resources, currently paid from this appropriation to be funded from the Arkansas Oil Museum Fund appropriation.

An increase in Extra Help and Personal Services Matching in each year of the biennium of \$70,929 for a 2% incentive increase for returning long term Extra Help employees.

An increase in Operating Expenses of \$1,210,729 each year to accommodate higher fuel and utility costs, increases in phone and internet services, as referenced in the Agency's IT Plan, in the Major Applications Information section, and for the implementation of a full service reservation system for park facilities, as referenced in the Agency's IT Plan, in the Major Applications Information section.

An increase in Professional Fees of \$33,713 each year for additional expenses related to marketing and advertising new parks and facilities.

An increase in Construction of \$4,771,385 each year for construction at Village Creek State Park, and for the design, construction and upgrades in the southern portion of Delta Heritage Trail State Park.

An increase in Resale of \$194,478 each year related to increasing prices of resale goods and the increase in resale inventory for the new facilities coming on line in the biennium.

An increase in Capital Outlay of \$525,000 each year for the replacement of high mileage aging vehicles and deteriorating equipment in the park system.

A decrease in Debt Service in FY15 of \$1,000,000 as a result of refinancing for the bond payment and interest for Mount Magazine State Park Lodge.

The Executive Recommendation provides for the Agency Request, except for the Housekeeper and Housekeeper Supervisor position upgrade requests.

# Appropriation Summary

**Appropriation:** 986 - Operations & Construction-Cash in Treasury

**Funding Sources:** NPT - Parks Fund

## Historical Data

## Agency Request and Executive Recommendation

Commitment Item		Historical Data			2013-2014			2014-2015		
		2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	6,253,205	6,236,891	6,590,496	6,256,981	6,380,546	6,377,425	6,261,381	6,384,946	6,381,825
<b>#Positions</b>		<b>203</b>	<b>202</b>	<b>204</b>	<b>202</b>	<b>207</b>	<b>207</b>	<b>202</b>	<b>207</b>	<b>207</b>
Extra Help	5010001	3,383,097	4,220,186	4,220,186	4,220,186	4,284,590	4,284,590	4,220,186	4,284,590	4,284,590
<b>#Extra Help</b>		<b>552</b>	<b>627</b>	<b>627</b>	<b>627</b>	<b>627</b>	<b>627</b>	<b>627</b>	<b>627</b>	<b>627</b>
Personal Services Matching	5010003	3,096,537	2,892,789	2,817,704	2,946,165	3,008,186	3,006,548	2,947,242	3,009,290	3,007,650
Operating Expenses	5020002	8,534,512	8,588,796	8,588,796	8,588,796	9,799,525	9,799,525	8,588,796	9,799,525	9,799,525
Conference & Travel Expenses	5050009	13,466	40,500	40,500	40,500	40,500	40,500	40,500	40,500	40,500
Professional Fees	5060010	755,446	802,700	802,700	802,700	836,413	836,413	802,700	836,413	836,413
Construction	5090005	1,078,490	0	0	0	4,771,385	4,771,385	0	4,771,385	4,771,385
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Resale (COGS)	5090017	3,332,841	4,630,437	4,630,437	4,630,437	4,824,915	4,824,915	4,630,437	4,824,915	4,824,915
Capital Outlay	5120011	234,236	525,000	525,000	0	525,000	525,000	0	525,000	525,000
Debt Service	5120019	3,822,200	4,050,999	4,050,999	4,050,999	4,050,999	4,050,999	4,050,999	3,050,999	3,050,999
Contractual Services	5900043	288,860	336,177	336,177	336,177	336,177	336,177	336,177	336,177	336,177
<b>Total</b>		<b>30,792,890</b>	<b>32,324,475</b>	<b>32,602,995</b>	<b>31,872,941</b>	<b>38,858,236</b>	<b>38,853,477</b>	<b>31,878,418</b>	<b>37,863,740</b>	<b>37,858,979</b>
<b>Funding Sources</b>										
Fund Balance	4000005	21,007,948	21,038,035		12,734,539	12,734,539	12,734,539	7,603,207	617,912	622,671
Cash Fund	4000045	30,822,977	24,020,979		26,741,609	26,741,609	26,741,609	27,483,857	27,483,857	27,483,857
<b>Total Funding</b>		<b>51,830,925</b>	<b>45,059,014</b>		<b>39,476,148</b>	<b>39,476,148</b>	<b>39,476,148</b>	<b>35,087,064</b>	<b>28,101,769</b>	<b>28,106,528</b>
Excess Appropriation/(Funding)		(21,038,035)	(12,734,539)		(7,603,207)	(617,912)	(622,671)	(3,208,646)	9,761,971	9,752,451
<b>Grand Total</b>		<b>30,792,890</b>	<b>32,324,475</b>		<b>31,872,941</b>	<b>38,858,236</b>	<b>38,853,477</b>	<b>31,878,418</b>	<b>37,863,740</b>	<b>37,858,979</b>

FY13 Budget amount in Personal Services Matching exceeds the authorized amount due to matching rate adjustments during the 2011-2013 Biennium.

## Change Level by Appropriation

**Appropriation:** 986 - Operations & Construction-Cash in Treasury  
**Funding Sources:** NPT - Parks Fund

### Agency Request

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>31,872,941</b>	<b>202</b>	<b>31,872,941</b>	<b>100.0</b>	<b>31,878,418</b>	<b>202</b>	<b>31,878,418</b>	<b>100.0</b>
	Existing Program	6,167,825	6	38,040,766	119.4	6,167,825	6	38,046,243	119.3
C01	Discontinue Program	0	0	38,040,766	119.4	(1,000,000)	0	37,046,243	116.2
C03	Agency Transfer	(52,075)	(1)	37,988,691	119.2	(52,075)	(1)	36,994,168	116.0
C07	Technology	850,000	0	38,838,691	121.9	850,000	0	37,844,168	118.7
C08	Reclass	10,064	0	38,848,755	121.9	10,064	0	37,854,232	118.7
C10	Upgrade/Downgrade	9,481	0	38,858,236	121.9	9,508	0	37,863,740	118.8
C11									

### Executive Recommendation

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>31,872,941</b>	<b>202</b>	<b>31,872,941</b>	<b>100.0</b>	<b>31,878,418</b>	<b>202</b>	<b>31,878,418</b>	<b>100.0</b>
C01	Existing Program	6,163,811	6	38,036,752	119.3	6,163,811	6	38,042,229	119.3
C03	Discontinue Program	0	0	38,036,752	119.3	(1,000,000)	0	37,042,229	116.2
C07	Agency Transfer	(52,075)	(1)	37,984,677	119.2	(52,075)	(1)	36,990,154	116.0
C08	Technology	850,000	0	38,834,677	121.8	850,000	0	37,840,154	118.7
C10	Reclass	9,479	0	38,844,156	121.9	9,479	0	37,849,633	118.7
C11	Upgrade/Downgrade	9,321	0	38,853,477	121.9	9,346	0	37,858,979	118.8

### Justification

C01	An increase in Regular Salaries and Personal Services Matching of \$127,172 for 4 new positions, (two maintenance positions at Delta Heritage Trail State Park, one facility manager at Logoly State Park, and one housekeeper position at Lake Fort Smith). An increase in Regular Salaries and Personal Services Matching of \$84,419 for restoration of 2 positions, (Park Superintendent I, trainee,- Central Office and Park Interpreter - Village Creek). An increase in Extra Help and Personal Services Matching of \$70,929 for a 2% incentive increase for returning long term extra help employees. An increase in Operating Expenses of \$360,729 related to expected higher fuel and utility costs. An increase in resale of \$194,478 for increasing prices of resale goods system-wide and the increase in resale inventory for the new facilities coming on line in the new biennium. An increase of \$33,713 in Professional Fees and Services for additional expenses for marketing and advertising new facilities/parks at Lake Fort Smith, Mississippi River, Delta Heritage Trail State Park and Logoly. Establish construction each year of the biennium of \$4,771,385 for construction at Village Creek State Park and the design, construction and upgrade in the south portion of Delta Heritage Trail State Park. Establish Capital Outlay each year of the biennium of \$525,000 for the replacement of high mileage aging vehicles and deteriorating equipment needs in the park system.
C03	A decrease of \$1,000,000 in FY15 for the bond payment and interest for Mount Magazine State Park Lodge as a result of refinancing
C07	The Agency is requesting to reallocate a position that is used at the Arkansas Museum of Natural Resources and previously paid from cash funds (Appropriation 986) to be funded from special revenue from the oil and brine revenues (Appropriation 433). Collections from the severance tax has increased the amount of funding and allows for this position to be paid from this revenue stream.
C08	An increase of \$250,000 is needed for both years of the biennium to cover increases from DIS for phone and internet services and \$600,000 for both years for implementation of a full service reservation system for park facilities
C10	An increase of \$10,064 in regular salaries as a result of various reclass requests to properly align positions with work being performed in multiple locations throughout the park system
C11	An increase of \$9,481 to upgrade the Housekeeper and Housekeeper Supervisor title and the Facility Manager I & II title park wide to become more competitive in the marketplace and reduce turnover.

## **Analysis of Budget Request**

**Appropriation:** 994 - Retirement & Relocation Program

**Funding Sources:** HGA - Parks & Tourism Account

Act 609 of 1997 (A.C.A. §25-13-301) created the Retirement and Relocation Program to promote economic development of the State by encouraging retirees to relocate to Arkansas. Funding is derived from general revenues. The Department utilizes the appropriation for advertising expenses to encourage retirees to relocate to Arkansas.

The Agency is requesting Base Level each year of the biennium.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 994 - Retirement & Relocation Program

**Funding Sources:** HGA - Parks & Tourism Account

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	2013-2014			2014-2015		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	15,994	26,659	26,659	26,659	26,659	26,659	26,659	26,659	26,659
Conference & Travel Expenses	5050009	0	0	0	0	0	0	0	0	0
Professional Fees	5060010	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Advertising Expense	5900047	197,388	198,619	198,619	198,619	198,619	198,619	198,619	198,619	198,619
<b>Total</b>		<b>216,382</b>	<b>228,278</b>	<b>228,278</b>	<b>228,278</b>	<b>228,278</b>	<b>228,278</b>	<b>228,278</b>	<b>228,278</b>	<b>228,278</b>
<b>Funding Sources</b>										
General Revenue	4000010	216,382	228,278		228,278	228,278	228,278	228,278	228,278	228,278
<b>Total Funding</b>		<b>216,382</b>	<b>228,278</b>		<b>228,278</b>	<b>228,278</b>	<b>228,278</b>	<b>228,278</b>	<b>228,278</b>	<b>228,278</b>
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
<b>Grand Total</b>		<b>216,382</b>	<b>228,278</b>		<b>228,278</b>	<b>228,278</b>	<b>228,278</b>	<b>228,278</b>	<b>228,278</b>	<b>228,278</b>

## **Analysis of Budget Request**

**Appropriation:** 995 - Tourism - Cash in Treasury

**Funding Sources:** NPT - Tourism Operations

This appropriation provides for the operation of the Gift Shop in the Central Office. Funding is derived from the sale of merchandise from the Gift Shop. Items for resale are purchased in bulk as necessary. Since 1999, this appropriation has typically averaged in excess of \$60,000 in fund balances.

The Agency is requesting Base Level in each year of the biennium.

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



## Appropriation Summary

**Appropriation:** 995 - Tourism - Cash in Treasury

**Funding Sources:** NPT - Tourism Operations

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			2013-2014			2014-2015		
		2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	1,321	40,200	40,200	40,200	40,200	40,200	40,200	40,200	40,200
Conference & Travel Expenses	5050009	0	0	0	0	0	0	0	0	0
Professional Fees	5060010	0	0	0	0	0	0	0	0	0
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Resale (COGS)	5090017	650	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>		<b>1,971</b>	<b>65,200</b>	<b>65,200</b>	<b>65,200</b>	<b>65,200</b>	<b>65,200</b>	<b>65,200</b>	<b>65,200</b>	<b>65,200</b>
<b>Funding Sources</b>										
Fund Balance	4000005	60,280	66,039		25,839	25,839	25,839	5,639	5,639	5,639
Cash Fund	4000045	7,730	25,000		45,000	45,000	45,000	60,600	60,600	60,600
<b>Total Funding</b>		<b>68,010</b>	<b>91,039</b>		<b>70,839</b>	<b>70,839</b>	<b>70,839</b>	<b>66,239</b>	<b>66,239</b>	<b>66,239</b>
Excess Appropriation/(Funding)		(66,039)	(25,839)		(5,639)	(5,639)	(5,639)	(1,039)	(1,039)	(1,039)
<b>Grand Total</b>		<b>1,971</b>	<b>65,200</b>		<b>65,200</b>	<b>65,200</b>	<b>65,200</b>	<b>65,200</b>	<b>65,200</b>	<b>65,200</b>

## **Analysis of Budget Request**

**Appropriation:** 996 - Entertainers Hall of Fame-Treas

**Funding Sources:** NPT - Parks & Tourism Hall of Fame

Act 671 of 1985 (A.C.A. 13-9-101) as amended created the Arkansas Entertainers Hall of Fame Board to honor individuals who by achievement or service have made outstanding and lasting contributions in entertainment. During the 81<sup>st</sup> General Assembly, Act 255 of 1997 transferred the authority and responsibility for the administration of the Arkansas Hall of Fame to the Arkansas Department of Parks and Tourism. Additional funding is provided by donations from private sources and the City of Pine Bluff, where the Agency is located. This appropriation provides for the operation of the Arkansas Entertainers Hall of Fame.

The Agency is requesting a decrease in Base Level appropriation of \$1,573 in FY14 and \$3,213 in FY15 due to a decline in ticket sales.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 996 - Entertainers Hall of Fame-Treas

**Funding Sources:** NPT - Parks & Tourism Hall of Fame

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	Historical Data			2013-2014			2014-2015		
	2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Various Exp - Entertainers Hall 5900046	958	41,633	49,633	41,633	40,060	40,060	41,633	38,420	38,420
Total	958	41,633	49,633	41,633	40,060	40,060	41,633	38,420	38,420
<b>Funding Sources</b>									
Fund Balance 4000005	41,342	40,976		8,953	8,953	8,953	0	0	0
Cash Fund 4000045	0	9,000		30,497	30,497	30,497	38,420	38,420	38,420
Interest Income / Royalties 4000307	592	610		610	610	610	0	0	0
Total Funding	41,934	50,586		40,060	40,060	40,060	38,420	38,420	38,420
Excess Appropriation/(Funding)	(40,976)	(8,953)		1,573	0	0	3,213	0	0
Grand Total	958	41,633		41,633	40,060	40,060	41,633	38,420	38,420

## Change Level by Appropriation

**Appropriation:** 996 - Entertainers Hall of Fame-Treas  
**Funding Sources:** NPT - Parks & Tourism Hall of Fame

### Agency Request

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>41,633</b>	<b>0</b>	<b>41,633</b>	<b>100.0</b>	<b>41,633</b>	<b>0</b>	<b>41,633</b>	<b>100.0</b>
C03	Discontinue Program	(1,573)	0	40,060	96.2	(3,213)	0	38,420	92.3

### Executive Recommendation

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>41,633</b>	<b>0</b>	<b>41,633</b>	<b>100.0</b>	<b>41,633</b>	<b>0</b>	<b>41,633</b>	<b>100.0</b>
C03	Discontinue Program	(1,573)	0	40,060	96.2	(3,213)	0	38,420	92.3

### Justification

C03	The Entertainers Hall of Fame (EHF) Ceremony is traditionally held every two years. The Agency agrees to pay \$10,000 to the host city to coordinate the Induction Ceremony. The first \$5,000 in ticket sales for the ceremony are repaid to the Agency, and the Agency and the host city split ticket sales 50/50 thereafter. Tickets sales have declined over the years causing a reduction in revenue for the EHF.
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## Appropriation Summary

**Appropriation:** 85S - Cultural Resource Studies for Prairie Grove Battlefield

**Funding Sources:** FPT - Prairie Grove Study Federal Grant

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	Historical Data			2013-2014			2014-2015		
	2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses 5020002	0	49,170	82,000	0	0	0	0	0	0
Conference & Travel Expenses 5050009	0	0	0	0	0	0	0	0	0
Professional Fees 5060010	64,838	0	0	0	0	0	0	0	0
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Capital Outlay 5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>64,838</b>	<b>49,170</b>	<b>82,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Funding Sources</b>									
Federal Revenue 4000020	64,838	49,170		0	0	0	0	0	0
Total Funding	64,838	49,170		0	0	0	0	0	0
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
<b>Grand Total</b>	<b>64,838</b>	<b>49,170</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

APPROPRIATION NOT REQUESTED FOR THE 2013-2015 BIENNIUM.

## Appropriation Summary

**Appropriation:** 85T - Tent 3 - Traveling Education Nature Trailer

**Funding Sources:** FPT - Traveling Ed. Nature Trailer Federal Grant

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			2013-2014			2014-2015		
		2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	12,225	0	12,225	0	0	0	0	0	0
Conference & Travel Expenses	5050009	0	0	0	0	0	0	0	0	0
Professional Fees	5060010	0	0	0	0	0	0	0	0	0
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	3,675	3,675	0	0	0	0	0	0
<b>Total</b>		<b>12,225</b>	<b>3,675</b>	<b>15,900</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Funding Sources</b>										
Fund Balance	4000005	15,900	3,675		0	0	0	0	0	0
Total Funding		15,900	3,675		0	0	0	0	0	0
Excess Appropriation/(Funding)		(3,675)	0		0	0	0	0	0	0
<b>Grand Total</b>		<b>12,225</b>	<b>3,675</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

APPROPRIATION NOT REQUESTED FOR THE 2013-2015 BIENNIUM.

# DEPT OF PARKS & TOURISM - HISTORY COMMISSION

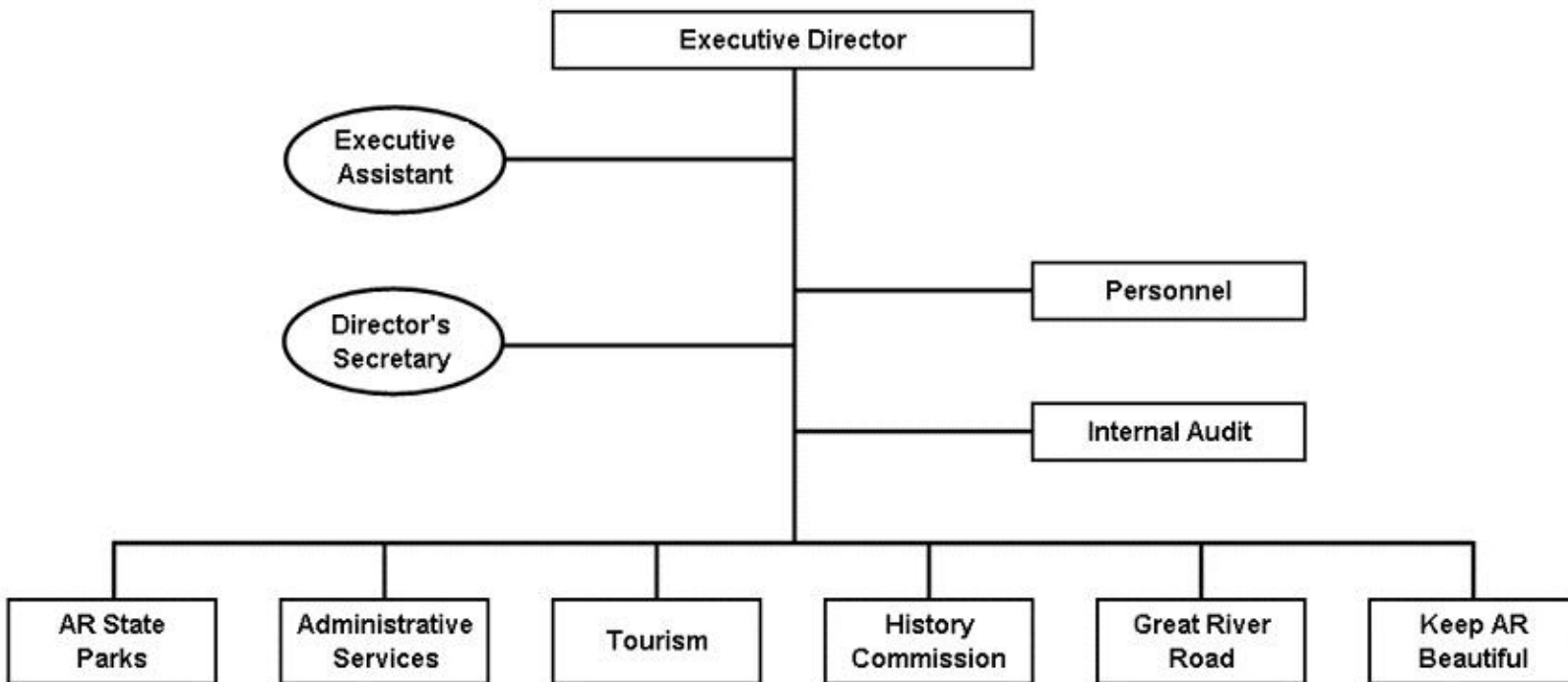
## Enabling Laws

Acts 90 and 214 of 2012  
A.C.A. 13-3-101 to 109; 13-3-201 to 206

## History and Organization

The History Commission was created by Act 215 of 1905, but its existence as a functioning state agency was uncertain until after the passage of Act 355 by the General Assembly of 1911. The latter Act, as amended by Act 207 of 1963, is the basic law under which the Commission operates. This fundamental Act charges the History Commission with the responsibility of keeping and caring for the official archives of the state, collecting materials relating to Arkansas history, and encouraging the use of historical source materials such as documents, newspapers, maps, and photographs. Public research rooms in Little Rock, Washington, and Powhatan, serve thousands of scholars, students, genealogists, local historians, and other researchers each year. A documents restoration laboratory and a microphotography section assist with preservation, and the [www.ark-ives.com](http://www.ark-ives.com) website enhances educational and informational efforts.

The History Commission itself is composed of seven members appointed by the Governor with the approval of the Senate. Since the passage of Act 38 of 1971, the Commission has operated within the Department of Parks and Tourism. The Black History Commission of Arkansas was created by Act 1233 of 1991 (name changed from Black History Advisory Committee by Act 1601 of 2007). It operates in connection with the History Commission.



## Agency Commentary

The Arkansas History Commission serves as the State Archives and is the State's largest archival institution and keeper of Arkansas's documentary heritage. The Agency's primary goals are to collect historical material pertaining to Arkansas, encourage research in Arkansas history, broaden knowledge of the State's origins and manage and maintain stewardship of archival material and historical objects important to the overall understanding of Arkansas history and culture. Funding for the Agency is through general revenue, occasional grants and cash funds received from copying and reproduction charges.

The Agency is requesting Base Level plus a total of \$100,000 in appropriation and general revenue funding per year to meet preservation and assess needs for the ever-increasing amount of historical material in its care and also to fund the Curtis H. Sykes Memorial Grant Program. One-half of this request (\$50,000 per year) is needed to purchase special archival supplies such as acid-free enclosures, melinex for encapsulation of documents, and microfilm for preservation of documents. Current levels of general revenue funding force the Agency to rely almost solely on grant funds for these specialty supplies, limiting the scope and volume of work that can be completed. The other half of the



request (\$50,000 per year) would fund the Curtis H. Sykes Grant Program, which makes small grants to local organizations to increase knowledge and awareness of African-American history in the State. Previous funding came from the General Improvement Fund, but no grants have been awarded in the previous two years. General revenue would enable the Agency to award these much-needed grants on a consistent basis.

The Agency requests to reclassify six (6) positions to reflect appropriate titles for those employees who are performing the duties of an Archival Assistant. All six (6) employees would be placed at entry level pay for that title and grade.

## **Audit Findings**

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
DEPARTMENT OF PARKS AND TOURISM  
ARKANSAS HISTORY COMMISSION  
FOR THE YEAR ENDED JUNE 30, 2011

Findings

Recommendations

None

None

## **State Contracts Over \$25,000 Awarded To Minority Owned Businesses Fiscal Year 2012**

None

## Employment Summary

	Male	Female	Total	%
White Employees	4	18	22	92 %
Black Employees	0	2	2	8 %
Other Racial Minorities	0	0	0	0 %
Total Minorities			2	8 %
Total Employees			24	100 %

## Publications

### A.C.A. 25-1-204

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

## Department Appropriation Summary

### Historical Data

### Agency Request and Executive Recommendation

Appropriation	2011-2012		2012-2013		2012-2013		2013-2014					2014-2015						
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
226 History Commission-State Operations	1,662,009	24	1,675,059	25	1,747,038	25	1,687,203	25	1,824,334	25	1,774,334	25	1,687,934	25	1,825,065	25	1,775,065	25
955 History Commission-Cash in Treasury	43,750	0	79,000	0	79,000	0	79,000	0	79,000	0	79,000	0	79,000	0	79,000	0	79,000	0
Total	1,705,759	24	1,754,059	25	1,826,038	25	1,766,203	25	1,903,334	25	1,853,334	25	1,766,934	25	1,904,065	25	1,854,065	25

Funding Sources		%		%		%		%		%		%		%		%		%	
Fund Balance	4000005	44,161	2.5	29,725	1.7			225	0.0	225	0.0	225	0.0	225	0.0	225	0.0	225	0.0
General Revenue	4000010	1,662,009	95.8	1,675,059	95.5			1,687,203	95.5	1,824,334	95.8	1,724,334	95.6	1,687,934	95.5	1,825,065	95.8	1,725,065	95.6
Cash Fund	4000045	29,314	1.7	49,500	2.8			79,000	4.5	79,000	4.2	79,000	4.4	79,000	4.5	79,000	4.1	79,000	4.4
Total Funds		1,735,484	100.0	1,754,284	100.0			1,766,428	100.0	1,903,559	100.0	1,803,559	100.0	1,767,159	100.0	1,904,290	100.0	1,804,290	100.0
Excess Appropriation/(Funding)		(29,725)		(225)				(225)		(225)		49,775		(225)		(225)		49,775	
Grand Total		1,705,759		1,754,059				1,766,203		1,903,334		1,853,334		1,766,934		1,904,065		1,854,065	

Variance in fund balance due to unfunded appropriation in (226) History Commission-State Operations.

## Agency Position Usage Report

FY2010 - 2011						FY2011 - 2012						FY2012 - 2013					
Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused
	Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total	
25	24	1	25	0	4.00 %	25	24	1	25	0	4.00 %	25	24	1	25	0	4.00 %

## **Analysis of Budget Request**

**Appropriation:** 226 - History Commission-State Operations

**Funding Sources:** HGA - Parks & Tourism-History Commission Account

This appropriation provides for the personal services and operating expenses of the History Commission. As stated in Arkansas Code Annotated §13-3-101, the History Commission maintains official archives of the State, collects historical materials, and encourages historic research. Funding is provided by general revenue.

Base Level Regular Salaries and Personal Services Matching includes Career Service payments for eligible employees. Personal Services Matching also includes a \$20 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$410 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases.

The Base Level Request includes appropriation and general revenue funding in the amount of \$1,687,203 in FY14 and \$1,687,934 in FY15.

The Change Level Request of \$137,131 in each year reflects the following:

An increase of \$37,131 in Regular Salaries and Personal Services Matching appropriation and general revenue funding each year of the biennium to reclassify six (6) positions to title of Archival Assistant to better reflect the duties being performed.

An increase of \$50,000 in Operating Expenses in appropriation and general revenue funding each year of the biennium to purchase specialty supplies for the preservation of documents.

An increase of \$50,000 for the Black History Commission in appropriation and general revenue funding each year of the biennium for the Curtis H. Sykes Memorial Grant Program, which provides small grants to local organizations to increase knowledge and awareness of African American history in Arkansas.

The Executive Recommendation provides for Base Level and the following:

An increase of \$37,131 in Regular Salaries and Personal Services Matching appropriation and general revenue funding each year of the biennium for the position reclassification requests.

An increase of \$50,000 in Operating Expenses appropriation only each year of the biennium.

\$50,000 for the Black History Commission each year of the biennium to be requested as a Capital Project funded from the General Improvement Fund.

## Appropriation Summary

**Appropriation:** 226 - History Commission-State Operations  
**Funding Sources:** HGA - Parks & Tourism-History Commission Account

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	2013-2014			2014-2015		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	887,577	886,615	960,936	891,212	921,660	921,660	891,812	922,260	922,260
<b>#Positions</b>		<b>24</b>	<b>25</b>	<b>25</b>	<b>25</b>	<b>25</b>	<b>25</b>	<b>25</b>	<b>25</b>	<b>25</b>
Extra Help	5010001	10,247	10,300	10,300	10,300	10,300	10,300	10,300	10,300	10,300
<b>#Extra Help</b>		<b>1</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>
Personal Services Matching	5010003	300,359	311,458	309,116	319,005	325,688	325,688	319,136	325,819	325,819
Operating Expenses	5020002	453,453	456,110	456,110	456,110	506,110	506,110	456,110	506,110	506,110
Conference & Travel Expenses	5050009	367	396	396	396	396	396	396	396	396
Professional Fees	5060010	0	0	0	0	0	0	0	0	0
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Black History Commission	5900041	10,006	10,180	10,180	10,180	60,180	10,180	10,180	60,180	10,180
<b>Total</b>		<b>1,662,009</b>	<b>1,675,059</b>	<b>1,747,038</b>	<b>1,687,203</b>	<b>1,824,334</b>	<b>1,774,334</b>	<b>1,687,934</b>	<b>1,825,065</b>	<b>1,775,065</b>
<b>Funding Sources</b>										
General Revenue	4000010	1,662,009	1,675,059		1,687,203	1,824,334	1,724,334	1,687,934	1,825,065	1,725,065
Total Funding		1,662,009	1,675,059		1,687,203	1,824,334	1,724,334	1,687,934	1,825,065	1,725,065
Excess Appropriation/(Funding)		0	0		0	0	50,000	0	0	50,000
<b>Grand Total</b>		<b>1,662,009</b>	<b>1,675,059</b>		<b>1,687,203</b>	<b>1,824,334</b>	<b>1,774,334</b>	<b>1,687,934</b>	<b>1,825,065</b>	<b>1,775,065</b>

FY13 Budget amount in Personal Services Matching exceeds the authorized amount due to matching rate adjustments during the 2011-2013 Biennium.

## Change Level by Appropriation

**Appropriation:** 226 - History Commission-State Operations  
**Funding Sources:** HGA - Parks & Tourism-History Commission Account

### Agency Request

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>1,687,203</b>	<b>25</b>	<b>1,687,203</b>	<b>100.0</b>	<b>1,687,934</b>	<b>25</b>	<b>1,687,934</b>	<b>100.0</b>
C01	Existing Program	100,000	0	1,787,203	105.9	100,000	0	1,787,934	105.9
C10	Reclass	37,131	0	1,824,334	108.1	37,131	0	1,825,065	108.1

### Executive Recommendation

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>1,687,203</b>	<b>25</b>	<b>1,687,203</b>	<b>100.0</b>	<b>1,687,934</b>	<b>25</b>	<b>1,687,934</b>	<b>100.0</b>
C01	Existing Program	50,000	0	1,737,203	103.0	50,000	0	1,737,934	103.0
C10	Reclass	37,131	0	1,774,334	105.2	37,131	0	1,775,065	105.2

### Justification

C01	The Agency is requesting Base Level plus a total of \$100,000 each year to meet preservation and access needs for the ever-increasing amount of historical material in its care and also to fund the Curtis H. Sykes Memorial Grant Program. One-half of this request (\$50,000/year) is needed to purchase special archival supplies such as acid-free enclosures, melinex, and microfilm for preservation of documents. The other half of the request (\$50,000/year) would be for the Sykes Grant Program, which makes small grants to local organizations to increase knowledge and awareness of African American history in the state.
C10	The Agency is requesting an increase of \$37,131 in Regular Salaries and Personal Services Matching to reclassify 6 positions to reflect the appropriate titles for those employees who are performing the duties of an Archival Assistant. All six employees would be placed at entry level pay for that title and grade.

## **Analysis of Budget Request**

**Appropriation:** 955 - History Commission-Cash in Treasury

**Funding Sources:** NPT - History Commission-Cash in Treasury

This appropriation is utilized to provide for the operating expenses of the History Commission. Funding is derived from cash receipts generated from sales of microfilm, photographs, and photocopies.

The Agency's Request is for Base Level each year of the biennium.

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



## Appropriation Summary

**Appropriation:** 955 - History Commission-Cash in Treasury

**Funding Sources:** NPT - History Commission-Cash in Treasury

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			2013-2014			2014-2015		
		2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	43,750	79,000	79,000	79,000	79,000	79,000	79,000	79,000	79,000
Conference & Travel Expenses	5050009	0	0	0	0	0	0	0	0	0
Professional Fees	5060010	0	0	0	0	0	0	0	0	0
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>		<b>43,750</b>	<b>79,000</b>	<b>79,000</b>	<b>79,000</b>	<b>79,000</b>	<b>79,000</b>	<b>79,000</b>	<b>79,000</b>	<b>79,000</b>
<b>Funding Sources</b>										
Fund Balance	4000005	44,161	29,725		225	225	225	225	225	225
Cash Fund	4000045	29,314	49,500		79,000	79,000	79,000	79,000	79,000	79,000
<b>Total Funding</b>		<b>73,475</b>	<b>79,225</b>		<b>79,225</b>	<b>79,225</b>	<b>79,225</b>	<b>79,225</b>	<b>79,225</b>	<b>79,225</b>
Excess Appropriation/(Funding)		(29,725)	(225)		(225)	(225)	(225)	(225)	(225)	(225)
<b>Grand Total</b>		<b>43,750</b>	<b>79,000</b>		<b>79,000</b>	<b>79,000</b>	<b>79,000</b>	<b>79,000</b>	<b>79,000</b>	<b>79,000</b>

# ARKANSAS STATE BOARD OF PHYSICAL THERAPY

## Enabling Laws

Act 138 of 2012  
A.C.A. §17-93-201

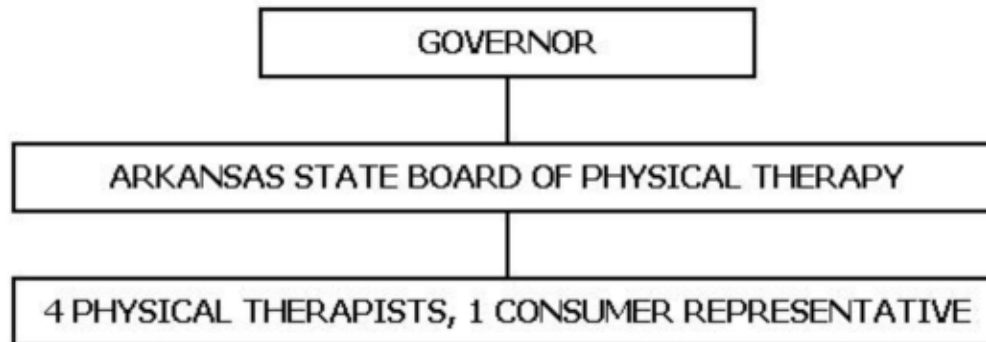
## History and Organization

History: A.C.A. §17-93-201 established the Arkansas State Board of Physical Therapy. It authorized a five member Board that is made up of four Physical Therapists and a consumer representative.

Mission: To administer the statute with the highest degree of integrity, competence, and efficiency commensurate with the professional standards of physical therapy providers.

Statutory Responsibility: To see that persons attesting to provide physical therapy services have met all requirements and by doing so protect the public.

Primary Activities: 1) Grant a license to those who meet all requirements, including verification of eligibility to take the national examination and otherwise qualify; 2) Oversee examination which tests for minimum level competency; 3) Determine whether those who apply for a license to practice qualify; 4) Annually register and issue an annual license to practice; and 5) Investigate violations of the Act and take disciplinary action where appropriate after conducting a hearing.



## **Agency Commentary**

Statutory Responsibility: To see that persons attesting to provide physical therapy services have met all requirements and by doing so protect the public.

Primary Activities: 1) Grant a license to those who meet all requirements, including verification of eligibility to take the national examination and otherwise qualify; 2) Oversee examination which tests for minimum level competency; 3) Determine whether those who apply for a license to practice qualify; 4) Annually register and issue an annual license to practice; and 5) Investigate violations of the Act and take disciplinary action where appropriate after conducting a hearing.

The Arkansas State Board of Physical Therapy is requesting Base Level in each year of the 2013-15 Biennium.

## **Audit Findings**

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
ARKANSAS STATE BOARD OF PHYSICAL THERAPY  
FOR THE YEAR ENDED JUNE 30, 2011

Findings

Recommendations

None

None

## **State Contracts Over \$25,000 Awarded To Minority Owned Businesses Fiscal Year 2012**

None

**Employment Summary**

	Male	Female	Total	%
White Employees	0	2	2	100 %
Black Employees	0	0	0	0 %
Other Racial Minorities	0	0	0	0 %
Total Minorities			0	0 %
Total Employees			2	100 %

**Cash Fund Balance Description as of June 30, 2012**

Fund Account	Balance	Type	Location
3460000	\$103,021	Checking/Treasury	Metropolitan/State TreasuryMetropolitan/State Treasury

Statutory/Other Restrictions on use:

A.C.A. 17-93-203 Provides for the deposit of funds.

Statutory Provisions for Fees, Fines, Penalties:

A.C.A. 17-93-203 Authorizes the agency to collect fees.

Revenue Receipts Cycle:

Annual renewal fees are due by March of each year. Other funds are collected on an irregular basis.

Fund Balance Utilization:

Funds are expended for the purpose of regulating, licensing and examining physical therapists and physical therapists assistants.

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Fund Account	Balance	Type	Location
3460000	\$609,160	Investment-Certificate of Deposit	Metropolitan/State Treasury

Statutory/Other Restrictions on use:

A.C.A. 17-93-203 Provides for the deposit of funds.

Statutory Provisions for Fees, Fines, Penalties:

A.C.A. 17-93-203 Authorizes the agency to collect fees.

Revenue Receipts Cycle:

Annual renewal fees are due by March of each year. Other funds are collected on an irregular basis.

Fund Balance Utilization:

Funds are expended for the purpose of regulating, licensing and examining physical therapists and physical therapists assistants.

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Fund Account	Balance	Type	Location
PTP0100	\$14,468	Payroll	State Treasury

Statutory/Other Restrictions on use:

A.C.A. 17-93-203 Provides for the deposit of funds.

Statutory Provisions for Fees, Fines, Penalties:

A.C.A. 17-93-203 Authorizes the agency to collect fees.

Revenue Receipts Cycle:

Annual renewal fees are due by March of each year. Other funds are collected on an irregular basis.

Fund Balance Utilization:

Funds are expended for the purpose of the board payroll.

## Publications

### A.C.A. 25-1-204

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
Annual Report	A.C.A. §17-93-203 (c)	Y	N	1	Report receipts and disbursements
Directory	A.C.A. §17-93-202 (4)(A)	N	N	2,700	Communication with Licensees
Newsletter	None	N	N	2,600	Practice Changes:Suspension

## Agency Position Usage Report

FY2010 - 2011						FY2011 - 2012						FY2012 - 2013					
Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused
	Filled	Unfilled	Total				Total	Filled	Unfilled				Total	Total	Filled		
2	2	0	2	0	0.00 %	2	2	0	2	0	0.00 %	2	2	0	2	0	0.00 %

## **Analysis of Budget Request**

**Appropriation:** B47 - Cash Operations

**Funding Sources:** 346 - Physical Therapy Cash Operations

The Arkansas State Board of Physical Therapy was created by A.C.A. §17-93-201. The primary duties of the Board include the licensure of Physical Therapists and Physical Therapy Assistants through examination. The Board is a cash agency funded from licensure and renewal fees charged pursuant to A.C.A. §17-93-202. The Board utilizes these funds to finance two Regular Salary positions and provide operating expenses for the administration of the laws governing individuals who provide physical therapy services.

Base Level Regular Salaries and Personal Services Matching includes Career Service payments for eligible employees. Personal Services Matching also includes a \$20 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$410 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases. The Base Level request for Regular Salaries includes board member stipend payments.

The Board is requesting Base Level in each year of the biennium.

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

## Appropriation Summary

**Appropriation:** B47 - Cash Operations  
**Funding Sources:** 346 - Physical Therapy Cash Operations

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		2011-2012	2012-2013	2012-2013	2013-2014			2014-2015		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	93,984	88,595	90,302	88,595	88,595	88,595	89,195	89,195	89,195
<b>#Positions</b>		<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>
Extra Help	5010001	0	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
<b>#Extra Help</b>		<b>0</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>
Personal Services Matching	5010003	29,047	28,851	27,589	29,385	29,385	29,385	29,519	29,519	29,519
Operating Expenses	5020002	61,237	89,833	89,833	89,833	89,833	89,833	89,833	89,833	89,833
Conference & Travel Expenses	5050009	495	3,489	3,489	3,489	3,489	3,489	3,489	3,489	3,489
Professional Fees	5060010	4,759	41,000	41,000	41,000	41,000	41,000	41,000	41,000	41,000
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>		<b>189,522</b>	<b>256,768</b>	<b>257,213</b>	<b>257,302</b>	<b>257,302</b>	<b>257,302</b>	<b>258,036</b>	<b>258,036</b>	<b>258,036</b>
<b>Funding Sources</b>										
Fund Balance	4000005	694,768	726,650		670,382	670,382	670,382	588,080	588,080	588,080
Cash Fund	4000045	221,404	200,500		175,000	175,000	175,000	175,000	175,000	175,000
<b>Total Funding</b>		<b>916,172</b>	<b>927,150</b>		<b>845,382</b>	<b>845,382</b>	<b>845,382</b>	<b>763,080</b>	<b>763,080</b>	<b>763,080</b>
Excess Appropriation/(Funding)		(726,650)	(670,382)		(588,080)	(588,080)	(588,080)	(505,044)	(505,044)	(505,044)
<b>Grand Total</b>		<b>189,522</b>	<b>256,768</b>		<b>257,302</b>	<b>257,302</b>	<b>257,302</b>	<b>258,036</b>	<b>258,036</b>	<b>258,036</b>

FY13 Budget amount in Personal Services Matching exceeds the authorized amount due to matching rate adjustments during the 2011-2013 Biennium.



# STATE BOARD OF PRIVATE CAREER EDUCATION

## Enabling Laws

Act 29 of 2012  
A.C.A. § 6-51-601 through 623

## History and Organization

**MISSION:** The Arkansas State Board of Private Career Education (SBPCE) was established to provide consumer protection for Arkansas residents by licensing and monitoring organizations that offer training that leads to or enhances a career. The Board's authority extends to organizations that offer education in Arkansas or that recruit students to attend a school located in another state.

The Board was established in 1989 with responsibilities and authority as set forth in Arkansas Code Annotated 6-51-601 et. seq. The Governor appointed Board consists of seven members; four (4) members from the general public and three (3) members from the education industry, as well as ex officio members representing the Department of Higher Education and Workforce Education.

Currently 254 schools and 163 admissions representatives are licensed. The original licensure process includes review and approval of items such as program content and goals, facilities, equipment, instructor qualifications, etc. Continued monitoring requires review of financial stability, advertising practices, record maintenance, transcripts, placement records, catalogs, processing student complaints, etc. Review of student complaints can include the convening of the SBPCE Arbitration Panel, if requested by either party.

When a school ceases to operate and students are enrolled, it is the responsibility of the SBPCE Director to attempt to place each student of the school in another private career school. When a school closes, the Board receives the academic transcripts that are then scanned, maintained and serviced as long as the computer equipment available will allow for retrieval. Financial aid records from closed schools are maintained in one of two ways: (A) Records for schools participating in the Federal Financial Aid Program are received from the previous three (3) years and will be maintained for three (3) years or (B) Records for schools not participating in the Federal Financial Aid programs are received from the previous year and are maintained for one (1) year. We currently have over 56,000 student transcripts available from closed schools.

The Student Protection Trust Fund (SPF) is funded by an annual assessment to each licensed school. On May 30, 2004 for the first time since the establishment of the Board, the SPF had a balance in excess of \$500,000. Schools originally licensed anytime during 1989-1991 and maintained their licensure for fifteen (15) years will not be assessed additional fees unless the fund has a balance of less than \$500,000 on

May 30 of any year. Schools that were not licensed in 1989 will continue to be assessed the fee until they have paid into the fund for fifteen (15) years. The primary purpose of the SPF is to cover the expenses associated with providing the remaining education, known as a teach out, to students enrolled in a closed school or to pay claims filed by students when a teach out cannot be arranged.



## **Agency Commentary**

General Operations of the State Board of Private Career Education are funded primarily from special revenue derived from annual license fees, admissions representative fees, and school amendment fees for changes such as program offerings, location, etc. The request is for continuation of Authorized Level for each year of the 2013-2015 Biennium.

For the Student Protection Trust Fund appropriation, funded from special revenues received from annual assessment fees charged applicable schools, continuation of Authorized Level for each year of the biennium is requested. This appropriation will be used for the Student Protection Fund to:

- 1 pay claims filed by students when a school becomes insolvent or ceases to operate without offering a complete program of study;
- 2 pay expenses incurred by a school that are directly related to educating a student placed in the school for teach out purposes;
- 3 reimburse the Private Career Education Fund for expenses directly associated with the storage and maintenance of student academic and financial aid records; and
- 4 reimburse the Private Career Education Fund for administrative costs incurred due to school closings.

Any amounts in the fund above the required five hundred thousand dollars (\$500,000) may be used with the approval of the board to:

- Fund educational seminars and other forms of educational projects for the use and benefit of licensed school administrators, faculty, staff, or admissions representatives;
- Provide for travel expenses and registration fees to send staff or board members to accrediting meetings, seminars, or meetings relating to the school sector; or
- Provide staff assistance.

For Cash Operations funded through cash fees, grants, and proceeds received from school surety bonds for students, the request is for continuation of Authorized Level for each year of the 2013-2015 Biennium.

## **Audit Findings**

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
ARKANSAS STATE BOARD OF PRIVATE CAREER EDUCATION  
FOR THE YEAR ENDED JUNE 30, 2011

Findings

Recommendations

None

None

## **State Contracts Over \$25,000 Awarded To Minority Owned Businesses Fiscal Year 2012**

None

## Employment Summary

	Male	Female	Total	%
White Employees	0	2	2	50 %
Black Employees	0	2	2	50 %
Other Racial Minorities	0	0	0	0 %
Total Minorities			2	50 %
Total Employees			4	100 %

## Publications

### A.C.A. 25-1-204

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

# Department Appropriation Summary

## Historical Data

## Agency Request and Executive Recommendation

Appropriation	2011-2012		2012-2013		2012-2013		2013-2014						2014-2015					
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
505 Private Career Education-Operations	383,488	4	424,536	4	400,676	4	430,159	4	430,159	4	430,159	4	430,159	4	430,159	4	430,159	4
506 Student Protection Trust	23,028	0	500,000	0	500,000	0	500,000	0	500,000	0	500,000	0	500,000	0	500,000	0	500,000	0
834 Private Career Ed-Cash in Treasury	0	0	100,500	0	100,500	0	100,500	0	100,500	0	100,500	0	100,500	0	100,500	0	100,500	0
<b>Total</b>	<b>406,516</b>	<b>4</b>	<b>1,025,036</b>	<b>4</b>	<b>1,001,176</b>	<b>4</b>	<b>1,030,659</b>	<b>4</b>	<b>1,030,659</b>	<b>4</b>	<b>1,030,659</b>	<b>4</b>	<b>1,030,659</b>	<b>4</b>	<b>1,030,659</b>	<b>4</b>	<b>1,030,659</b>	<b>4</b>

Funding Sources		%		%		%		%		%		%		%		%		%
Fund Balance	4000005	1,501,987	80.5	1,460,150	75.8		901,364	65.9	901,364	65.9	901,364	65.9	374,803	44.6	374,803	44.6	374,803	44.6
Special Revenue	4000030	293,658	15.7	335,000	17.4		335,000	24.5	335,000	24.5	335,000	24.5	335,000	39.8	335,000	39.8	335,000	39.8
Cash Fund	4000045	179	0.0	56,250	2.9		56,250	4.1	56,250	4.1	56,250	4.1	56,250	6.7	56,250	6.7	56,250	6.7
Trust Fund	4000050	70,842	3.8	75,000	3.9		75,000	5.5	75,000	5.5	75,000	5.5	75,000	8.9	75,000	8.9	75,000	8.9
<b>Total Funds</b>		<b>1,866,666</b>	<b>100.0</b>	<b>1,926,400</b>	<b>100.0</b>		<b>1,367,614</b>	<b>100.0</b>	<b>1,367,614</b>	<b>100.0</b>	<b>1,367,614</b>	<b>100.0</b>	<b>841,053</b>	<b>100.0</b>	<b>841,053</b>	<b>100.0</b>	<b>841,053</b>	<b>100.0</b>
Excess Appropriation/(Funding)		(1,460,150)		(901,364)			(336,955)		(336,955)		(336,955)		189,606		189,606		189,606	
<b>Grand Total</b>		<b>406,516</b>		<b>1,025,036</b>			<b>1,030,659</b>		<b>1,030,659</b>		<b>1,030,659</b>		<b>1,030,659</b>		<b>1,030,659</b>		<b>1,030,659</b>	

FY13 Budget amount in (505) Private Career Education-Operations exceeds the authorized amount due to salary and matching rate adjustments during the 2011-2013 Biennium.  
 Variances in fund balance due to unfunded appropriation in appropriation (834) Private Career Ed-Cash in Treasury.

## Agency Position Usage Report

FY2010 - 2011						FY2011 - 2012						FY2012 - 2013					
Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused
	Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total	
4	4	0	4	0	0.00 %	4	4	0	4	0	0.00 %	4	4	0	4	0	0.00 %

## **Analysis of Budget Request**

**Appropriation:** 505 - Private Career Education-Operations

**Funding Sources:** SCS - Private Career Education Fund

The State Board of Private Career Education was created by Act 906 of 1989 and is responsible for annual licensure and monitoring of private career schools and admissions representatives in Arkansas. The State Operations appropriation is funded by special revenue derived primarily from annual license and admissions representative fees paid by the schools to the Board.

Base Level Regular Salaries and Personal Services Matching includes Career Service payments for eligible employees. Personal Services Matching also includes a \$20 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$410 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases. The Base Level request for Regular Salaries includes board member stipend payments.

The Agency is requesting Base Level appropriation of \$430,159 each year of the biennium.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 505 - Private Career Education-Operations

**Funding Sources:** SCS - Private Career Education Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	2013-2014			2014-2015		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	218,962	234,702	215,434	234,702	234,702	234,702	234,702	234,702	234,702
<b>#Positions</b>		<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>
Extra Help	5010001	30,532	32,500	32,500	32,500	32,500	32,500	32,500	32,500	32,500
<b>#Extra Help</b>		<b>3</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>
Personal Services Matching	5010003	79,927	84,334	79,742	89,957	89,957	89,957	89,957	89,957	89,957
Operating Expenses	5020002	51,085	63,000	63,000	63,000	63,000	63,000	63,000	63,000	63,000
Conference & Travel Expenses	5050009	2,275	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Professional Fees	5060010	707	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>		<b>383,488</b>	<b>424,536</b>	<b>400,676</b>	<b>430,159</b>	<b>430,159</b>	<b>430,159</b>	<b>430,159</b>	<b>430,159</b>	<b>430,159</b>
<b>Funding Sources</b>										
Fund Balance	4000005	491,119	401,289		311,753	311,753	311,753	216,594	216,594	216,594
Special Revenue	4000030	293,658	335,000		335,000	335,000	335,000	335,000	335,000	335,000
<b>Total Funding</b>		<b>784,777</b>	<b>736,289</b>		<b>646,753</b>	<b>646,753</b>	<b>646,753</b>	<b>551,594</b>	<b>551,594</b>	<b>551,594</b>
Excess Appropriation/(Funding)		(401,289)	(311,753)		(216,594)	(216,594)	(216,594)	(121,435)	(121,435)	(121,435)
<b>Grand Total</b>		<b>383,488</b>	<b>424,536</b>		<b>430,159</b>	<b>430,159</b>	<b>430,159</b>	<b>430,159</b>	<b>430,159</b>	<b>430,159</b>

FY13 Budget amount in Regular Salaries and Personal Services Matching exceeds the authorized amount due to salary and matching rate adjustments during the 2011-2013 Biennium.



## **Analysis of Budget Request**

**Appropriation:** 506 - Student Protection Trust

**Funding Sources:** TCS - Private Career School Student Protection Trust Fund

The State Board of Private Career Education requests the continuation of the \$500,000 Base Level for each year of the 2013-2015 biennium for the Student Protection Trust Fund Program.

Revenues deposited into this fund consists of annual certification fees paid by participating schools to the Board and are primarily used to cover expenses associated with providing for a student's continuing education in the event a school closes or to pay student claims when this arrangement is not feasible. Schools originally licensed during the 1989-91 biennium and have maintained their licensure for fifteen (15) years will not be assessed additional fees unless the fund balance totals less than \$500,000 on May 30th of any fiscal year. Regardless of the fund balance, schools that have not paid licensure fees for fifteen (15) years will continue being charged until they have paid fees for a minimum of fifteen (15) years.

The Agency is requesting Base Level appropriation of \$500,000 each year of the biennium.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 506 - Student Protection Trust

**Funding Sources:** TCS - Private Career School Student Protection Trust Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			2013-2014			2014-2015		
		2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Expenses/Claims/Fees	5900046	23,028	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Total		23,028	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
<b>Funding Sources</b>										
Fund Balance	4000005	960,395	1,008,209		583,209	583,209	583,209	158,209	158,209	158,209
Trust Fund	4000050	70,842	75,000		75,000	75,000	75,000	75,000	75,000	75,000
Total Funding		1,031,237	1,083,209		658,209	658,209	658,209	233,209	233,209	233,209
Excess Appropriation/(Funding)		(1,008,209)	(583,209)		(158,209)	(158,209)	(158,209)	266,791	266,791	266,791
Grand Total		23,028	500,000		500,000	500,000	500,000	500,000	500,000	500,000

## **Analysis of Budget Request**

**Appropriation:** 834 - Private Career Ed-Cash in Treasury

**Funding Sources:** NPC - Cash in Treasury

Funds for the Cash Operations appropriation are received through grants from the Real Estate Foundation and the Winthrop Rockefeller Foundation, investments, and from surety bond receipts paid to the Board to be used for payment of tuition refunds to students or potential students. These funds are used to supplement funding for regular operation costs of the Arkansas Private Career Education Board.

The Agency Request provides for Base Level appropriation of \$100,500 each year of the biennium.

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

## Appropriation Summary

**Appropriation:** 834 - Private Career Ed-Cash in Treasury

**Funding Sources:** NPC - Cash in Treasury

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	2013-2014			2014-2015		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	0	81,602	81,602	81,602	81,602	81,602	81,602	81,602	81,602
Conference & Travel Expenses	5050009	0	8,898	8,898	8,898	8,898	8,898	8,898	8,898	8,898
Professional Fees	5060010	0	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>		<b>0</b>	<b>100,500</b>	<b>100,500</b>	<b>100,500</b>	<b>100,500</b>	<b>100,500</b>	<b>100,500</b>	<b>100,500</b>	<b>100,500</b>
<b>Funding Sources</b>										
Fund Balance	4000005	50,473	50,652		6,402	6,402	6,402	0	0	0
Cash Fund	4000045	179	56,250		56,250	56,250	56,250	56,250	56,250	56,250
<b>Total Funding</b>		<b>50,652</b>	<b>106,902</b>		<b>62,652</b>	<b>62,652</b>	<b>62,652</b>	<b>56,250</b>	<b>56,250</b>	<b>56,250</b>
Excess Appropriation/(Funding)		(50,652)	(6,402)		37,848	37,848	37,848	44,250	44,250	44,250
<b>Grand Total</b>		<b>0</b>	<b>100,500</b>		<b>100,500</b>	<b>100,500</b>	<b>100,500</b>	<b>100,500</b>	<b>100,500</b>	<b>100,500</b>

# PROFESSIONAL BAIL BONDSMAN LICENSING BOARD

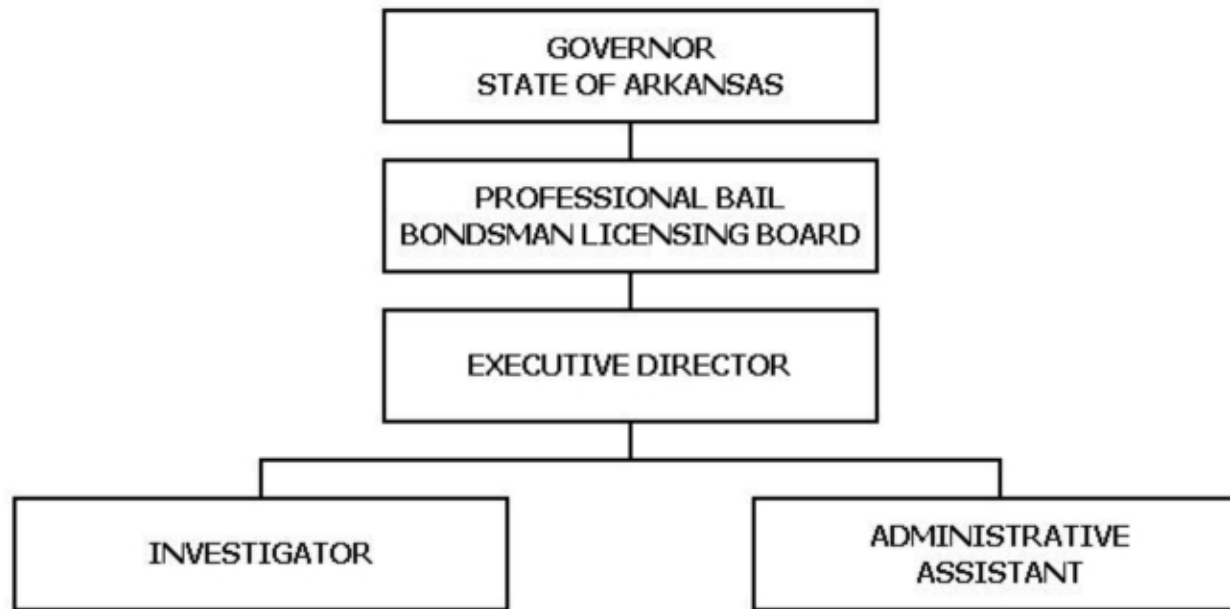
## Enabling Laws

Act 182 of 2012  
A.C.A. § 17-19-101 et seq.

## History and Organization

A.C.A. § 17-19-106 et seq. established the Professional Bail Bond Company & Professional Bail Bondsman Licensing Board. The Act provided for a seven member Board to be appointed by the Governor for terms of seven years. The Board consists of one (1) Sheriff, one (1) Chief of Police, one (1) elected Judge, one (1) citizen at large, and three (3) bail bond company owners. Act 1817 of 2001 provided that one (1) member of the Board be an African-American and that one (1) member be female. In 2010, the Supreme Court of Arkansas (No. 09-1269) declared unconstitutional that one member of the Board be a municipal or circuit judge. The position has remained unfilled.

The Board is organized as follows: An executive director, appointed by the Board, is responsible for the day-to-day administration of the duties and functions of the Board. The Board employs an investigator and an administrative assistant.



### **Agency Commentary**

Act 500 of 1993 established the Professional Bail Bond Company & Professional Bail Bondsman Licensing Board and provided the Board with the authority and responsibility of administering and enforcing the provisions of Arkansas Code Annotated Title 17, Chapter 19. The Board was given authority to adopt and enforce such reasonable rules and regulations as it determines are necessary to enable the effective and efficient administration of its official duty of licensing and regulating professional bail bond companies and professional bail bondsman.

The primary activities of the Board are as follows: 1) Administer the Professional Bail Bondsman Examination weekly, 2) License those who pass the examination and otherwise qualify, 3) Determine whether those who apply for an Arkansas Bail Bond Company License qualify, 4) Annually issue renewal licenses to all qualified bail bondsman and bail bond companies, 5) Conduct investigations into allegations of violations of Statutes and Rules & Regulations based on complaints and/or information received by the Board office, 6) Conduct hearings and take disciplinary action where appropriate, 7) Monitor mandatory continuing professional education for professional bail bondsman who hold a valid Arkansas license, and 8) Conduct yearly audits of bail bond companies to ensure compliance with record keeping and reporting requirements.

The Board requests Base Level appropriation for the 2013-2015 Biennium.

## Audit Findings

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
PROFESSIONAL BAIL BONDSMAN LICENSING BOARD  
FOR THE YEAR ENDED JUNE 30, 2010

Findings

Recommendations

None

None

## State Contracts Over \$25,000 Awarded To Minority Owned Businesses Fiscal Year 2012

None

## Employment Summary

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

## Publications

### A.C.A. 25-1-204

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
Bail Bonds Company and Bail Bondsman Licensing Board	A.C.A. §17-29-206 (f)	N	N	150	Required by law. Public Use.

## Department Appropriation Summary

### Historical Data

### Agency Request and Executive Recommendation

Appropriation	2011-2012		2012-2013		2012-2013		2013-2014						2014-2015					
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
1DV Bail Bondsman-Operations	314,191	3	322,772	3	320,942	3	317,566	3	317,566	3	317,566	3	318,297	3	318,297	3	318,297	3
4HD Treasury Cash Reimbursement	11,260	0	500,000	0	500,000	0	500,000	0	500,000	0	500,000	0	500,000	0	500,000	0	500,000	0
Total	325,451	3	822,772	3	820,942	3	817,566	3	817,566	3	817,566	3	818,297	3	818,297	3	818,297	3

Funding Sources		%		%		%		%		%		%		%		%		%	
Fund Balance	4000005	281,576	48.1	260,159	24.6			232,804	22.4	232,804	22.4	232,804	22.4	220,341	21.3	220,341	21.3	220,341	21.3
Cash Fund	4000045	145,886	24.9	613,225	58.1			610,750	58.8	610,750	58.8	610,750	58.8	610,750	59.0	610,750	59.0	610,750	59.0
AR Insurance Fund	4000100	318,413	54.4	320,942	30.4			318,413	30.7	318,413	30.7	318,413	30.7	318,413	30.8	318,413	30.8	318,413	30.8
Transfer to General Revenue	4000635	(160,265)	(27.4)	(138,750)	(13.1)			(124,060)	(12.0)	(124,060)	(12.0)	(124,060)	(12.0)	(114,713)	(11.1)	(114,713)	(11.1)	(114,713)	(11.1)
Total Funds		585,610	100.0	1,055,576	100.0			1,037,907	100.0	1,037,907	100.0	1,037,907	100.0	1,034,791	100.0	1,034,791	100.0	1,034,791	100.0
Excess Appropriation/(Funding)		(260,159)		(232,804)				(220,341)		(220,341)		(220,341)		(216,494)		(216,494)		(216,494)	
Grand Total		325,451		822,772				817,566		817,566		817,566		818,297		818,297		818,297	

The FY13 Budget amount in the Bail Bondsman-Operations appropriation (1DV) exceeds Authorized due to matching rate adjustments during the 2011-2013 Biennium. At fiscal year end, all but twenty-five percent (25%) of Bail Bondsman-Operations (1DV) fund balance must be transferred to the General Revenue Fund Account in the State Treasury.



## Agency Position Usage Report

FY2010 - 2011						FY2011 - 2012						FY2012 - 2013					
Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused
	Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total	
3	3	0	3	0	0.00 %	3	3	0	3	0	0.00 %	3	3	0	3	0	0.00 %

## **Analysis of Budget Request**

**Appropriation:** 1DV - Bail Bondsman-Operations

**Funding Sources:** MBB - Professional Bail Bondsman Licensing Board

The Professional Bail Bondsman Licensing Board uses this appropriation to cover operating expenses and to administer and enforce the provisions of the law relating to the licensing and regulating of professional bail bond companies and bondsmen. The Insurance Department collects \$10 per bond written in the State, and by statute must provide the Board with funding up to the appropriated level each fiscal year. Receipts from examination fees, license renewals and penalties also fund operations of the Board. The Board also uses this appropriation to comply with Section 4 of Act 700 of 1993, which requires the Board to transfer all but 25% of its fund balance to the State Treasury at the end of each fiscal year.

Base Level Regular Salaries and Personal Services Matching includes Career Service payments for eligible employees. Personal Services Matching also includes a \$20 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$410 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay increases. The Base Level request for Regular Salaries includes board member stipend payments.

The Board requests Base Level for each year of the biennium.

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

## Appropriation Summary

**Appropriation:** 1DV - Bail Bondsman-Operations  
**Funding Sources:** MBB - Professional Bail Bondsman Licensing Board

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	2013-2014			2014-2015		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	137,414	133,597	133,987	133,597	133,597	133,597	134,197	134,197	134,197
<b>#Positions</b>		<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>
Personal Services Matching	5010003	42,317	41,789	39,569	42,583	42,583	42,583	42,714	42,714	42,714
Operating Expenses	5020002	90,437	103,386	103,386	103,386	103,386	103,386	103,386	103,386	103,386
Conference & Travel Expenses	5050009	2,079	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Professional Fees	5060010	23,146	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	18,798	6,000	6,000	0	0	0	0	0	0
<b>Total</b>		<b>314,191</b>	<b>322,772</b>	<b>320,942</b>	<b>317,566</b>	<b>317,566</b>	<b>317,566</b>	<b>318,297</b>	<b>318,297</b>	<b>318,297</b>
<b>Funding Sources</b>										
Fund Balance	4000005	214,186	192,769		165,414	165,414	165,414	152,951	152,951	152,951
Cash Fund	4000045	134,626	113,225		110,750	110,750	110,750	110,750	110,750	110,750
AR Insurance Fund	4000100	318,413	320,942		318,413	318,413	318,413	318,413	318,413	318,413
Transfer to General Revenue	4000635	(160,265)	(138,750)		(124,060)	(124,060)	(124,060)	(114,713)	(114,713)	(114,713)
<b>Total Funding</b>		<b>506,960</b>	<b>488,186</b>		<b>470,517</b>	<b>470,517</b>	<b>470,517</b>	<b>467,401</b>	<b>467,401</b>	<b>467,401</b>
<b>Excess Appropriation/(Funding)</b>		<b>(192,769)</b>	<b>(165,414)</b>		<b>(152,951)</b>	<b>(152,951)</b>	<b>(152,951)</b>	<b>(149,104)</b>	<b>(149,104)</b>	<b>(149,104)</b>
<b>Grand Total</b>		<b>314,191</b>	<b>322,772</b>		<b>317,566</b>	<b>317,566</b>	<b>317,566</b>	<b>318,297</b>	<b>318,297</b>	<b>318,297</b>

The FY13 Budget amount in Personal Services Matching exceeds the authorized amount due to matching rate adjustments during the 2011-2013 Biennium. At fiscal year end this agency must transfer all but twenty-five percent (25%) of its fund balance to the General Revenue Fund Account in the State Treasury. The biennial estimates of Cash funding is lower due to increased requirements for starting a bail bond company and associated licensing fees, and a lower estimate of existing companies agent's renewals due to economic conditions.

## **Analysis of Budget Request**

**Appropriation:** 4HD - Treasury Cash Reimbursement

**Funding Sources:** NBB - Cash in Treasury

The Professional Bail Bondsman Licensing Board uses this appropriation to allow the Board to process security deposits and pay outstanding judgments of bail bonds companies that go out of business. This appropriation allows proper accounting of these transactions on the state accounting system.

The Board requests Base Level of \$500,000 for the 2013-2015 Biennium.

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

## Appropriation Summary

**Appropriation:** 4HD - Treasury Cash Reimbursement

**Funding Sources:** NBB - Cash in Treasury

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	Historical Data			2013-2014			2014-2015		
	2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Refunds/Reimbursements 5110014	11,260	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
<b>Total</b>	11,260	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
<b>Funding Sources</b>									
Fund Balance 4000005	67,390	67,390		67,390	67,390	67,390	67,390	67,390	67,390
Cash Fund 4000045	11,260	500,000		500,000	500,000	500,000	500,000	500,000	500,000
<b>Total Funding</b>	78,650	567,390		567,390	567,390	567,390	567,390	567,390	567,390
Excess Appropriation/(Funding)	(67,390)	(67,390)		(67,390)	(67,390)	(67,390)	(67,390)	(67,390)	(67,390)
<b>Grand Total</b>	11,260	500,000		500,000	500,000	500,000	500,000	500,000	500,000

# ARKANSAS PSYCHOLOGY BOARD

## Enabling Laws

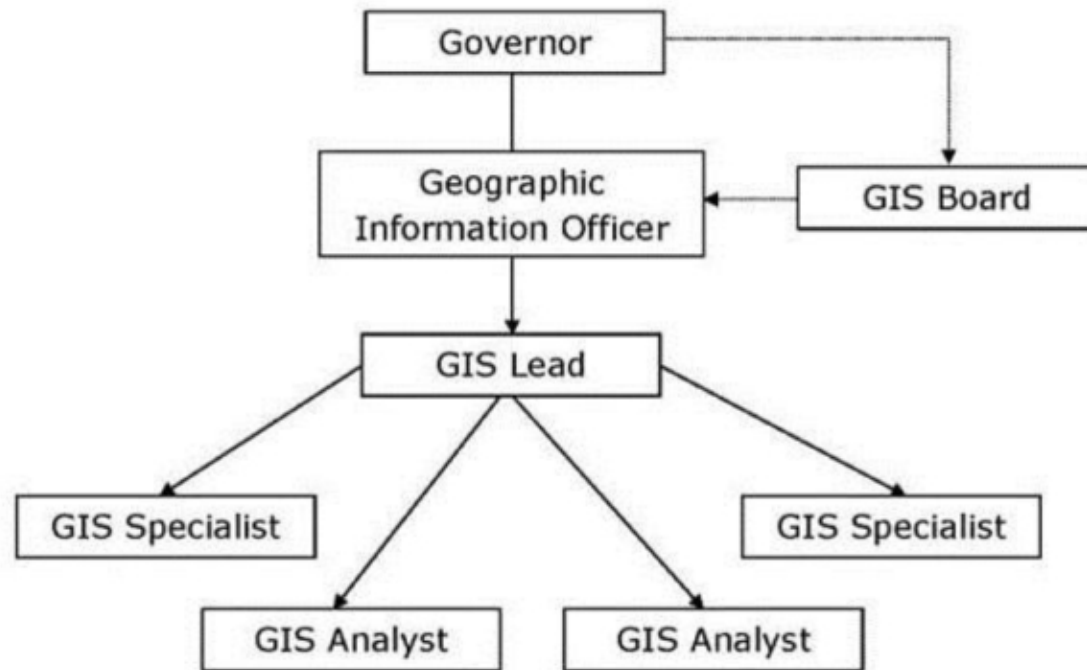
Act 106 of 2012  
A.C.A. §17-97-101, et seq.

## History and Organization

The Arkansas Board of Examiners in Psychology was created by Act 129 of 1955 to regulate the practice of Psychology. The original Act has been amended several times. Act 113 of 1977 added a Consumer Representative to the Board; Act 939 of 1979 added another professional to the Board specifying one member to be a Psychological Examiner; Act 131 of 1983 added a Senior Citizen Representative to the Board; Act 955 of 1995 replaced one academic Psychologist with an additional Psychological Examiner; Act 1482 of 2003 added another academic Psychologist and also renamed the Board to the Arkansas Psychology Board; and most recently Act 1262 of 2005 added the registration of Psychological Technicians.

The major responsibility of the Arkansas Psychology Board is to ensure the citizens of Arkansas are protected from misrepresentation, unethical practice, and/or incompetence in the practice of psychology. The Board is charged by law with regulating the practice of psychology within the State of Arkansas, including, but not limited to, examining and passing upon the qualifications of applicants for the practice of psychology. The Board performs two major functions. The first involves approving the credentials of applicants and then administering both written and oral examinations. The second primary function performed by the Board involves the investigation of possible ethical violations or allegations of incompetent or fraudulent practices.

The Board is charged by law with administering its duties consistent with the Act under which it was organized and authorized to regulate the practice of psychology consistent with the Administrative Procedures Act and in the interest of the public of the State of Arkansas. The Board is now composed of nine individuals: Five Psychologists (doctoral level practitioners), two Psychological Examiners (master's level practitioners), one Consumer Representative, and one Senior Citizen Representative. All members receive reimbursement for actual expenses incurred, but no other remuneration. The Board employs three full time staff members who serve as the Board's Executive Director and Licensing Coordinator.



**Agency Commentary**

The Arkansas Psychology Board’s major responsibility is to ensure that the people of the state are protected from misrepresentation, unethical practice, and/or incompetence in the practice of psychology. Funding for this appropriation consists of fees received from licensees and applicants throughout the year.

The Board is requesting to continue one (1) pool position that was requested and approved during FY12.

The Board is requesting an increase in Operating Expenses each year in the amount of \$11,997 to cover the increased cost of copies and office supplies. The Board is also requesting an increase in Professional Fees in the amount of \$19,998 each year to cover investigator fees due to increased number of complaints and increased fees for the database.

## **Audit Findings**

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
ARKANSAS PSYCHOLOGY BOARD  
FOR THE YEAR ENDED JUNE 30, 2010

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### Findings

The Agency operates out of a bank account and uses an in-house database system to record the majority of its receipts; however, the Agency failed to implement adequate controls to ensure that all receipts were accounted for properly.

- During the course of the engagement, the Agency discovered undeposited checks totaling \$2,118. These checks, received in April 2009, were for various services, including professional examination and license registration fees. Because of the length of time that had passed, the Agency did not deposit the checks upon discovery. However, the Agency indicated that it will attempt to obtain replacement checks for the examination and registration fees.
- A review of 40 receipts from the database revealed the following:
  - o One receipt number had been deleted without explanation.
  - o Two receipts were not deposited timely, in accordance with board policy. One receipt, issued for \$100, was held for 48 days, and the other, issued for \$325, was held for 184 days before deposit into the bank account.
  - o Five receipts, totaling \$625, were part of larger deposits into the bank account but were not recorded as deposits in AASIS until the following month.

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### Recommendations

Establish and implement adequate internal controls and procedures to ensure that all receipts are properly recorded, deposited, and reconciled with other accounting information and systems.

## **State Contracts Over \$25,000 Awarded To Minority Owned Businesses Fiscal Year 2012**

None



## Employment Summary

	Male	Female	Total	%
White Employees	0	2	2	100 %
Black Employees	0	0	0	0 %
Other Racial Minorities	0	0	0	0 %
Total Minorities			0	0 %
Total Employees			2	100 %

## Cash Fund Balance Description as of June 30, 2012

Fund Account	Balance	Type	Location
3230000	\$170,990	Investment & Checking	Treasury Money Mgmt. and US Bank

### Statutory/Other Restrictions on use:

Board operations and processing license applications and renewals.

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

A.C.A. 17-97-101 et seq., fees for copying and services, license application, examination, and license renewal.

### Revenue Receipts Cycle:

Most license and renewal receipts occur during May through July of each year.

### Fund Balance Utilization:

For administrative expenses of board operations.

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Fund Account	Balance	Type	Location
PEP0100	\$3,231	Payroll	Treasury

Statutory/Other Restrictions on use:

Board operations and processing license applications and renewals.

Statutory Provisions for Fees, Fines, Penalties:

A.C.A. 17-97-101 et seq., fees for copying and services, license application, examination, and license renewal.

Revenue Receipts Cycle:

Most license and renewal receipts occur during May through July each year.

Fund Balance Utilization:

For payroll.

**Publications**

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

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
ABEP Directory	None	N	N	1,000	Required by the Rules and Regulations Section 1.3.E(2-6).
ABEP Newsletter	None	N	N	900	Required by the Rules and Regulations Section 1.3.F

**Agency Position Usage Report**

FY2010 - 2011						FY2011 - 2012						FY2012 - 2013					
Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused
	Filled	Unfilled	Total				Filled	Unfilled	Total				Filled	Unfilled	Total		
2	2	1	3	-1	0.00 %	2	2	1	3	-1	0.00 %	2	2	1	3	-1	0.00 %

Total Budgeted positions exceed Authorized amount due to positions authorized from the Central Growth Pool.

## **Analysis of Budget Request**

**Appropriation:** A31 - Cash Operations

**Funding Sources:** 323 - Psychology Examiners - Cash

A.C.A. §17-97-201 established the State Board of Examiners in Psychology. The Board is a cash agency funded from the fees collected primarily for application, testing and renewal. The Board is responsible for regulating the practice of psychology in the State of Arkansas by ensuring that Arkansans are protected from misrepresentation, unethical practices, and/or incompetence in the practice of psychology. This goal is accomplished by licensing psychologists and psychological examiners, registering psychological technicians, and investigating complaints.

Base Level Regular Salaries and Personal Services Matching includes Career Service payments for eligible employees. Personal Services Matching also includes a \$20 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$410 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases.

The Agency is requesting a total Change Level of \$70,809 in appropriation for each of the biennium to provide for the following:

- The continuation of one (1) pool position which approved during FY12; thereby increasing Regular Salaries by \$27,794 and Personal Services Matching by \$11,020 for each of the biennium.
- An increase in Operating Expenses in the amount of \$11,997 for each year of the biennium to cover the increased cost of copies and office supplies.
- An increase in Professional Fees in the amount of \$19,998 for each year of the biennium to cover the cost of investigator fees due to the increased number of complaints and increases in database fees.

The Executive Recommendation provides for Base Level.

## Appropriation Summary

**Appropriation:** A31 - Cash Operations  
**Funding Sources:** 323 - Psychology Examiners - Cash

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	2013-2014			2014-2015		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	74,897	93,532	69,806	65,738	93,532	65,738	65,738	93,532	65,738
<b>#Positions</b>		<b>3</b>	<b>3</b>	<b>2</b>	<b>2</b>	<b>3</b>	<b>2</b>	<b>2</b>	<b>3</b>	<b>2</b>
Personal Services Matching	5010003	25,019	34,514	23,440	24,270	35,290	24,270	24,270	35,290	24,270
Operating Expenses	5020002	91,429	72,846	60,849	60,849	72,846	60,849	60,849	72,846	60,849
Conference & Travel Expenses	5050009	0	3,000	4,000	3,000	3,000	3,000	3,000	3,000	3,000
Professional Fees	5060010	8,333	44,725	24,727	24,727	44,725	24,727	24,727	44,725	24,727
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>		<b>199,678</b>	<b>248,617</b>	<b>182,822</b>	<b>178,584</b>	<b>249,393</b>	<b>178,584</b>	<b>178,584</b>	<b>249,393</b>	<b>178,584</b>
<b>Funding Sources</b>										
Fund Balance	4000005	116,708	174,221		174,221	174,221	174,221	245,637	174,828	245,637
Cash Fund	4000045	257,191	248,617		250,000	250,000	250,000	250,000	250,000	250,000
<b>Total Funding</b>		<b>373,899</b>	<b>422,838</b>		<b>424,221</b>	<b>424,221</b>	<b>424,221</b>	<b>495,637</b>	<b>424,828</b>	<b>495,637</b>
Excess Appropriation/(Funding)		(174,221)	(174,221)		(245,637)	(174,828)	(245,637)	(317,053)	(175,435)	(317,053)
<b>Grand Total</b>		<b>199,678</b>	<b>248,617</b>		<b>178,584</b>	<b>249,393</b>	<b>178,584</b>	<b>178,584</b>	<b>249,393</b>	<b>178,584</b>

FY13 Positions and Budget amounts in Regular Salaries and Personal Services Matching exceed the authorized amounts due to transfers from the Central Growth Pool during the 2011-2013 biennium. FY13 Budget amounts exceeds Authorized Appropriation in Operating Expenses and Professional Fees due to a transfer from the Cash Fund Holding Account.

## Change Level by Appropriation

**Appropriation:** A31 - Cash Operations  
**Funding Sources:** 323 - Psychology Examiners - Cash

### Agency Request

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>178,584</b>	<b>2</b>	<b>178,584</b>	<b>100.0</b>	<b>178,584</b>	<b>2</b>	<b>178,584</b>	<b>100.0</b>
C01	Existing Program	31,995	0	210,579	117.9	31,995	0	210,579	117.9
C06	Restore Position/Approp	38,814	1	249,393	139.7	38,814	1	249,393	139.7

### Executive Recommendation

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>178,584</b>	<b>2</b>	<b>178,584</b>	<b>100.0</b>	<b>178,584</b>	<b>2</b>	<b>178,584</b>	<b>100.0</b>
C01	Existing Program	0	0	178,584	100.0	0	0	178,584	100.0
C06	Restore Position/Approp	0	0	178,584	100.0	0	0	178,584	100.0

### Justification

C01	Represents the total requested increase in Operating Expenses and Professional Fees that result from the increased cost of offices supplies, copying and investigator fees.
C06	Represents the increase in Regular Salaries and Personal Services Matching associated with the continuation of the FY12 approved additional pool position.

# ARKANSAS PUBLIC SERVICE COMMISSION

## Enabling Laws

Act 191 of 2012  
A.C.A., Title 23, Arkansas Public Service Commission  
A.C.A. §23-15-101 to 217, Pipeline Safety Program  
A.C.A. §26-24-101 to 123, and 26-26-1601 to 1616, Tax Division

## History and Organization

### **Utilities Division of the Public Service Commission**

The Arkansas Public Service Commission (Commission or APSC) has general regulatory authority over electric, gas, telecommunications, water and sewer services which are provided to the public for compensation. The Commission does not have regulatory authority over municipally-owned or operated utilities. Additionally, the Commission has limited jurisdiction over small water and sewer utilities and most telecommunications utilities. More specifically, small water and sewer utilities are not subject to Commission jurisdiction unless either the utility or its customers petition the Commission to exercise its regulatory jurisdiction over that utility.

The Commission is charged with the duty of ensuring that a public utility's authorized rates will allow it the opportunity to earn a fair return on invested capital and that the customer does not pay more than necessary to produce a fair return to the utility for its service. In addition, the Commission has the responsibility to ensure that utility service is provided in a safe and adequate manner consistent with the Commission's rules and regulations.

The utilities under the Commission's jurisdiction are listed below:

Investor-Owned Electric Utilities	4
Electric Cooperatives	18
Investor-Owned Gas Utilities	4
Natural Gas Operators	20
Master Meter Gas Operators	151
Water and Sewer Utilities	3
Incumbent Local Exchange Carriers	23
Regional Transmission Organization	1

Competitive Local Exchange Carriers	95
Interexchange Carriers and Private Pay Telephone Providers	<u>156</u>
TOTAL	475

These utilities generate annual revenues in Arkansas of approximately \$5.7 billion, of which \$4.5 billion are jurisdictional revenues.

The APSC consists of three Commissioners appointed by the Governor for overlapping six-year terms. The agency has 115 regular staff positions divided into two Divisions: The Utilities Division and the Tax Division.

The Commissioners have oversight responsibility for both Divisions.

The Utilities Division, including the partially federally reimbursed Pipeline Safety Office, has 100 authorized regular positions. This total includes the Commissioners and their immediate staff, which encompasses their Administrative Law Judges and Legal Section, Research and Policy Development Section, the Office of the Secretary of the Commission, the Administrative Services Section, the Information Technology Section, and the Executive Director including the nine General Staff Sections.

**Tax Division of the Public Service Commission**

The Tax Division of the Arkansas Public Service Commission is responsible for performing all functions and duties regarding the annual assessment, for property taxation purposes, of public utilities and carriers operating in Arkansas.

The Tax Division was created by the General Assembly as part of the Board of Railroad Commissioners in 1883. Under the authority of the Arkansas Constitution, Article 16, § 5, the General Assembly vested the Board with the power of original assessment of certain railroad property for the purpose of taxation. Through the years, the Tax Division’s responsibilities have been broadened to include assessment of public utility property and the administration and enforcement of the tax laws related to public utilities and carriers. The Tax Division has been placed under the direction and supervision of the Arkansas Public Service Commission.

For the purpose of assessment, the Tax Division determines the fair market value of the property of all public utilities and carriers doing business in Arkansas. Once the Tax Division determines the fair market value, it calculates an assessed value which is distributed to the counties where the utility and railroad property is located for the calculation of property taxes due. The property tax revenue which results from the assessments made by the Division is a significant source of monetary support for the schools, cities, and counties of Arkansas.

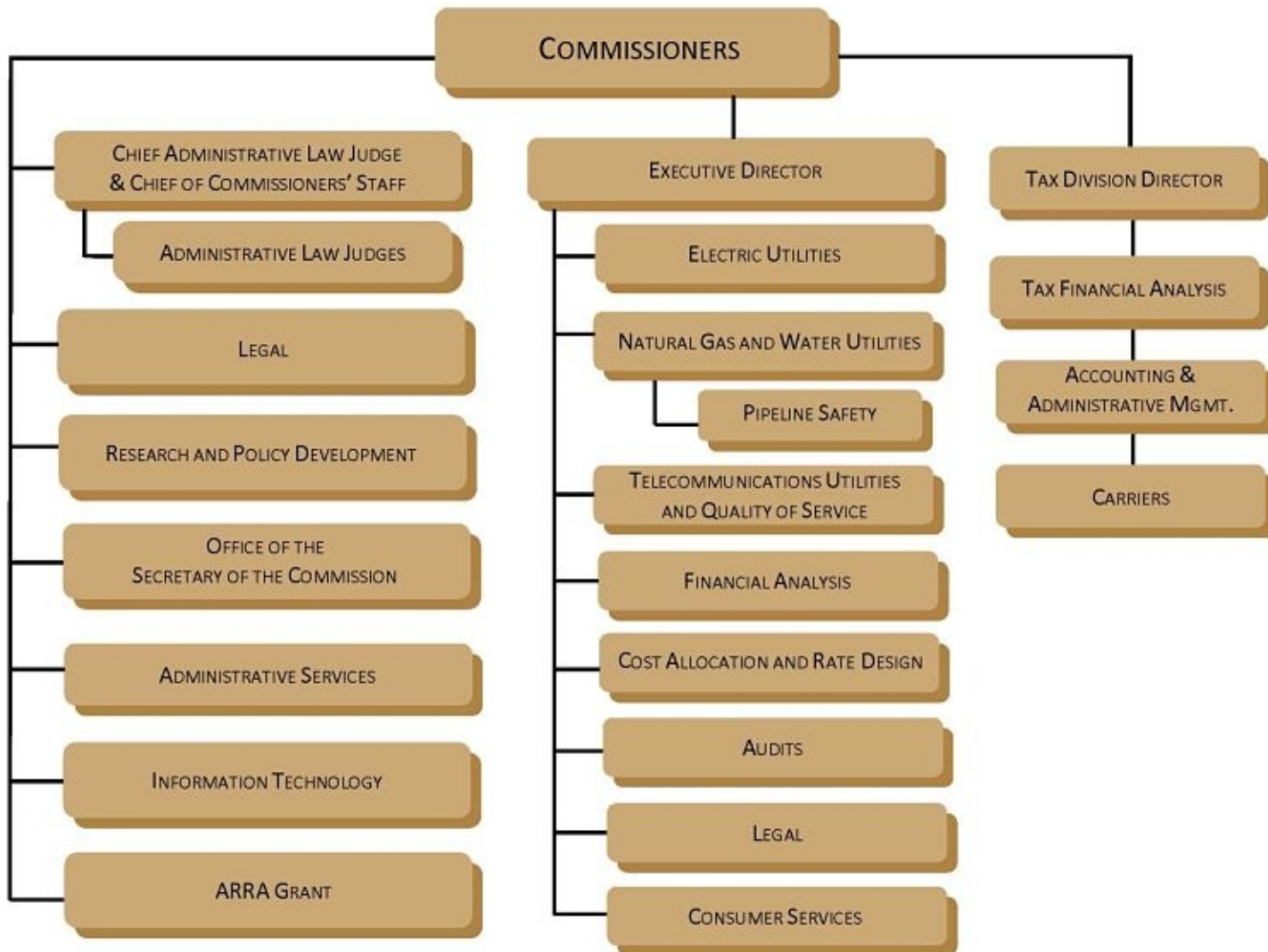
Annually, the Tax Division determines the property tax assessments for public utilities and carriers in accordance with Title 26 of Arkansas Code Annotated (1997). Once determined, the assessments placed on the property of public utilities are approved by the Arkansas Public Service Commission. The assessments placed on the property of carriers are approved by the Arkansas Highway Commission.

With certain exceptions, the Tax Division certifies the approved assessments on utility and carrier property to the counties in which the property is located by the fifteenth of July each year. The various county assessors then place these assessment amounts on the property tax rolls. The exceptions are the assessments on the personal property of bus lines, motor carriers, airlines, barge lines, and private car companies, which are certified to the Department of Finance and Administration after the average state millage rate has been determined and applied to the assessments.

In 2011, the Tax Division assessed over 41,000 companies, with assessments rendered by the Tax Division totaling \$3,528,000,000. Revenue generated from these assessments provides approximately \$146,000,000 annually for the support of schools, cities, and counties. Annual tax revenue of approximately \$18,257,000 resulting from these assessments is used to partially fund the Tax Division, the Assessment Coordination Department, and the Division of Local Affairs and Audits of the Division of Legislative Audit.

The Tax Division has an authorized staff of 15 full-time positions and five Extra Help positions. The Division, for functional purposes, is organized into three smaller sections: the Tax Financial Analysis Section, which determines assessments for public utilities and carriers and determines financial inputs necessary for such assessments; the Motor Carrier Section, which determines assessments for all motor carrier companies and certain other types of carriers; and the Accounting & Administrative Management Section, which distributes and prepares the certification of the assessments, assists the other sections in determining utility and carrier assessments, and assists in Division administration.





## **Agency Commentary**

### **Utilities Division of the Public Service Commission**

The Arkansas Public Service Commission (Commission or APSC) has general regulatory authority over electric, gas, telecommunications, water and sewer services which are provided to the public for compensation. The Commission is charged with the duty of ensuring that a public utility charges rates that will allow it the opportunity to earn a fair rate of return on invested capital and that the customer does not pay more than necessary to produce a fair return to the utility for its service. Funding for the Arkansas Public Service Commission - Utilities Division comes from special revenues derived from assessments on jurisdictional utility companies' revenues.

Base Level for the Utilities Division is \$9,604,296 for FY14 and \$9,606,277 for FY15, with 88 full-time positions and 6 Extra Help positions budgeted for each fiscal year. The Contingency appropriation has a Total Base Level of \$1,000,000 for each fiscal year. Utilization of the Contingency appropriation is only in the case of unforeseen events with the approval of the Governor and review by the Arkansas Legislative Council.

Change level for the Utilities Division of \$21,000 is requested each year of the 2013-2015 Biennium in Capital Outlay for the replacement of one state vehicle in each year. The Agency also requests the reclassification of two positions and the continuation of two positions obtained from the growth pool. The agency will not budget a Grade C129, Director of Cost Allocation and Rate Design, and a Grade C126, Attorney Specialist to offset the additions.

The Pipeline Safety Office (PSO) of the Arkansas Public Service Commission has primary safety jurisdiction and authority to ensure that natural gas operators are in compliance with the *Arkansas Gas Pipeline Code*. Compliance is determined through periodic inspections of safety, corrosion, and leakage control which are performed on 24 intra-state natural gas operators and 151 operators covering 184 master-metered gas systems. Funding for the Pipeline Safety Office comes from special revenues derived from assessments on jurisdictional natural gas operators. In addition, the Pipeline Safety Office receives a partial federal reimbursement. The federal Department of Transportation - Office of Pipeline Safety provides reimbursement funding up to fifty percent of actual expenditures for salaries, equipment and related pipeline safety expenses.

The Pipeline Safety Office Base Level is \$830,247 in each year of the 2013-2015 Biennium, with ten positions authorized for each fiscal year.

Change level requests for the Pipeline Safety Office totaling \$29,363 and \$39,363 respectively, are requested each year of the 2013-2015 Biennium for Operating Expenses and Capital Outlay. Capital Outlay requests are for the purchase of a Remote Methane Laser Detector (RMLD) in fiscal year 2014 and the replacement of one vehicle in fiscal year 2015. Due to an increase in inspection requirements by the Pipeline and Hazardous Materials Safety Administration the Operating Expenses request will allow the Pipeline Safety Program to perform the required inspections.

The Commission is also requesting continuation of 3 positions and \$326,156 in the first year only to complete a federally funded ARRA program that was originally approved by a miscellaneous federal grant in January, 2010.

**Tax Division of the Public Service Commission**

The Tax Division of the Arkansas Public Service Commission is responsible for performing all functions and duties regarding the annual assessment, for property taxation purposes, of public utilities and carriers operating in Arkansas. The property tax revenue which results from the assessments made by the Tax Division is a significant source of monetary support for the schools, cities, and counties of Arkansas. In 2011, the Tax Division assessed over 41,000 companies. Revenue generated from these assessments provides approximately \$146,000,000 annually for the support of schools, cities, and counties. In addition, a portion of ad valorem revenues is used to partially fund the Tax Division, the Assessment Coordination Department and the Division of Local Affairs and Audits of the Division of Legislative Audit.

For the 2013-2015 Biennium, the Tax Division is requesting Base Level as an operating budget.

**Audit Findings**

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
ARKANSAS PSYCHOLOGY BOARD  
FOR THE YEAR ENDED JUNE 30, 2011

Findings

Recommendations

None

None

## State Contracts Over \$25,000 Awarded To Minority Owned Businesses Fiscal Year 2012

None

### Employment Summary

	Male	Female	Total	%
White Employees	47	40	87	82 %
Black Employees	2	16	18	17 %
Other Racial Minorities	1	0	1	1 %
	Total Minorities		19	18 %
	Total Employees		106	100 %

### Publications

#### A.C.A. 25-1-204

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
PSC Annual Report	A.C.A. 23-2-315 and A.C.A. 13-2-212	Y	N	31	Required by Statute. One copy provided to the Governor and 30 copies to the State Library.
Tax Division Biennial Report	A.C.A. 26-24-121 and A.C.A. 13-2-212	Y	N	31	Required by Statute. One copy provided to the Governor and 30 copies to the State Library.
Utility Rate Case Report	A.C.A. 23-4-420 and A.C.A. 13-2-212	Y	Y	167	Required by Statute. One copy provided to the Governor, 136 copies to the General Assembly, and 30 copies to the State Library.

# Department Appropriation Summary

## Historical Data

## Agency Request and Executive Recommendation

Appropriation	2011-2012		2012-2013		2012-2013		2013-2014						2014-2015					
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
255 Utilities Division-Operations	9,212,601	86	9,822,971	90	10,081,016	90	9,604,296	88	9,856,143	90	9,848,361	90	9,606,277	88	9,858,124	90	9,850,342	90
256 Pipeline Safety Program	809,677	10	890,025	10	945,368	10	830,247	10	859,610	10	859,610	10	830,247	10	869,610	10	869,610	10
257 Tax Division-Operations	1,091,692	15	1,319,112	15	1,711,090	15	1,724,651	15	1,724,651	15	1,724,651	15	1,724,651	15	1,724,651	15	1,724,651	15
2KA Contingency	0	0	0	0	1,000,000	0	1,000,000	0	1,000,000	0	1,000,000	0	1,000,000	0	1,000,000	0	1,000,000	0
82X ARRA Federal	235,093	3	410,896	3	822,779	3	0	0	326,756	3	326,756	3	0	0	0	0	0	0
<b>Total</b>	<b>11,349,063</b>	<b>114</b>	<b>12,443,004</b>	<b>118</b>	<b>14,560,253</b>	<b>118</b>	<b>13,159,194</b>	<b>113</b>	<b>13,767,160</b>	<b>118</b>	<b>13,759,378</b>	<b>118</b>	<b>13,161,175</b>	<b>113</b>	<b>13,452,385</b>	<b>115</b>	<b>13,444,603</b>	<b>115</b>

Funding Sources		%		%		%		%		%		%		%		%	
Fund Balance	4000005	5,291,452	31.8	5,309,379	30.2	5,158,761	28.5	5,158,761	28.0	5,158,761	28.0	4,919,128	27.0	4,637,918	25.9	4,645,700	25.9
Federal Revenue	4000020	356,747	2.1	445,012	2.5	429,805	2.4	429,805	2.3	429,805	2.3	434,805	2.4	434,805	2.4	434,805	2.4
Special Revenue	4000030	9,874,248	59.3	10,711,478	60.9	11,764,756	65.1	11,764,756	63.9	11,764,756	63.9	12,110,286	66.6	12,110,286	67.6	12,110,286	67.6
Ad Valorem Tax	4000060	900,902	5.4	725,000	4.1	725,000	4.0	725,000	3.9	725,000	3.9	725,000	4.0	725,000	4.0	725,000	4.0
Federal Funds-ARRA	4000244	235,093	1.4	410,896	2.3	0	0.0	326,756	1.8	326,756	1.8	0	0.0	0	0.0	0	0.0
<b>Total Funds</b>		<b>16,658,442</b>	<b>100.0</b>	<b>17,601,765</b>	<b>100.0</b>	<b>18,078,322</b>	<b>100.0</b>	<b>18,405,078</b>	<b>100.0</b>	<b>18,405,078</b>	<b>100.0</b>	<b>18,189,219</b>	<b>100.0</b>	<b>17,908,009</b>	<b>100.0</b>	<b>17,915,791</b>	<b>100.0</b>
Excess Appropriation/(Funding)		(5,309,379)		(5,158,761)		(4,919,128)		(4,637,918)		(4,645,700)		(5,028,044)		(4,455,624)		(4,471,188)	
<b>Grand Total</b>		<b>11,349,063</b>		<b>12,443,004</b>		<b>13,159,194</b>		<b>13,767,160</b>		<b>13,759,378</b>		<b>13,161,175</b>		<b>13,452,385</b>		<b>13,444,603</b>	

## Agency Position Usage Report

FY2010 - 2011						FY2011 - 2012						FY2012 - 2013					
Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused
	Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total	
115	111	7	118	-3	3.48 %	118	103	13	116	2	12.71 %	118	102	15	117	1	13.56 %

Total Budgeted positions exceed Authorized due to positions authorized through the Miscellaneous Federal Grant process.

## **Analysis of Budget Request**

**Appropriation:** 255 - Utilities Division-Operations

**Funding Sources:** SJP - Public Service Commission Fund

The Public Service Commission - Utilities Division is funded entirely by special revenues derived from assessments paid by the utility companies under its jurisdiction, as authorized in A.C.A. § 19-6-406. Base Level for the Division totals \$9,604,296 for FY14 and \$9,606,277 for FY15, with 88 budgeted positions.

Base Level Regular Salaries and Personal Services Matching include Career Service payments for eligible employees. Personal Services Matching also includes a \$20 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$410 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases. The Base Level salaries of unclassified positions reflect the FY13 line item maximums.

Requested changes total \$251,847 each year and are listed as follows:

- Capital Outlay of \$21,000 each year for replacement of vehicles.
- \$202,721 each year in salaries and matching for continuation of two positions, Director of Rates and Demand Resources and an Administrative Law Judge, Grade N906, obtained from the growth pool in May and July, 2012.
- Reclassification of two positions: An Administrative Specialist I to PSC Rate Case Analyst and a Legal Support Specialist to Administrative Analyst, with salary and matching costs of \$28,126 each year.
- Continuation of special language for contingency transfers.

The Executive Recommendation provides for the Agency Request, but does not include reclassification of the Legal Support Specialist position to Administrative Analyst.

# Appropriation Summary

**Appropriation:** 255 - Utilities Division-Operations

**Funding Sources:** SJP - Public Service Commission Fund

## Historical Data

## Agency Request and Executive Recommendation

Commitment Item		Historical Data			2013-2014			2014-2015		
		2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	5,610,847	5,537,421	5,840,803	5,363,396	5,544,624	5,541,904	5,364,296	5,545,524	5,542,804
<b>#Positions</b>		<b>86</b>	<b>90</b>	<b>90</b>	<b>88</b>	<b>90</b>	<b>90</b>	<b>88</b>	<b>90</b>	<b>90</b>
Extra Help	5010001	1,973	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000
<b>#Extra Help</b>		<b>1</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>
Personal Services Matching	5010003	1,561,950	1,638,881	1,593,544	1,615,231	1,664,850	1,659,788	1,616,312	1,665,931	1,660,869
Overtime	5010006	539	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Operating Expenses	5020002	891,151	1,055,997	1,055,997	1,055,997	1,055,997	1,055,997	1,055,997	1,055,997	1,055,997
Conference & Travel Expenses	5050009	53,393	68,922	68,922	68,922	68,922	68,922	68,922	68,922	68,922
Professional Fees	5060010	0	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	21,000	21,000	0	21,000	21,000	0	21,000	21,000
Special Maintenance	5120032	21,770	24,319	24,319	24,319	24,319	24,319	24,319	24,319	24,319
Fed Regulatory Services	5900040	237,956	290,575	290,575	290,575	290,575	290,575	290,575	290,575	290,575
Professional Services	5900043	740,807	998,000	998,000	998,000	998,000	998,000	998,000	998,000	998,000
Data Processing Services	5900044	92,215	138,856	138,856	138,856	138,856	138,856	138,856	138,856	138,856
<b>Total</b>		<b>9,212,601</b>	<b>9,822,971</b>	<b>10,081,016</b>	<b>9,604,296</b>	<b>9,856,143</b>	<b>9,848,361</b>	<b>9,606,277</b>	<b>9,858,124</b>	<b>9,850,342</b>
<b>Funding Sources</b>										
Fund Balance	4000005	1,988,498	1,714,124		1,714,124	1,714,124	1,714,124	1,965,971	1,714,124	1,721,906
Special Revenue	4000030	8,938,227	9,822,971		9,856,143	9,856,143	9,856,143	9,858,124	9,858,124	9,858,124
<b>Total Funding</b>		<b>10,926,725</b>	<b>11,537,095</b>		<b>11,570,267</b>	<b>11,570,267</b>	<b>11,570,267</b>	<b>11,824,095</b>	<b>11,572,248</b>	<b>11,580,030</b>
Excess Appropriation/(Funding)		(1,714,124)	(1,714,124)		(1,965,971)	(1,714,124)	(1,721,906)	(2,217,818)	(1,714,124)	(1,729,688)
<b>Grand Total</b>		<b>9,212,601</b>	<b>9,822,971</b>		<b>9,604,296</b>	<b>9,856,143</b>	<b>9,848,361</b>	<b>9,606,277</b>	<b>9,858,124</b>	<b>9,850,342</b>

FY13 Budget amount in Personal Services Matching exceeds the Authorized amount due to matching rate adjustments during the 2011-2013 Biennium.



## Change Level by Appropriation

**Appropriation:** 255 - Utilities Division-Operations  
**Funding Sources:** SJP - Public Service Commission Fund

### Agency Request

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>9,604,296</b>	<b>88</b>	<b>9,604,296</b>	<b>100.0</b>	<b>9,606,277</b>	<b>88</b>	<b>9,606,277</b>	<b>100.0</b>
C01	Existing Program	21,000	0	9,625,296	100.2	21,000	0	9,627,277	100.2
C06	Restore Position/Approp	202,721	2	9,828,017	102.3	202,721	2	9,829,998	102.3
C10	Reclass	28,126	0	9,856,143	102.6	28,126	0	9,858,124	102.6

### Executive Recommendation

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>9,604,296</b>	<b>88</b>	<b>9,604,296</b>	<b>100.0</b>	<b>9,606,277</b>	<b>88</b>	<b>9,606,277</b>	<b>100.0</b>
C01	Existing Program	21,000	0	9,625,296	100.2	21,000	0	9,627,277	100.2
C06	Restore Position/Approp	202,721	2	9,828,017	102.3	202,721	2	9,829,998	102.3
C10	Reclass	20,344	0	9,848,361	102.5	20,344	0	9,850,342	102.5

### Justification

C01	Capital Outlay request in the amount of \$21,000 for the replacement of one vehicle for each year.
C06	This request is for the continuation of two positions, Director of Rates and Demand Resources, Grade N906, and PSC Administrative Law Judge, Grade N906, obtained from the growth pool in May and July, 2012.
C10	This request is for the reclassification of an Administrative Specialist I position, grade C106 to a PSC Rate Case Analyst position, grade C121. The reclassification is needed to provide assistance in the Electric Section to address the various issues confronting the electric utility industry. Also requested is the reclassification of a Legal Support Specialist position, grade C113 to an Administrative Analyst position, grade C115 which will better match the duties the position is required to perform.

## **Analysis of Budget Request**

**Appropriation:** 256 - Pipeline Safety Program

**Funding Sources:** SAD - Public Service Utility Safety Fund

The Public Service Commission's Pipeline Safety Program is funded by special revenue inspection fees charged annually to each company according to its pipeline mileage in Arkansas, as authorized in Arkansas Code § 23-15-214 et seq. The Program is also eligible for federal reimbursement for up to 50% of its expenditures. Under this program, the Commission maintains safety jurisdiction and monitors the transmission by pipeline of hazardous materials, such as gasoline, oil, and natural gas.

Base Level Regular Salaries and Personal Services Matching include Career Service payments for eligible employees. Personal Services Matching also includes a \$20 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$410 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases.

Base Level for this program is \$830,247 each year. Requested changes total \$29,363 for FY14 and \$39,363 for FY15 and are listed as follows:

- Capital Outlay of \$15,000 in the first year for purchase of a Remote Methane Laser Detector.
- Capital Outlay of \$25,000 in the second year for replacement of one four-wheel drive vehicle.
- The addition of \$14,363 each year in Operating Expenses for training and travel costs to meet new and increased inspection requirements of the Pipeline and Hazardous Materials Safety Administration.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 256 - Pipeline Safety Program  
**Funding Sources:** SAD - Public Service Utility Safety Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		2011-2012	2012-2013	2012-2013	2013-2014			2014-2015		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	538,473	574,753	630,185	543,305	543,305	543,305	543,305	543,305	543,305
<b>#Positions</b>		<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>
Personal Services Matching	5010003	153,135	172,786	172,697	168,456	168,456	168,456	168,456	168,456	168,456
Operating Expenses	5020002	79,481	90,637	97,637	90,637	105,000	105,000	90,637	105,000	105,000
Conference & Travel Expenses	5050009	18,148	25,620	12,620	25,620	25,620	25,620	25,620	25,620	25,620
Professional Fees	5060010	1,203	2,229	8,229	2,229	2,229	2,229	2,229	2,229	2,229
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	19,237	24,000	24,000	0	15,000	15,000	0	25,000	25,000
<b>Total</b>		<b>809,677</b>	<b>890,025</b>	<b>945,368</b>	<b>830,247</b>	<b>859,610</b>	<b>859,610</b>	<b>830,247</b>	<b>869,610</b>	<b>869,610</b>
<b>Funding Sources</b>										
Fund Balance	4000005	1,064,809	1,252,610		1,456,615	1,456,615	1,456,615	1,485,978	1,456,615	1,456,615
Federal Revenue	4000020	356,747	445,012		429,805	429,805	429,805	434,805	434,805	434,805
Special Revenue	4000030	640,731	649,018		429,805	429,805	429,805	434,805	434,805	434,805
<b>Total Funding</b>		<b>2,062,287</b>	<b>2,346,640</b>		<b>2,316,225</b>	<b>2,316,225</b>	<b>2,316,225</b>	<b>2,355,588</b>	<b>2,326,225</b>	<b>2,326,225</b>
Excess Appropriation/(Funding)		(1,252,610)	(1,456,615)		(1,485,978)	(1,456,615)	(1,456,615)	(1,525,341)	(1,456,615)	(1,456,615)
<b>Grand Total</b>		<b>809,677</b>	<b>890,025</b>		<b>830,247</b>	<b>859,610</b>	<b>859,610</b>	<b>830,247</b>	<b>869,610</b>	<b>869,610</b>

FY13 Budget amount in Personal Services Matching exceeds the Authorized amount due to matching rate adjustments during the 2011-2013 Biennium.

Budget exceeds Authorized Appropriation in Conference & Travel Expenses by authority of a Budget Classification Transfer.

## Change Level by Appropriation

**Appropriation:** 256 - Pipeline Safety Program  
**Funding Sources:** SAD - Public Service Utility Safety Fund

### Agency Request

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>830,247</b>	<b>10</b>	<b>830,247</b>	<b>100.0</b>	<b>830,247</b>	<b>10</b>	<b>830,247</b>	<b>100.0</b>
C01	Existing Program	29,363	0	859,610	103.5	39,363	0	869,610	104.7

### Executive Recommendation

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>830,247</b>	<b>10</b>	<b>830,247</b>	<b>100.0</b>	<b>830,247</b>	<b>10</b>	<b>830,247</b>	<b>100.0</b>
C01	Existing Program	29,363	0	859,610	103.5	39,363	0	869,610	104.7

### Justification

C01	This request is for Capital Outlay of \$15,000 in fiscal year 2014 for the purchase of a Remote Methane Laser Detector and \$25,000 in fiscal year 2015 for the replacement of one vehicle. A request for an increase in Operating Expenses in the amount of \$14,363 for each year of the biennium to allow the Pipeline Safety Office to meet new inspection requirements by the Pipeline and Hazardous Materials Safety Administration. This includes required training and operating expenses to enable the increased number of inspections.
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## **Analysis of Budget Request**

**Appropriation:** 257 - Tax Division-Operations

**Funding Sources:** HTD - Tax Division Fund

The Public Service Commission - Tax Division's appropriation is funded by special revenues transferred from the Public Service Commission Fund, the Division's share of ad valorem taxes, as authorized in Arkansas Code §19-5-1024, and general revenues, if needed. Base Level is \$1,724,651 each year, with 15 positions authorized and budgeted.

Base Level Regular Salaries and Personal Services Matching include Career Service payments for eligible employees. Personal Services Matching also includes a \$20 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$410 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases.

The Division is requesting continuation of Base Level only and continuation of special language that governs transfers from the Contingency line item.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 257 - Tax Division-Operations

**Funding Sources:** HTD - Tax Division Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
	2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	2013-2014			2014-2015		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	709,894	728,168	733,100	729,568	729,568	729,568	729,568	729,568	729,568
<b>#Positions</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>
Extra Help 5010001	0	38,238	38,238	38,238	38,238	38,238	38,238	38,238	38,238
<b>#Extra Help</b>	<b>0</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>
Personal Services Matching 5010003	220,518	233,847	220,893	237,986	237,986	237,986	237,986	237,986	237,986
Overtime 5010006	0	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Operating Expenses 5020002	149,842	201,359	201,359	201,359	201,359	201,359	201,359	201,359	201,359
Conference & Travel Expenses 5050009	11,438	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500
Professional Fees 5060010	0	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Capital Outlay 5120011	0	0	0	0	0	0	0	0	0
Contingency 5130018	0	0	400,000	400,000	400,000	400,000	400,000	400,000	400,000
<b>Total</b>	<b>1,091,692</b>	<b>1,319,112</b>	<b>1,711,090</b>	<b>1,724,651</b>	<b>1,724,651</b>	<b>1,724,651</b>	<b>1,724,651</b>	<b>1,724,651</b>	<b>1,724,651</b>
<b>Funding Sources</b>									
Fund Balance 4000005	1,238,145	1,342,645		988,022	988,022	988,022	467,179	467,179	467,179
Special Revenue 4000030	295,290	239,489		478,808	478,808	478,808	817,357	817,357	817,357
Ad Valorem Tax 4000060	900,902	725,000		725,000	725,000	725,000	725,000	725,000	725,000
<b>Total Funding</b>	<b>2,434,337</b>	<b>2,307,134</b>		<b>2,191,830</b>	<b>2,191,830</b>	<b>2,191,830</b>	<b>2,009,536</b>	<b>2,009,536</b>	<b>2,009,536</b>
Excess Appropriation/(Funding)	(1,342,645)	(988,022)		(467,179)	(467,179)	(467,179)	(284,885)	(284,885)	(284,885)
<b>Grand Total</b>	<b>1,091,692</b>	<b>1,319,112</b>		<b>1,724,651</b>	<b>1,724,651</b>	<b>1,724,651</b>	<b>1,724,651</b>	<b>1,724,651</b>	<b>1,724,651</b>

FY13 Budget amount in Personal Services Matching exceeds the Authorized amount due to matching rate adjustments during the 2011-2013 Biennium.

## **Analysis of Budget Request**

**Appropriation:** 2KA - Contingency

**Funding Sources:** SJP - Public Service Commission Fund

The Public Service Commission - Utilities Division's Contingency appropriation provides additional spending authority that may be transferred to the Division's operating line items in emergency situations that would require additional resources. Funding for this appropriation is from Special Revenue balances held in the Public Service Commission Fund to support any transfers that may be made.

The Agency requests that this appropriation be continued at its current authorized level of \$1,000,000 each year and that special language governing transfers during emergencies and unforeseen circumstances also be continued for the 2013-2015 Biennium.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 2KA - Contingency  
**Funding Sources:** SJP - Public Service Commission Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	2011-2012	2012-2013	2012-2013	2013-2014			2014-2015		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Contingency 5130018	0	0	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Total	0	0	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
<b>Funding Sources</b>									
Fund Balance 4000005	1,000,000	1,000,000		1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Special Revenue 4000030	0	0		1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Total Funding	1,000,000	1,000,000		2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Excess Appropriation/(Funding)	(1,000,000)	(1,000,000)		(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)
Grand Total	0	0		1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000



## **Analysis of Budget Request**

**Appropriation:** 82X - ARRA Federal

**Funding Sources:** FPS - Public Service Commission - Federal

This program employs ARRA federal funding for the purpose of assisting with the planning and management of electricity-related endeavors that include various approaches to conservation and energy efficiency.

The Commission is requesting continuation in the first year only for 3 positions and \$326,756 to complete a program that was originally approved by a miscellaneous federal grant in January, 2010. The grant award period that makes these funds available extends to October 31, 2013.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 82X - ARRA Federal

**Funding Sources:** FPS - Public Service Commission - Federal

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	2013-2014			2014-2015		
				Base Level	Agency	Executive	Base Level	Agency	Executive
ARRA of 2009 5900052	235,093	410,896	822,779	0	326,756	326,756	0	0	0
Total	235,093	410,896	822,779	0	326,756	326,756	0	0	0
<b>Funding Sources</b>									
Federal Funds-ARRA 4000244	235,093	410,896		0	326,756	326,756	0	0	0
Total Funding	235,093	410,896		0	326,756	326,756	0	0	0
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	235,093	410,896		0	326,756	326,756	0	0	0

Agency Change Level request consists of ARRA appropriation and 3 positions due to the extension of ARRA funding into FY14 by the federal granting agency.

## Change Level by Appropriation

**Appropriation:** 82X - ARRA Federal

**Funding Sources:** FPS - Public Service Commission - Federal

### Agency Request

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
C16	ARRA	326,756	3	326,756	100.0	0	0	0	0.0

### Executive Recommendation

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
C16	ARRA	326,756	3	326,756	100.0	0	0	0	0.0

### Justification

C16	The Commission is requesting continuation of 3 positions and \$326,156 in the first year only to complete a federally funded ARRA program that was originally approved by a miscellaneous federal grant in January, 2010.								
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# ARKANSAS REAL ESTATE COMMISSION

## Enabling Laws

Act 125 of 2012

A.C.A. §17-42-101 et seq.

A.C.A. §17-42-401 et seq.

A.C.A. §17-42-501 et seq.

A.C.A. §18-14-101 et seq.

## History and Organization

Act 148 of 1929, as amended, created the Arkansas Real Estate Commission (AREC) for the purpose of regulating and licensing real estate brokers and salespersons in accordance with the real estate license law.

The mission of the Arkansas Real Estate Commission is to protect the public interest. That mission charges the Commission with the responsibility of administering the Real Estate License Law (A.C.A. §17-42-101 et seq.), the Real Estate Recovery Fund (A.C.A. §17-42-401 et seq.), the Continuing Education Program (A.C.A. §17-42-501 et seq.), and the Time-Share Law (A.C.A. §18-14-101 et seq.).

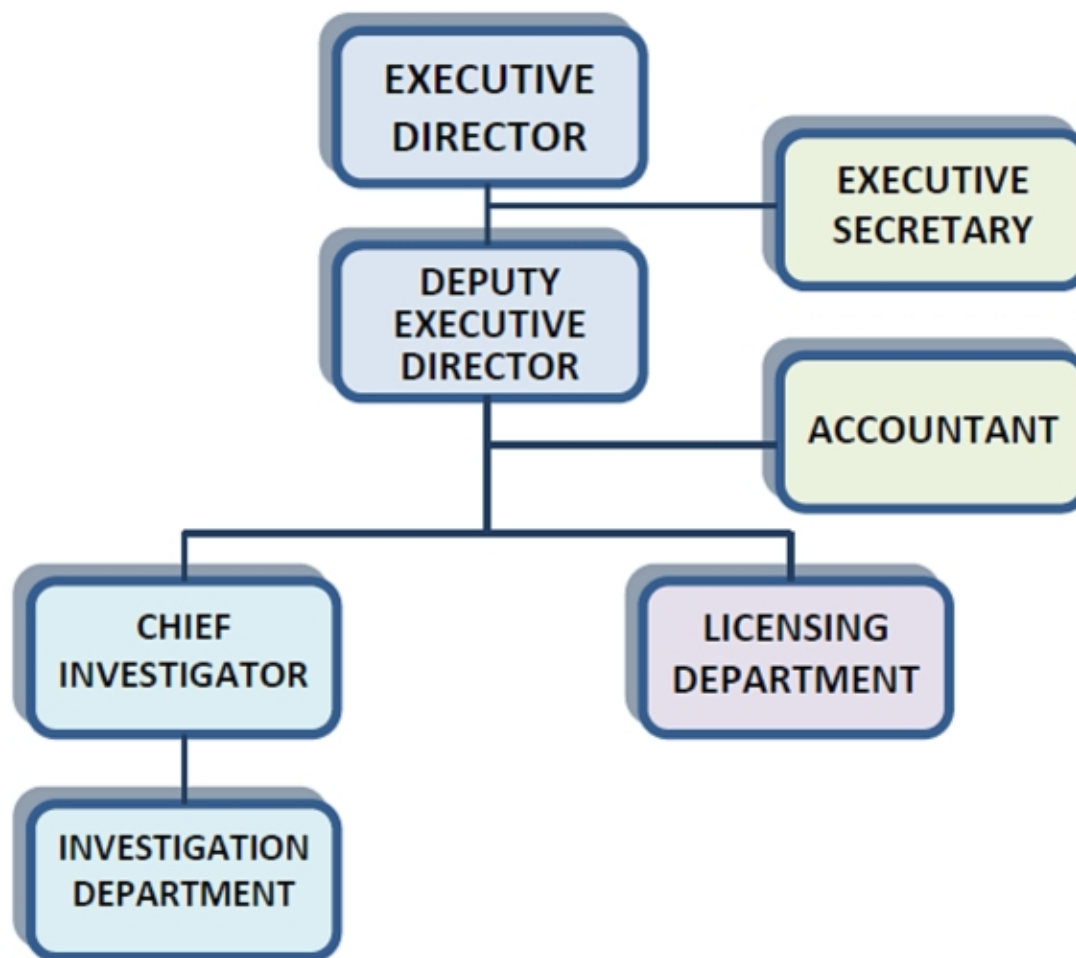
The Real Estate Commission consists of five members appointed by the Governor for three year terms. Three Commission members are from the real estate profession, one Commission member serves as a consumer representative, and one Commission member serves as an elderly representative. Responsibilities are discharged through a staff directed by an Executive Director who is employed by the Commission.

The Agency's primary activities include licensing real estate brokers and salespersons, investigating complaints about real estate transactions, conducting Disciplinary and Recovery Fund hearings, and administering the Continuing Education and Time-Share programs.

The Licensing Section is responsible for reviewing applications of individuals who are applying to take the Arkansas real estate exam, issuing licenses to persons who enter the profession, and annually renewing licenses issued to real estate brokers and salespersons.

The Investigative Section is responsible for investigating complaints received from members of the public concerning alleged violations of the Real Estate License Law or Time-Share Law. Each complaint investigated is either dismissed or scheduled for a disciplinary hearing before the Commission.

The Commission is responsible for administering the Recovery Fund, which was established to pay damage claims to members of the public who have suffered monetary loss specifically attributable to real estate brokers and/or salespersons who have been found, in disciplinary actions before the Commission, to have violated the Real Estate License Law or Regulations. The Recovery Fund is also used for real estate educational purposes.



## **Agency Commentary**

For the Arkansas Real Estate Commission (AREC), the budget requests contained herein affect each of the operating programs, Cash Operations, supported by the general cash fund, and the Real Estate Recovery Program, funded by the Recovery Fund. Funding for the biennial budget request will be provided from fund balances and fees to be collected.

The only change requested in the Cash Operations Program is the reclassification of an Administrative Specialist I position to an AREC Education Coordinator to conduct a program of licensing and training for providers who offer training in the various real estate courses for AREC licensees.

Base level is the request for the Real Estate Recovery Program.

## **Audit Findings**

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
ARKANSAS REAL ESTATE COMMISSION  
FOR THE YEAR ENDED JUNE 30, 2011

Findings

Recommendations

None

None

## **State Contracts Over \$25,000 Awarded To Minority Owned Businesses Fiscal Year 2012**

None

## Employment Summary

	Male	Female	Total	%
White Employees	3	8	11	79 %
Black Employees	0	3	3	21 %
Other Racial Minorities	0	0	0	0 %
Total Minorities			3	21 %
Total Employees			14	100 %

## Publications

### A.C.A. 25-1-204

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
AR Real Estate Commission Newsletter	ACA 17-42-404 & 17-42-203	N	N	48,000	Education & enforcement: Articles about real estate practice, law, regulations & hearings help licensees comply with AREC requirements, which protects the public.

# Department Appropriation Summary

## Historical Data

## Agency Request and Executive Recommendation

Appropriation	2011-2012		2012-2013		2012-2013		2013-2014						2014-2015					
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
853 Real Estate – Operations	1,150,483	15	1,272,106	15	1,344,608	15	1,286,887	15	1,298,772	15	1,298,772	15	1,287,009	15	1,298,916	15	1,298,916	15
952 Real Estate Recovery	346,526	0	352,500	0	352,500	0	352,500	0	352,500	0	352,500	0	352,500	0	352,500	0	352,500	0
<b>Total</b>	<b>1,497,009</b>	<b>15</b>	<b>1,624,606</b>	<b>15</b>	<b>1,697,108</b>	<b>15</b>	<b>1,639,387</b>	<b>15</b>	<b>1,651,272</b>	<b>15</b>	<b>1,651,272</b>	<b>15</b>	<b>1,639,509</b>	<b>15</b>	<b>1,651,416</b>	<b>15</b>	<b>1,651,416</b>	<b>15</b>

Funding Sources		%		%		%		%		%		%		%		%		%
Fund Balance 4000005	2,787,187	73.5	2,294,658	68.7			1,715,052	61.5	1,715,052	61.5	1,715,052	61.5	1,150,665	51.7	1,138,780	51.4	1,138,780	51.4
Cash Fund 4000045	1,004,480	26.5	1,045,000	31.3			1,075,000	38.5	1,075,000	38.5	1,075,000	38.5	1,075,000	48.3	1,075,000	48.6	1,075,000	48.6
<b>Total Funds</b>	<b>3,791,667</b>	<b>100.0</b>	<b>3,339,658</b>	<b>100.0</b>			<b>2,790,052</b>	<b>100.0</b>	<b>2,790,052</b>	<b>100.0</b>	<b>2,790,052</b>	<b>100.0</b>	<b>2,225,665</b>	<b>100.0</b>	<b>2,213,780</b>	<b>100.0</b>	<b>2,213,780</b>	<b>100.0</b>
Excess Appropriation/(Funding)	(2,294,658)		(1,715,052)				(1,150,665)		(1,138,780)		(1,138,780)		(586,156)		(562,364)		(562,364)	
<b>Grand Total</b>	<b>1,497,009</b>		<b>1,624,606</b>				<b>1,639,387</b>		<b>1,651,272</b>		<b>1,651,272</b>		<b>1,639,509</b>		<b>1,651,416</b>		<b>1,651,416</b>	



## Agency Position Usage Report

FY2010 - 2011						FY2011 - 2012						FY2012 - 2013					
Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused
	Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total	
15	14	1	15	0	6.67 %	15	15	0	15	0	0.00 %	15	14	1	15	0	6.67 %

## **Analysis of Budget Request**

**Appropriation:** 853 - Real Estate – Operations

**Funding Sources:** NRE - Real Estate - Cash in Treasury

The Arkansas Real Estate Commission (AREC) is funded from the receipt of fees it charges for originating and renewing the licenses of real estate brokers and salespersons.

Base Level Regular Salaries and Personal Services Matching include board member stipend payments and Career Service payments for eligible employees. Personal Services Matching also includes a \$20 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$410 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases. The Base Level salary of the unclassified Director's position reflects the FY13 line item maximum.

Base Level for the Cash Operations Program is \$1,286,887 in the first each year and \$1,287,009 in the second year, with 15 positions budgeted. The only change requested for this program is the reclassification of an Administrative Specialist I position to an AREC Education Coordinator to conduct a program of licensing and training for providers who offer training in various real estate courses for AREC licensees.

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

# Appropriation Summary

**Appropriation:** 853 - Real Estate – Operations  
**Funding Sources:** NRE - Real Estate - Cash in Treasury

## Historical Data

## Agency Request and Executive Recommendation

Commitment Item	Historical Data			2013-2014			2014-2015		
	2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	614,858	597,863	666,395	606,734	616,372	616,372	606,834	616,472	616,472
<b>#Positions</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>
Extra Help 5010001	6,441	16,000	16,000	16,000	16,000	16,000	16,000	16,000	16,000
<b>#Extra Help</b>	<b>2</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>
Personal Services Matching 5010003	198,049	200,908	204,848	206,818	209,065	209,065	206,840	209,109	209,109
Operating Expenses 5020002	303,897	397,744	400,774	397,744	397,744	397,744	397,744	397,744	397,744
Conference & Travel Expenses 5050009	13,656	16,662	13,662	16,662	16,662	16,662	16,662	16,662	16,662
Professional Fees 5060010	12,212	32,929	32,929	32,929	32,929	32,929	32,929	32,929	32,929
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Refunds/Reimbursements 5110014	1,370	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Capital Outlay 5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>1,150,483</b>	<b>1,272,106</b>	<b>1,344,608</b>	<b>1,286,887</b>	<b>1,298,772</b>	<b>1,298,772</b>	<b>1,287,009</b>	<b>1,298,916</b>	<b>1,298,916</b>
<b>Funding Sources</b>									
Fund Balance 4000005	1,793,606	1,622,974		1,350,868	1,350,868	1,350,868	1,093,981	1,082,096	1,082,096
Cash Fund 4000045	979,851	1,000,000		1,030,000	1,030,000	1,030,000	1,030,000	1,030,000	1,030,000
<b>Total Funding</b>	<b>2,773,457</b>	<b>2,622,974</b>		<b>2,380,868</b>	<b>2,380,868</b>	<b>2,380,868</b>	<b>2,123,981</b>	<b>2,112,096</b>	<b>2,112,096</b>
<b>Excess Appropriation/(Funding)</b>	<b>(1,622,974)</b>	<b>(1,350,868)</b>		<b>(1,093,981)</b>	<b>(1,082,096)</b>	<b>(1,082,096)</b>	<b>(836,972)</b>	<b>(813,180)</b>	<b>(813,180)</b>
<b>Grand Total</b>	<b>1,150,483</b>	<b>1,272,106</b>		<b>1,286,887</b>	<b>1,298,772</b>	<b>1,298,772</b>	<b>1,287,009</b>	<b>1,298,916</b>	<b>1,298,916</b>

Budget exceeds Authorized Appropriation in Conference & Travel Expenses by authority of a Budget Classification Transfer.

## Change Level by Appropriation

**Appropriation:** 853 - Real Estate – Operations  
**Funding Sources:** NRE - Real Estate - Cash in Treasury

### Agency Request

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>1,286,887</b>	<b>15</b>	<b>1,286,887</b>	<b>100.0</b>	<b>1,287,009</b>	<b>15</b>	<b>1,287,009</b>	<b>100.0</b>
C10	Reclass	11,885	0	1,298,772	100.9	11,907	0	1,298,916	100.9

### Executive Recommendation

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>1,286,887</b>	<b>15</b>	<b>1,286,887</b>	<b>100.0</b>	<b>1,287,009</b>	<b>15</b>	<b>1,287,009</b>	<b>100.0</b>
C10	Reclass	11,885	0	1,298,772	100.9	11,907	0	1,298,916	100.9

### Justification

C10	Reclassification is requested for an Administrative Specialist I to an AREC Education Coordinator to conduct a program of licensing and training for providers who offer training in various real estate courses for AREC licensees.
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## **Analysis of Budget Request**

**Appropriation:** 952 - Real Estate Recovery

**Funding Sources:** NRE - Real Estate - Cash in Treasury

The Arkansas Real Estate Commission's Recovery Fund cash appropriation is supported by a one-time fee of \$25 charged to each new license applicant and also includes interest earned from investing the Fund's balances. If damages are assessed against any licensee who is insolvent, the Commission covers the claim from fees collected in this fund. Earned interest is applied toward support of the Commission's educational efforts to keep its licensees and the general public informed of changes in regulations, market conditions, and illegal practices.

Base Level is \$352,500 each year and is the Agency Request.

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

## Appropriation Summary

**Appropriation:** 952 - Real Estate Recovery

**Funding Sources:** NRE - Real Estate - Cash in Treasury

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			2013-2014			2014-2015		
		2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Damage Payment	5900046	216,878	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
Education	5900047	129,648	102,500	102,500	102,500	102,500	102,500	102,500	102,500	102,500
Total		346,526	352,500	352,500	352,500	352,500	352,500	352,500	352,500	352,500
<b>Funding Sources</b>										
Fund Balance	4000005	993,581	671,684		364,184	364,184	364,184	56,684	56,684	56,684
Cash Fund	4000045	24,629	45,000		45,000	45,000	45,000	45,000	45,000	45,000
Total Funding		1,018,210	716,684		409,184	409,184	409,184	101,684	101,684	101,684
Excess Appropriation/(Funding)		(671,684)	(364,184)		(56,684)	(56,684)	(56,684)	250,816	250,816	250,816
Grand Total		346,526	352,500		352,500	352,500	352,500	352,500	352,500	352,500

# DEPARTMENT OF RURAL SERVICES

## Enabling Laws

Act 103 of 2012  
A.C.A. § 15-6-105 et seq.

## History and Organization

The Department of Rural Services (DRS), formerly known as the Office of Rural Advocacy, and the eleven member Arkansas Rural Development Commission (ARDC) were created by Act 302 of 1991, the Arkansas Rural Development Commission Act. The Agency was renamed the Department of Rural Services by Act 935 of 1999. Together, the Agency and the Commission strive to enhance the quality of life for rural Arkansans without sacrificing individual freedoms or responsibilities. The Agency and Commission accomplish this goal by providing rural Arkansans with the resources necessary to help themselves succeed in their community.

The Department of Rural Services serves as a single point of contact for local governments, state and federal agencies, and other public, private and nonprofit sector organizations. The DRS promotes cooperative and integrated efforts among the various entities that are designed to address our rural issues. The Agency attempts to streamline the bureaucratic process for smaller communities of less than 20,000 in population and make government more customer oriented.

The Department of Rural Services' Mission Statement is "To Enhance the Quality of Life in Rural Arkansas."

## *Vision Statement*

We envision an agency that will:

- Serve as the official point of contact for information on rural issues to the Governor, Legislature, and the general public
- Serve the State as the central coordinating agency for rural development
- Serve the State as a source of funding for rural development through grant / community in-kind partnerships
- Develop a human resource network across the State to assist rural communities directly
- Serve as an advocate for the rural communities of Arkansas

### Agency Scope

The Department of Rural Services and the Arkansas Rural Development Commission are charged with serving communities with a population of 20,000 or less. Of the 490 incorporated cities and towns in Arkansas, 470 (96%) have a population of 20,000 or less. However, when you speak of rural development, incorporated cities and towns are only a small part of the puzzle. The unincorporated rural areas make up the majority of our Agency's service area. The unincorporated rural areas are often the most needy of adequate fire protection, adequate water and sewer, adequate public facilities, and adequate roadways. The Agency serves these communities by providing matching grants and information on the resources available to assist rural communities.

### Agency Function

The function of the Department of Rural Services is:

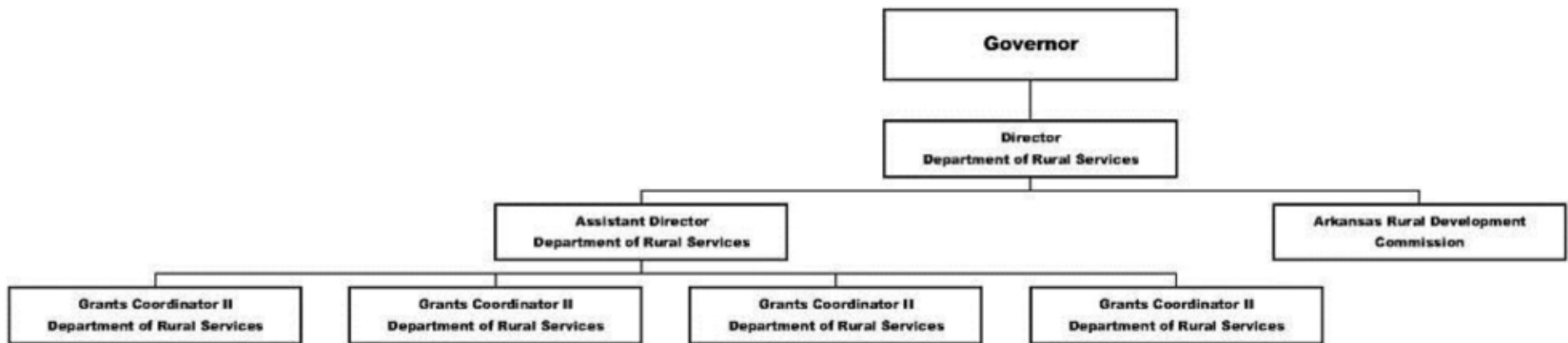
- To serve as a single point of contact for rural communities needing assistance
- To provide rural communities with the assistance needed when possible
- To provide information about alternative sources for assistance when required assistance exceeds agency's means
- To gather information regarding the needs of rural citizens and communities and convey this information to the Governor and Legislature
- To serve the citizens of rural Arkansas as an advocate

### Public Benefit Provided By Agency

Words alone are inadequate to describe the benefit our rural communities derive from the services of the Department of Rural Services. Today, due to assistance through the Rural Community Fire Protection Grant Program, the citizens of many rural communities can go to work assured that their homes are better protected because of improved fire communications, new fire safety equipment, new fire trucks, the addition of a sub-station or in many instances the construction of the community's first fire station. Due to assistance through the Rural Community Development Grant Program, the citizens of rural communities are planning events in their new or renovated community center or community park. They are gathering at the community ball field to watch their children play ball, or visiting the new community health clinic or the new community library. And through assistance from the County Fair Building Grant Program, rural county fairs are beginning construction of new concession stands and livestock barns in preparation for the fall fairs.

Most importantly, rural citizens, legislators, mayors, or county judges are able to call seeking assistance and will talk to a real person who will help them get the assistance they require.





## Agency Commentary

To choose to reside in Arkansas is a choice to live in rural America. The Federal Government defines rural as a city, town or community with a population of 20,000 or less. Based on this definition, the State of Arkansas is over 95% rural. Even today, a choice to live in some of the more rural areas of Arkansas often means settling for poor drinking water, inadequate public facilities, inadequate or non-existent fire protection, and the absence of accessible local health care.

The Department of Rural Services (DRS) and the Arkansas Rural Development Commission (ARDC) are committed to preserving our way of life while seeking ways to combat these deficiencies. While there is no simple solution to eradicating these deficiencies, it is obvious that federal and state aid alone will not be sufficient. Instead, some of the solutions must be generated from within our rural communities. To achieve this end, we must strengthen the ability of our citizens to participate in determining our futures. The people of rural Arkansas must be educated and provided the tools necessary to accomplish community goals and objectives. Establishing partnerships throughout the community has enabled DRS to host regional information forums on the services our agency provides. This is one step DRS has taken to reach our communities and leaders.

The philosophy developed by DRS and the ARDC is to establish partnerships with communities to assist them in achieving their goals. This philosophy is incorporated into the Agency's various grant programs through the requirement of a matching portion from the community. Unlike many grant programs which fund a project 100%, the DRS grant programs seek to motivate communities to organize and develop a system of teamwork to bring their projects to fruition. Communities are encouraged to use only the grant funds if absolutely needed to complete the project and to return any unused funds.

**BASE LEVEL**

The Agency is requesting to continue its Base Level of \$2,152,277 each year for the following:

<b><u>GR Funded Appropriation</u></b>	<b><u>FY14 &amp; FY15</u></b>
Regular Salaries for 5 positions	\$ 246,022
Personal Services Matching	\$ 78,603
Operating Expenses	\$ 67,704
Conference Fees & Travel	\$ 4,100
Rural Community Development Grants	\$ 200,000
Rural Community Fire Protection Grants	\$ 300,000
Rural County Fair Improvement Grants	\$ 17,416
Total	\$ 913,845

<b><u>Cash Funded Appropriation</u></b>	<b><u>FY14 &amp; FY15</u></b>
Conference Expenses	\$ 65,000

<b><u>Wildlife Recreation Facilities</u></b>	<b><u>FY14 &amp; FY15</u></b>
Regular Salaries for 1 position	\$ 32,249
Personal Services Matching	\$ 11,199
Operating Expenses	\$ 6,614
Grants & Aid	\$1,000,000
Total	\$1,050,862

<b><u>Animal Rescue</u></b>	<b><u>FY14 &amp; FY15</u></b>
Grants & Aid	\$ 100,000

<b><u>Administrative Fee</u></b>	<b><u>FY14 &amp; FY15</u></b>
Operating Expenses	\$ 22,570

**CHANGE LEVEL**

The Department is requesting the following Change Levels in addition to Base Level:

- Additional appropriation and general revenue funding of \$488,509 each year of the biennium for the following:

	<b><u>FY14 &amp; FY15</u></b>
Rural Community Development Grants:	\$ 200,000
Rural Community Fire Protection Grants:	\$ 200,000
Rural County Fair Improvement Grants:	\$ 82,584
Extra Help	\$ 5,500
Personal Services Matching	\$ 425
Total	\$ 488,509

The \$482,584 appropriation and funding increase in Grants is requested to restore the level of grant appropriation authorized for the 2011-13 Biennium. This request was approved during the 2011-13 Biennium for appropriation only. The Agency is requesting to restore this (previously unfunded) appropriation along with general revenue funding. The \$5,500 appropriation and funding increase in Extra Help, along with the \$425 associated Personal Services Matching, is requested to be used when a new employee is hired so that the new employee may train under the employee they are replacing.

- Additional appropriation only of \$10,000 each year of the biennium for Conference Expenses in the Cash Funded Appropriation. This additional appropriation will enable the agency to utilize available cash funds for increased costs associated with the Annual Conference.

## **Audit Findings**

DIVISION OF LEGISLATIVE AUDIT  
 AUDIT OF :  
 DEPARTMENT OF RURAL SERVICES  
 FOR THE YEAR ENDED JUNE 30, 2010

### Findings

Financial Management Guide Regulation R-19-4-903 prohibits payment for certain expenses including alcoholic beverages. The Agency incurred conference related expenses totaling \$75,992 which included \$7,206 for alcoholic beverages. During the assessment period, a company contributed \$7,277 toward conference costs. Agency personnel appeared to lack knowledge of State regulations related to disbursement of State funds, thus resulting in a potential for misappropriation.

### Recommendations

Contact the Department of Finance and Administration for training in State laws and regulations related to the disbursement of State funds.

## State Contracts Over \$25,000 Awarded To Minority Owned Businesses Fiscal Year 2012

None

### Employment Summary

	Male	Female	Total	%
White Employees	0	3	3	75 %
Black Employees	0	0	0	0 %
Other Racial Minorities	0	1	1	25 %
Total Minorities			1	25 %
Total Employees			4	100 %

### Cash Fund Balance Description as of June 30, 2012

Fund Account	Balance	Type	Location
1110100	\$58,020	Checking	BancorpSouth

Statutory/Other Restrictions on use:

N/A

Statutory Provisions for Fees, Fines, Penalties:

N/A

Revenue Receipts Cycle:

Receipts are derived from the collection of conference registration fees and forum registration fees around the period events are held. Additional receipts are collected from corporate sponsors.

Fund Balance Utilization:

Collection of revenue is irregular throughout the year, centering primarily around hosted events. Revenues are not on day-to-day operations, but are reserved and expended on costs directly related to hosting conference forums.

## Publications

### A.C.A. 25-1-204

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
Arkansas Rural Community Grant Program Guidelines and Application	ACA 15-6-107	N	N	6,000	To provide eligible rural communities with grant guidelines and procedures.
Arkansas Rural Development Conference Brochure	N/A	N	N	5,000	To promote the Annual Arkansas Rural Development Conference
Arkansas Rural Development Conference Program	N/A	N	N	1,000	To provide conference attendees with panel and event information.
County Fair Building Grant Program Guidelines and Application	ACA 15-6-107	N	N	1,000	To provide eligible rural communities with grant guidelines and procedures.
GIF 1 Community Enhancement Grant Program Guidelines and Application	ACA 15-6-107	N	N	1,000	To provide eligible rural communities with guidelines and procedures for General Improvement Fund grants.
GIF 2 Fire Protection Grant Program Guidelines and Application	ACA 15-6-107	N	N	1,000	To provide eligible rural communities with guidelines and procedures for General Improvement Fund grants.
GIF 3 County Fair Grant Program Guidelines and Application	ACA 15-6-107	N	N	200	To provide eligible rural communities with guidelines and procedures for General Improvement Fund grants.
Rural Services Block Grant Guidelines and Application	Act 1412 of 1999, Act 122 of 2010	N	N	500	To provide eligible rural communities with grants guidelines and procedures.
The Rural Advocate	Act 302 of 1991	N	N	12,000	To provide information to rural communities in compliance with Act 302 of 1991 establishing the agency as the one contact for rural communities of less than 20,000 in population.
Wildlife Recreational Facilities Grant Program	N/A	N	N	1,000	To provide eligible rural communities with guidelines and procedures for Wildlife Recreational Facilities grants.

# Department Appropriation Summary

## Historical Data

## Agency Request and Executive Recommendation

Appropriation	2011-2012		2012-2013		2012-2013		2013-2014						2014-2015					
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
234 Rural Services-State Operations	922,539	5	904,412	5	1,394,690	5	913,845	5	1,402,354	5	1,402,354	5	913,845	5	1,402,354	5	1,402,354	5
58S Animal Rescue	0	0	100,000	0	100,000	0	100,000	0	100,000	0	100,000	0	100,000	0	100,000	0	100,000	0
58T Administrative Fee	12,430	0	15,153	0	37,500	0	22,570	0	22,570	0	22,570	0	22,570	0	22,570	0	22,570	0
58Z Wildlife Rec Facilities	4,473	1	1,050,602	1	1,050,048	1	1,050,862	1	1,050,862	1	1,050,862	1	1,050,862	1	1,050,862	1	1,050,862	1
B15 Rural Services - Conference	54,302	0	75,000	0	65,000	0	65,000	0	75,000	0	75,000	0	65,000	0	75,000	0	75,000	0
<b>Total</b>	<b>993,744</b>	<b>6</b>	<b>2,145,167</b>	<b>6</b>	<b>2,647,238</b>	<b>6</b>	<b>2,152,277</b>	<b>6</b>	<b>2,650,786</b>	<b>6</b>	<b>2,650,786</b>	<b>6</b>	<b>2,152,277</b>	<b>6</b>	<b>2,650,786</b>	<b>6</b>	<b>2,650,786</b>	<b>6</b>

Funding Sources		%		%		%		%		%		%		%		%	
Fund Balance	4000005	83,194	7.8	75,533	3.5	43,020	1.9	43,020	1.6	43,020	1.9	65,450	3.0	55,450	2.1	55,450	2.5
General Revenue	4000010	922,539	86.3	902,177	41.2	913,845	41.2	1,402,354	51.8	919,770	41.4	913,845	41.7	1,402,354	52.5	919,770	42.1
Special Revenue	4000030	4,473	0.4	1,050,602	48.0	1,050,862	47.4	1,050,862	38.8	1,050,862	47.3	1,050,862	48.0	1,050,862	39.4	1,050,862	48.1
Cash Fund	4000045	57,976	5.4	60,000	2.7	60,000	2.7	60,000	2.2	60,000	2.7	60,000	2.7	60,000	2.2	60,000	2.7
Trust Fund	4000050	1,095	0.1	97,640	4.5	100,000	4.5	100,000	3.7	100,000	4.5	100,000	4.6	100,000	3.7	100,000	4.6
Merit Adjustment Fund	4000055	0	0.0	2,235	0.1	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
General Improvement Fund	4000265	0	0.0	0	0.0	50,000	2.3	50,000	1.8	50,000	2.2	0	0.0	0	0.0	0	0.0
<b>Total Funds</b>		<b>1,069,277</b>	<b>100.0</b>	<b>2,188,187</b>	<b>100.0</b>	<b>2,217,727</b>	<b>100.0</b>	<b>2,706,236</b>	<b>100.0</b>	<b>2,223,652</b>	<b>100.0</b>	<b>2,190,157</b>	<b>100.0</b>	<b>2,668,666</b>	<b>100.0</b>	<b>2,186,082</b>	<b>100.0</b>
Excess Appropriation/(Funding)		(75,533)		(43,020)		(65,450)		(55,450)		427,134		(37,880)		(17,880)		464,704	
<b>Grand Total</b>		<b>993,744</b>		<b>2,145,167</b>		<b>2,152,277</b>		<b>2,650,786</b>		<b>2,650,786</b>		<b>2,152,277</b>		<b>2,650,786</b>		<b>2,650,786</b>	

FY13 Budget amount in (58Z) Wildlife Rec Facilities exceeds the authorized amount due to matching rate adjustments during the 2011-2013 Biennium. Budget exceeds Authorized Appropriation in (B15) Rural Services - Conference due to a transfer from the Cash Fund Holding Account. Variance in funding due to unfunded appropriation in (234) Rural Services - State Operations.

## Agency Position Usage Report

FY2010 - 2011						FY2011 - 2012						FY2012 - 2013					
Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused
	Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total	
6	5	1	6	0	16.67 %	6	5	1	6	0	16.67 %	6	4	2	6	0	33.33 %

## **Analysis of Budget Request**

**Appropriation:** 234 - Rural Services-State Operations

**Funding Sources:** HUA - Miscellaneous Agencies Fund

The Arkansas Department of Rural Services serves as a single point of contact for all organizations and individuals with a desire to enhance the quality of life for rural citizens. Working under the guidance of the Arkansas Rural Development Commission (ARDC), the Agency assists citizens of rural Arkansas by providing rural grant programs and information sharing and educational opportunities through regional forums and the annual Arkansas Rural Development Conference. This appropriation provides for the operations of the agency and is funded by general revenue.

Base Level Regular Salaries and Personal Services Matching includes Career Service payments for eligible employees. Personal Services Matching also includes a \$20 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$410 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases. The Base Level salary of unclassified positions reflects the FY13 line item maximum.

Base Level includes appropriation and general revenue funding of \$913,845 in each year of the biennium with 5 regular positions.

The Agency requests additional appropriation and general revenue funding in the amount of \$488,509 each year of the biennium for the following:

### Rural Community Development Grants

Increase of \$200,000 each year to provide for an increase in the number of Community Development grant requests received from rural communities and to cover increased costs for construction and renovation. This line item provides matching grants to rural communities to use for renovations, new construction or additions to publicly owned buildings, parks and recreational facilities.

### Rural Fire Protection Grants

Increase of \$200,000 each year to provide for an increase in the number of Fire Protection grant requests received from rural communities and to cover increased costs for construction, renovation and equipment. This line item provides matching grants to rural communities for renovations, new construction or additions to fire facilities, for purchasing fire protection equipment and vehicles and for rehabilitating/retrofitting newly acquired equipment and vehicles.

### County Fair Improvement Grants

Increase of \$82,584 each year of the biennium to meet rising labor and material costs. This line item provides incentive matching grants to assist rural county fairs with the construction and improvement of buildings or for the purchase of items shown to directly improve the building or the services that the county fair association may provide.



### Extra Help & Personal Services Matching

Increase of \$5,500 and \$425 each year of the biennium to support a new Extra Help Position to allow for a new employee to be trained under the employee they are replacing.

The Executive Recommendation provides appropriation and funding for the Agency Request for the Extra Help & Personal Services Matching.

The Executive Recommendation provides for unfunded appropriation of \$482,584 each year for the following:

- \$200,000 for Rural Community Development Grants
- \$200,000 for Rural Fire Protection Grants
- \$82,584 for County Fair Improvement Grants

# Appropriation Summary

**Appropriation:** 234 - Rural Services-State Operations

**Funding Sources:** HUA - Miscellaneous Agencies Fund

## Historical Data

## Agency Request and Executive Recommendation

Commitment Item	Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
	2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	2013-2014			2014-2015		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	242,817	239,390	249,319	246,022	246,022	246,022	246,022	246,022	246,022
<b>#Positions</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>
Extra Help 5010001	0	0	0	0	5,500	5,500	0	5,500	5,500
<b>#Extra Help</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>1</b>
Personal Services Matching 5010003	78,916	75,802	73,567	78,603	79,028	79,028	78,603	79,028	79,028
Operating Expenses 5020002	48,133	67,704	67,704	67,704	67,704	67,704	67,704	67,704	67,704
Conference & Travel Expenses 5050009	1,410	4,100	4,100	4,100	4,100	4,100	4,100	4,100	4,100
Professional Fees 5060010	0	0	0	0	0	0	0	0	0
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Grants and Aid 5100004	235,263	200,000	400,000	200,000	400,000	400,000	200,000	400,000	400,000
Capital Outlay 5120011	0	0	0	0	0	0	0	0	0
Rural Fire Protection Grants 5900046	300,000	300,000	500,000	300,000	500,000	500,000	300,000	500,000	500,000
County Fair Imprv Grants 5900048	16,000	17,416	100,000	17,416	100,000	100,000	17,416	100,000	100,000
<b>Total</b>	<b>922,539</b>	<b>904,412</b>	<b>1,394,690</b>	<b>913,845</b>	<b>1,402,354</b>	<b>1,402,354</b>	<b>913,845</b>	<b>1,402,354</b>	<b>1,402,354</b>
<b>Funding Sources</b>									
General Revenue 4000010	922,539	902,177		913,845	1,402,354	919,770	913,845	1,402,354	919,770
Merit Adjustment Fund 4000055	0	2,235		0	0	0	0	0	0
Total Funding	922,539	904,412		913,845	1,402,354	919,770	913,845	1,402,354	919,770
Excess Appropriation/(Funding)	0	0		0	0	482,584	0	0	482,584
<b>Grand Total</b>	<b>922,539</b>	<b>904,412</b>		<b>913,845</b>	<b>1,402,354</b>	<b>1,402,354</b>	<b>913,845</b>	<b>1,402,354</b>	<b>1,402,354</b>

FY13 Budget amount in Personal Services Matching exceeds the authorized amount due to matching rate adjustments during the 2011-2013 Biennium.

## Change Level by Appropriation

**Appropriation:** 234 - Rural Services-State Operations  
**Funding Sources:** HUA - Miscellaneous Agencies Fund

### Agency Request

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>913,845</b>	<b>5</b>	<b>913,845</b>	<b>100.0</b>	<b>913,845</b>	<b>5</b>	<b>913,845</b>	<b>100.0</b>
C01	Existing Program	488,509	0	1,402,354	153.5	488,509	0	1,402,354	153.5

### Executive Recommendation

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>913,845</b>	<b>5</b>	<b>913,845</b>	<b>100.0</b>	<b>913,845</b>	<b>5</b>	<b>913,845</b>	<b>100.0</b>
C01	Existing Program	488,509	0	1,402,354	153.5	488,509	0	1,402,354	153.5

### Justification

C01	Extra Help appropriation of \$5,500 and \$425 of associated Personal Services Matching is requested to be used when a new employee is hired so that the new employee may train under the employee they are replacing. Community Development Grants: \$200,000 requested for both appropriation and funding to restore the level of appropriation to what was authorized in the previous biennium. Fire Protection Grants: \$200,000 requested for both appropriation and funding to restore the level of appropriation to what was authorized in the previous biennium. County Fair Improvement Grants: \$82,584 requested with both appropriation and funding to restore the level of appropriation to what was authorized in the previous biennium.
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## **Analysis of Budget Request**

**Appropriation:** 58S - Animal Rescue

**Funding Sources:** TRS - Animal Rescue and Shelter Trust Fund

Act 692 of the 87th Regular Session of 2009 amended ACA 27-24-1409 to authorize the Department of Finance and Administration to issue a new special license plate with a \$25 design fee that will be remitted monthly to the Treasurer of the State for deposit into the State Treasury as special revenues for the Animal Rescue and Shelter Trust Fund. The Act further amended ACA 19-5-1136 to create the Animal Rescue and Shelter Trust Fund to be distributed as follows:

- 35% to be distributed and used by the counties for construction, maintenance or operation of registered governmentally owned animal rescue shelters;
- 35% to be distributed and used by municipalities for construction, maintenance or operation of registered governmentally owned animal rescue shelters
- 30% to be distributed to the Department of Rural Services to provide grants to a county or municipality based only on the infrastructure needs for any animal rescue or animal shelter (not limited to registered governmentally owned rescue shelters.)

The Agency Base Level request includes grant appropriation of \$100,000 in each year of the biennium.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 58S - Animal Rescue

**Funding Sources:** TRS - Animal Rescue and Shelter Trust Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	2013-2014			2014-2015		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid 5100004	0	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Total	0	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
<b>Funding Sources</b>									
Fund Balance 4000005	1,265	2,360		0	0	0	0	0	0
Trust Fund 4000050	1,095	97,640		100,000	100,000	100,000	100,000	100,000	100,000
Total Funding	2,360	100,000		100,000	100,000	100,000	100,000	100,000	100,000
Excess Appropriation/(Funding)	(2,360)	0		0	0	0	0	0	0
Grand Total	0	100,000		100,000	100,000	100,000	100,000	100,000	100,000

## **Analysis of Budget Request**

**Appropriation:** 58T - Administrative Fee

**Funding Sources:** HUA - Miscellaneous Agencies Fund

The Administrative Fee Appropriation is used to provide maintenance and general operations support for the Agency's General Improvement Grant appropriations. This appropriation is funded by special language that authorizes the transfer of funds from the agency's various General Improvement sub funds to the Agency's Miscellaneous Agencies Fund.

The Department of Rural Services General Revenue funded Operations appropriation (Funds Center 234) is used to support the Agency's three existing Grant Programs (Community Enhancement Grants, Fire Protection Grants and County Fair Improvement Grants) with a total funded budget of approximately \$516,000. During the 87th Regular Session of 2009, the Department of Rural Services received forty-five (45) General Improvement appropriations for Grants and Aid funded by \$5.7 million in Legislative Division General Improvement Funding. During the 88th Regular Session of 2011, the agency received forty-four (44) General Improvement appropriations funded by \$1.8 million.

The addition of the General Improvement Grant Appropriations increased the Agency's Funded Budget for Grants from approximately \$516,000 to over \$2.3 million. To accommodate the administrative requirements associated with this increased grant budget, this new Administrative Fee appropriation was established by Act 803 of the 87th Regular Session of 2009. The appropriation authorizes Maintenance and General Operation appropriation for the Agency to use to provide administrative support for the large number of General Improvement Grants administered by the Agency.

Special Language authorizes the Department to retain and utilize for administrative cost purposes up to 1% of the total amount of any General Improvement moneys received for projects authorized for disbursement through the department by the General Assembly. Special Language further authorizes the Chief Fiscal Officer of the State to transfer up to 1% of General Improvement Funds from the various General Improvement sub funds to the Miscellaneous Agencies Fund Account to be made available and utilized solely by the Department of Rural Services for maintenance and general operation costs. Finally, Special Language authorizes the carryforward of any unexpended balances of funds that were transferred from the various General Improvement sub funds to the Miscellaneous Agencies Fund to be used for the same purpose the following fiscal year.

The Agency is requesting Base Level of \$22,570 for each year of the 2013-2015 Biennium.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 58T - Administrative Fee

**Funding Sources:** HUA - Miscellaneous Agencies Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	2013-2014			2014-2015		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	12,430	15,153	37,500	22,570	22,570	22,570	22,570	22,570	22,570
Conference & Travel Expenses	5050009	0	0	0	0	0	0	0	0	0
Professional Fees	5060010	0	0	0	0	0	0	0	0	0
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>		<b>12,430</b>	<b>15,153</b>	<b>37,500</b>	<b>22,570</b>	<b>22,570</b>	<b>22,570</b>	<b>22,570</b>	<b>22,570</b>	<b>22,570</b>
<b>Funding Sources</b>										
Fund Balance	4000005	27,583	15,153		0	0	0	27,430	27,430	27,430
General Improvement Fund	4000265	0	0		50,000	50,000	50,000	0	0	0
<b>Total Funding</b>		<b>27,583</b>	<b>15,153</b>		<b>50,000</b>	<b>50,000</b>	<b>50,000</b>	<b>27,430</b>	<b>27,430</b>	<b>27,430</b>
Excess Appropriation/(Funding)		(15,153)	0		(27,430)	(27,430)	(27,430)	(4,860)	(4,860)	(4,860)
<b>Grand Total</b>		<b>12,430</b>	<b>15,153</b>		<b>22,570</b>	<b>22,570</b>	<b>22,570</b>	<b>22,570</b>	<b>22,570</b>	<b>22,570</b>

## **Analysis of Budget Request**

**Appropriation:** 58Z - Wildlife Rec Facilities

**Funding Sources:** SWR - Wildlife Recreation Facilities Fund

Act 687 of the 87th Regular Session of 2009 amended the Arkansas Code (ACA 15-47-101 et seq.) to establish the Wildlife Recreation Facilities Pilot Program and the related Wildlife Recreation Facilities Fund (ACA 19-6-811). This pilot program was to be administered by the Department of Rural Services and the Arkansas Rural Development Commission in conjunction with the Arkansas Game and Fish Commission for the purpose of igniting interest in the wildlife resources of Arkansas and to promote economic development in the State.

ACA 15-47-104 states that initial funding for this appropriation was to consist of \$1 million for the fiscal biennium beginning July 1, 2009 and ending June 30, 2011 from moneys that the Arkansas Game and Fish Commission has received from oil and gas leases in the Fayetteville Shale. Future funding for the Wildlife Recreation Facilities Pilot Program shall be determined by and distributed from the availability of royalties from oil and gas leases in the Fayetteville Shale that the Arkansas State Game and Fish Commission receives or from other sources that are not from the Arkansas State Game and Fish Commission.

Base Level Regular Salaries and Personal Services Matching includes Career Service payments for eligible employees. Personal Services Matching also includes a \$20 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$410 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases.

The Agency Base Level request includes appropriation of \$1,050,862 in each year of the biennium with one (1) regular position.

The Executive Recommendation provides for the Agency Request.



## Appropriation Summary

**Appropriation:** 58Z - Wildlife Rec Facilities  
**Funding Sources:** SWR - Wildlife Recreation Facilities Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	Historical Data			2013-2014			2014-2015		
	2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	3,693	32,249	32,249	32,249	32,249	32,249	32,249	32,249	32,249
<b>#Positions</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>
Personal Services Matching 5010003	780	11,739	11,185	11,999	11,999	11,999	11,999	11,999	11,999
Operating Expenses 5020002	0	6,614	6,614	6,614	6,614	6,614	6,614	6,614	6,614
Conference & Travel Expenses 5050009	0	0	0	0	0	0	0	0	0
Professional Fees 5060010	0	0	0	0	0	0	0	0	0
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Grants and Aid 5100004	0	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Capital Outlay 5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>4,473</b>	<b>1,050,602</b>	<b>1,050,048</b>	<b>1,050,862</b>	<b>1,050,862</b>	<b>1,050,862</b>	<b>1,050,862</b>	<b>1,050,862</b>	<b>1,050,862</b>
<b>Funding Sources</b>									
Special Revenue 4000030	4,473	1,050,602		1,050,862	1,050,862	1,050,862	1,050,862	1,050,862	1,050,862
Total Funding	4,473	1,050,602		1,050,862	1,050,862	1,050,862	1,050,862	1,050,862	1,050,862
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	4,473	1,050,602		1,050,862	1,050,862	1,050,862	1,050,862	1,050,862	1,050,862

FY13 Budget amount in Personal Services Matching exceeds the authorized amount due to matching rate adjustments during the 2011-2013 Biennium.

## **Analysis of Budget Request**

**Appropriation:** B15 - Rural Services - Conference

**Funding Sources:** 111 - Department of Rural Services - Cash

This appropriation provides for an annual conference and several one-day seminars for local governments. The annual conference attendance numbers range from 400-650 each year with topics of discussion including finance, community marketing strategies, infrastructure and crime. Income is derived from fees charged to participants and donations received through corporate sponsorship.

The Agency Base Level Request includes appropriation in the amount of \$65,000 each year of the biennium.

The Agency Change Level Request includes additional appropriation in the amount of \$10,000 each year of the biennium to cover increased costs associated with the annual conference.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** B15 - Rural Services - Conference  
**Funding Sources:** 111 - Department of Rural Services - Cash

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			2013-2014			2014-2015		
		2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Conference Expenses	5900046	54,302	75,000	65,000	65,000	75,000	75,000	65,000	75,000	75,000
Total		54,302	75,000	65,000	65,000	75,000	75,000	65,000	75,000	75,000
Funding Sources										
Fund Balance	4000005	54,346	58,020		43,020	43,020	43,020	38,020	28,020	28,020
Cash Fund	4000045	57,976	60,000		60,000	60,000	60,000	60,000	60,000	60,000
Total Funding		112,322	118,020		103,020	103,020	103,020	98,020	88,020	88,020
Excess Appropriation/(Funding)		(58,020)	(43,020)		(38,020)	(28,020)	(28,020)	(33,020)	(13,020)	(13,020)
Grand Total		54,302	75,000		65,000	75,000	75,000	65,000	75,000	75,000

Budget exceeds Authorized Appropriation in Operating Expenses due to a transfer from the Cash Fund Holding Account.

## Change Level by Appropriation

**Appropriation:** B15 - Rural Services - Conference

**Funding Sources:** 111 - Department of Rural Services - Cash

### Agency Request

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>65,000</b>	<b>0</b>	<b>65,000</b>	<b>100.0</b>	<b>65,000</b>	<b>0</b>	<b>65,000</b>	<b>100.0</b>
C01	Existing Program	10,000	0	75,000	115.4	10,000	0	75,000	115.4

### Executive Recommendation

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>65,000</b>	<b>0</b>	<b>65,000</b>	<b>100.0</b>	<b>65,000</b>	<b>0</b>	<b>65,000</b>	<b>100.0</b>
C01	Existing Program	10,000	0	75,000	115.4	10,000	0	75,000	115.4

### Justification

C01	Additional Operating Expenses appropriation of \$10,000 is requested for the agency's annual conference as the result of increased expenses. The appropriation is funded through corporate sponsorships and registration fees.								
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# STATE BOARD OF SANITARIANS

## Enabling Laws

Act 53 of 2012  
A.C.A. §17-43-101 et seq.

## History and Organization

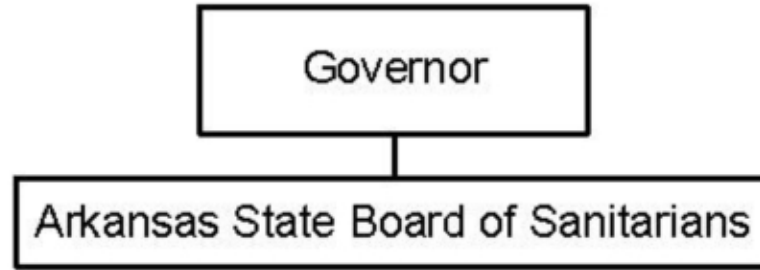
The mission of the State Board of Sanitarians is to regulate those professionals who organize, implement, or manage environmental health programs.

The State Board of Sanitarians was created by Act 281 of 1957 as amended by Act 257 of 1977. The Board consists of five (5) professional members appointed by the Governor to serve five-year terms with one member term expiring each year. In accordance with Act 113 of 1977, one consumer member sits on the Board.

Board members serve without compensation but are reimbursed for actual and necessary expenses incurred in the performance of their duties. The Board determines the eligibility of applicants for registration by examination in accordance with its Acts. One of the primary functions of the Board is to regulate its members to such a degree that effectively protects the dignity of the profession and public from the practice of such individuals who are inexperienced and unqualified. In addition, Act 582 of 1985 requires registered Sanitarians practicing in the State to complete twenty (20) hours of continuing education credits every two years for registration renewal. The Board reviews CEU's and provides registrants a list of approved courses for continuing education.

Funds for the operation of the Board are acquired by the collection of a \$20 examination fee, a \$10 application fee, and a \$20 annual renewal fee of each registrant.

A registered Sanitarian is an environmental health professional educated in the field of environmental health, physical and biological sciences and who possesses a Bachelor or a Master of Public Health degree with specialization in sanitary science from an approved school of public health, or a college graduate in one of the natural sciences (Biology, Chemistry, Physics, Math, Earth and /or Geology) or Engineering with a minimum of thirty (30) semester hours or its equivalent of the above subjects, plus one year's experience in environmental sanitation or approved training courses.



**Agency Commentary**

The State Board of Sanitarians was created by Arkansas Code Annotated §17-43-201. The Board is a cash agency funded from registration, examination, and renewal fees according to authority in Arkansas Code Annotated §17-43-204. The Board is responsible for regulating those professionals who organize, implement, or manage environmental health programs. Funds for the operation of the Board are acquired by the collection of a \$20 examination fee, a \$10 application fee, and a \$20 annual renewal fee of each registrant.

The State Board of Sanitarians is requesting Base Level for each year of the 2013-15 Biennium.

**Audit Findings**

DIVISION OF LEGISLATIVE AUDIT  
 AUDIT OF :  
 ARKANSAS STATE BOARD OF SANITARIANS  
 FOR THE YEAR ENDED JUNE 30, 2010

Findings	Recommendations
None	None

## State Contracts Over \$25,000 Awarded To Minority Owned Businesses Fiscal Year 2012

None

### Publications

#### A.C.A. 25-1-204

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

### Agency Position Usage Report

FY2010 - 2011						FY2011 - 2012						FY2012 - 2013					
Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused
	Filled	Unfilled	Total				Filled	Unfilled	Total				Filled	Unfilled	Total		
0	0	0	0	0	0.00 %	0	0	0	0	0	0.00 %	0	0	0	0	0	0.00 %

## **Analysis of Budget Request**

**Appropriation:** 1BN - Treasury Cash

**Funding Sources:** NSB - Cash in Treasury

The State Board of Sanitarians was created by Arkansas Code Annotated §17-43-201. The Board is a cash agency funded from registration, examination, and renewal fees according to authority in Arkansas Code Annotated §17-43-204. The Board is responsible for regulating those professionals who organize, implement, or manage environmental health programs.

The State Board of Sanitarians is requesting Base Level for the 2013-2015 Biennium.

The Executive Recommendation is to transfer the Base Level appropriation established for this Agency to the Department of Health.



## Appropriation Summary

**Appropriation:** 1BN - Treasury Cash  
**Funding Sources:** NSB - Cash in Treasury

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	Historical Data			2013-2014			2014-2015		
	2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses 5020002	1,270	8,647	8,647	8,647	8,647	0	8,647	8,647	0
Conference & Travel Expenses 5050009	0	0	0	0	0	0	0	0	0
Professional Fees 5060010	0	5,000	5,000	5,000	5,000	0	5,000	5,000	0
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Capital Outlay 5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>1,270</b>	<b>13,647</b>	<b>13,647</b>	<b>13,647</b>	<b>13,647</b>	<b>0</b>	<b>13,647</b>	<b>13,647</b>	<b>0</b>
<b>Funding Sources</b>									
Fund Balance 4000005	17,590	19,800		8,653	8,653	0	0	0	0
Cash Fund 4000045	3,480	2,500		2,500	2,500	0	2,500	2,500	0
<b>Total Funding</b>	<b>21,070</b>	<b>22,300</b>		<b>11,153</b>	<b>11,153</b>	<b>0</b>	<b>2,500</b>	<b>2,500</b>	<b>0</b>
<b>Excess Appropriation/(Funding)</b>	<b>(19,800)</b>	<b>(8,653)</b>		<b>2,494</b>	<b>2,494</b>	<b>0</b>	<b>11,147</b>	<b>11,147</b>	<b>0</b>
<b>Grand Total</b>	<b>1,270</b>	<b>13,647</b>		<b>13,647</b>	<b>13,647</b>	<b>0</b>	<b>13,647</b>	<b>13,647</b>	<b>0</b>

The Executive Recommendation is to transfer the appropriation established for this Agency to the Department of Health.

## Change Level by Appropriation

**Appropriation:** 1BN - Treasury Cash  
**Funding Sources:** NSB - Cash in Treasury

### Agency Request

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	13,647	0	13,647	100.0	13,647	0	13,647	100.0

### Executive Recommendation

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	13,647	0	13,647	100.0	13,647	0	13,647	100.0
C07	Agency Transfer	(13,647)	0	0	0.0	(13,647)	0	0	0.0

### Justification

C07	The Executive Recommendation is to transfer the appropriation established for this Agency to the Department of Health.
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# STATE SECURITIES DEPARTMENT

## Enabling Laws

Act 164 of 2012  
A.C.A. §20-17-1001 et seq.  
A.C.A. §23-35-101 et seq.  
A.C.A. §23-38-101 et seq.  
A.C.A. §23-39-501 et seq.  
A.C.A. §23-42-101 et seq.  
A.C.A. §23-55-101 et seq.

## History and Organization

The Arkansas Securities Department has legislated responsibilities to protect the monetary interests of Arkansas residents by providing administration, regulation, and enforcement of the various Acts.

Act 254 of 1959 placed responsibility for the "sale of securities" under the jurisdiction of the State Bank Department, and provided for a State Securities Commissioner. The Securities Commissioner was to be appointed by the Governor and subject to the supervision of the State Bank Commissioner, and the Securities Department was operated as a division of the State Bank Department. Act 38 of 1971 transferred both the State Bank Department and the State Securities Department to the Department of Commerce. Each division continued to function independently of the Commerce Department with regard to the prescribed statutory powers, authorities, duties, and rulemaking responsibilities they had prior to the transfer. Act 471 of 1973 amended Act 254 of 1959 to provide that the Securities Division was no longer a part of the State Bank Department and the Securities Commissioner was no longer subject to the supervision of the State Bank Commissioner. The Act further provided that the Securities Division be renamed the Arkansas Securities Department and that all Acts previously regulated by the Securities Division be transferred to the new agency effective July 1, 1973.

In early 1975 it became apparent that the special revenue fund balances transferred to the Department by the Bank Department pursuant to Act 471 of 1973 would not be sufficient to continue operation of the Department at its then current level. Act 863 of 1975 amended all Acts administered by the Department to reclassify all revenues received by the Department as general revenues. Thus, effective July 1, 1975, the Department ceased being a special revenue agency and became a general revenue agency with all expenditures paid from the general revenues of the State.

Act 691 of 1983 abolished the Department of Commerce. Section 3 of the Act directed that the State Securities Department shall function as an independent agency. The Securities Commissioner is appointed by the Governor and serves at the pleasure of the Governor.

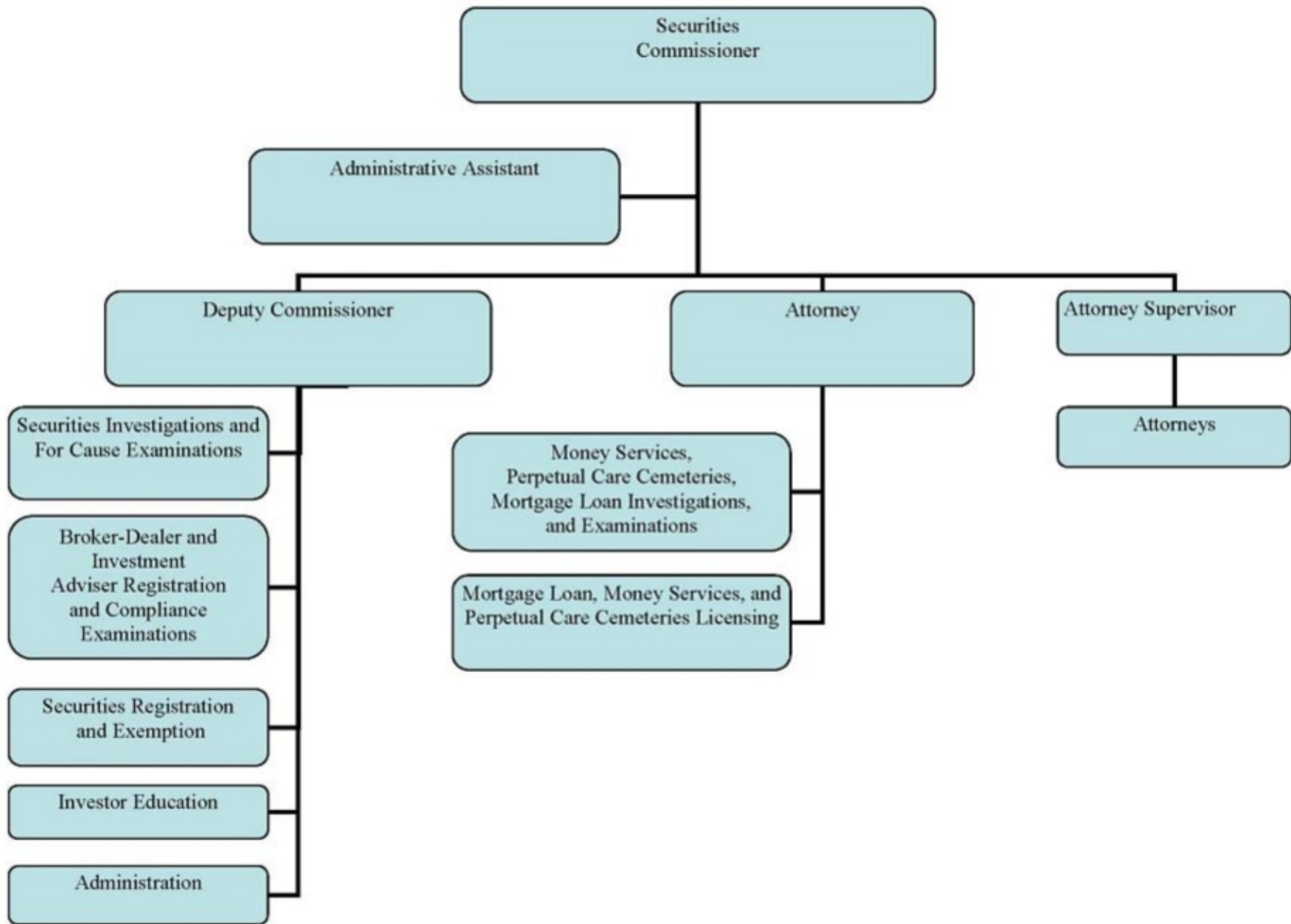
Act 42 of the First Extraordinary Session of 1989 appropriated funds to the Arkansas Securities Department, up to a maximum of \$200,000 in each fiscal year, to be used to contract for legal, accounting, and other appropriate assistance in addition to that available from the Department's regular staff, in specific cases and situations as deemed necessary by the Securities Commissioner. Act 207 of 1993 provided that all revenues received from administrative fines shall be deposited into the fund account from which the Arkansas Securities Department receives its maintenance and support as special revenues and used only for the stated purposes. Act 66 of 1997 provides in the event specific cases, situations, or programs make it necessary that the State Securities Department receives additional appropriations to carry out the objectives of the agency, the Securities Commissioner is hereby authorized to request the approval of the Governor and the Chief Fiscal Officer of the State for transfer of the appropriations provided in the Contingency line item (\$200,000). In no event shall the transfer in any fiscal year exceed the appropriations provided in the Contingency line item. The Governor may approve or modify such request for transfer of appropriations as in his judgment he deems necessary, and shall inform the Chief Fiscal Officer of the State. Upon notification, the Chief Fiscal Officer of the State shall direct the State Auditor to process said transfer upon his books.

Act 659 of 1993 created on the books of the Chief Fiscal Officer of the State and those of the State Treasurer a fund to be known as the "Securities Department Fund". Such fund is to be used for the maintenance, operation, support and improvement of the State Securities Department in carrying out its functions, powers, and duties as set out by law and by rule and regulation not inconsistent with law. Filing fees for initial or renewal registration of agent of a broker-dealer and investment adviser were increased to Seventy-five (\$75), of which twenty-five dollars (\$25) shall be designated as special revenue and shall be deposited in the Securities Department Fund. Also, the filing fee for the filing of a registration statement was increased to a maximum filing fee of no more than two thousand dollars (\$2,000). Any portion of the fee in excess of one thousand (\$1,000) shall be designated as special revenues and shall be deposited in the Securities Department Fund.

The Securities Department's operating appropriation is funded from special revenues deposited with the State Treasurer in the Securities Department Fund. The Securities Department Fund consists of portions of certain filing fees received by the Securities Department. Act 759 of 2003 created the Investor Education Fund. The Investor Education Program is funded from administrative fines received by the Department. The fines deposited into the Investor Education Fund are limited to \$150,000 each fiscal year. Fines received in excess of \$150,000 are deposited into the Securities Department Fund. The remaining fees and funds received by the Securities Department are turned over to the State Treasurer as general revenues.

Pursuant to the Savings and Loan Association Act, Act 227 of 1963, as amended, the Securities Commissioner acts as the Supervisor of savings and loan associations. In 1997 the Savings and Loan Association Act was amended to do away with the Savings and Loan Association Board and transferred the Board's power and authority to the Savings and Loan Supervisor.

Pursuant to the Cemetery Act, Act 352 of 1977, as amended, the Securities Commissioner serves as a voting member of the Cemetery Board.



## Agency Commentary

The Arkansas Securities Department is responsible for protecting the financial well being of Arkansas citizens and promoting an environment where the financial and capital markets function efficiently and without unnecessary regulatory impediments. The operations of the Department are funded from the receipt of fees collected by the Department. Change Level requests include the following items:

**Regular Salaries:** The Department is requesting one new position without increasing fees charged to registrants. The Department is requesting a Deputy Securities Commissioner position. The Department is discontinuing two unfilled administrative positions to minimize the financial impact to the Department's budget. After reorganizing the structure of the Department, the registration, examination, and enforcement of the securities industry and administrative functions of the Department are under the management of the current position of Securities Deputy Commissioner. The licensing, examination, and enforcement of the mortgage loan, money services, perpetual care cemeteries, state-chartered savings and loan associations, and state-chartered credit unions are under the management of a current position of an Attorney Specialist. The Attorney Specialist position must also work enforcement cases and perform other duties related to being an attorney representing the Department in legal matters. The Department is requesting a new position of Securities Deputy Commissioner to manage the licensing, examination, and enforcement of the mortgage loan, money services, perpetual care cemeteries, state-chartered savings and loan associations, and state-chartered credit unions sections. This will allow the Attorney Specialist to return to performing the duties related to being the attorney for the Department. The two Securities Deputy Commissioner positions would report directly to the Securities Commissioner.

**Extra Help:** The Department hires attorney and examiner interns to assist with investigations, registration, examinations, and legal research. The Department requests that the appropriation for extra help be increased by \$4,000 to a total of \$16,000 in each fiscal year to allow the Department to extend the time period worked by the interns.

**Capital Outlay:** The Department is requesting \$13,500 in Capital Outlay in each fiscal year for replacement of obsolete equipment, file servers and other technology equipment as set forth in the Department's Information Technology Plan.

**Operating Expenses - Investor Education Program:** The Department sponsor an investor education program for the public schools, civic groups, senior citizens, and state employees. The program holds town-hall meetings around the state in conjunction with other state agencies to speak to Arkansas citizens about how to protect their financial interests. The Department is requesting an increase of \$5,000 for postage, \$2,500 to pay for rent of facilities to hold the events, \$2,500 to pay for advertising the events, and \$5,000 for food for the participants in each fiscal year. Additionally, the program has a grant program for non-profit organizations and public schools. The grants allow the grantees the opportunity to purchase research materials and the necessary equipment to provide securities and investment education to teachers and students. The Department is requesting and increase of \$20,000 in each fiscal year to fund additional grants to qualified grantees. In fiscal year 2012, the Department received requests for \$194,000 in grants but was only able to grant \$50,000 to the qualified grantees. Operating expenses for the Investor Education Program would increase from \$71,000 to \$106,000 in each fiscal year.

## Audit Findings

DIVISION OF LEGISLATIVE AUDIT  
 AUDIT OF :  
 STATE SECURITIES DEPARTMENT  
 FOR THE YEAR ENDED JUNE 30, 2011

Findings

Recommendations

None

None

## State Contracts Over \$25,000 Awarded To Minority Owned Businesses Fiscal Year 2012

None

## Employment Summary

	Male	Female	Total	%
White Employees	12	21	33	92 %
Black Employees	2	1	3	8 %
Other Racial Minorities	0	0	0	0 %
Total Minorities			3	8 %
Total Employees			36	100 %

## Publications

### A.C.A. 25-1-204

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

# Department Appropriation Summary

## Historical Data

## Agency Request and Executive Recommendation

Appropriation	2011-2012		2012-2013		2012-2013		2013-2014						2014-2015					
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
027 State Operations	3,066,413	40	3,093,893	38	3,479,649	40	3,243,618	38	3,348,475	39	3,348,475	39	3,244,474	38	3,349,331	39	3,349,331	39
1MV Investor Education	60,985	0	78,500	0	78,500	0	78,500	0	113,500	0	113,500	0	78,500	0	113,500	0	113,500	0
867 Refunds and Transfers	11,320	0	17,500,000	0	17,500,000	0	17,500,000	0	17,500,000	0	500,000	0	17,500,000	0	17,500,000	0	500,000	0
<b>Total</b>	<b>3,138,718</b>	<b>40</b>	<b>20,672,393</b>	<b>38</b>	<b>21,058,149</b>	<b>40</b>	<b>20,822,118</b>	<b>38</b>	<b>20,961,975</b>	<b>39</b>	<b>3,961,975</b>	<b>39</b>	<b>20,822,974</b>	<b>38</b>	<b>20,962,831</b>	<b>39</b>	<b>3,962,831</b>	<b>39</b>

Funding Sources		%		%		%		%		%		%		%		%	
Fund Balance	4000005	4,500,981	67.7	3,506,160	15.1	2,483,767	9.9	2,483,767	9.9	2,483,767	34.8	4,161,649	15.6	4,021,792	15.2	3,171,792	40.6
Special Revenue	4000030	2,132,577	32.1	2,150,000	9.3	5,000,000	20.0	5,000,000	20.0	4,150,000	58.2	5,000,000	18.8	5,000,000	18.9	4,150,000	53.1
Cash Fund	4000045	11,320	0.2	17,500,000	75.6	17,500,000	70.0	17,500,000	70.0	500,000	7.0	17,500,000	65.6	17,500,000	66.0	500,000	6.4
<b>Total Funds</b>		<b>6,644,878</b>	<b>100.0</b>	<b>23,156,160</b>	<b>100.0</b>	<b>24,983,767</b>	<b>100.0</b>	<b>24,983,767</b>	<b>100.0</b>	<b>7,133,767</b>	<b>100.0</b>	<b>26,661,649</b>	<b>100.0</b>	<b>26,521,792</b>	<b>100.0</b>	<b>7,821,792</b>	<b>100.0</b>
Excess Appropriation/(Funding)		(3,506,160)		(2,483,767)		(4,161,649)		(4,021,792)		(3,171,792)		(5,838,675)		(5,558,961)		(3,858,961)	
<b>Grand Total</b>		<b>3,138,718</b>		<b>20,672,393</b>		<b>20,822,118</b>		<b>20,961,975</b>		<b>3,961,975</b>		<b>20,822,974</b>		<b>20,962,831</b>		<b>3,962,831</b>	



## Agency Position Usage Report

FY2010 - 2011						FY2011 - 2012						FY2012 - 2013					
Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused
	Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total	
38	37	1	38	0	2.63 %	40	36	3	39	1	10.00 %	40	36	4	40	0	10.00 %

## **Analysis of Budget Request**

**Appropriation:** 027 - State Operations

**Funding Sources:** SDH - Securities Department Fund

The State Operations appropriation is funded by special revenue fees that are authorized by A.C.A. §19-6-475. Administrative fines collected by the Agency are also designated as special revenues. Base Level is \$3,243,618 for FY14 and \$3,244,474 for FY15, with 38 positions budgeted from a total authorization of 40.

Base Level Regular Salaries and Personal Services Matching include Career Service payments for eligible employees. Personal Services Matching also includes a \$20 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$410 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases. The Base Level salary of the unclassified Director's position reflects the FY13 line item maximum.

In addition to Base Level, the Department is requesting changes that total \$104,857 each year. These are as follows:

- One new position is requested: A Securities Deputy Commissioner to assume jurisdiction over mortgage loan, money services, perpetual care cemeteries, and state-chartered savings and loan associations and credit unions to relieve an Attorney Specialist to return to enforcement cases and legal matters. Two unfilled administrative positions are being discontinued to offset part of the increase requested. Total salary and matching costs for this change are \$87,051 each year.
- An increase in Extra Help of \$4,000 each year, including \$306 in matching costs, is requested to extend the time worked by interns who assist with investigations, registrations, examinations, and legal research.
- Also requested is Capital Outlay of \$13,500 each year for upgrading and replacement of technology equipment as indicated in the Department's Information Technology Plan.

The Executive Recommendation provides for the Agency Request and also recommends that A.C.A. §19-6-475 and §23-42-211(a)(4) be amended to allow the Department to receive a maximum of \$4,000,000 each year from special revenue fees.

# Appropriation Summary

**Appropriation:** 027 - State Operations

**Funding Sources:** SDH - Securities Department Fund

## Historical Data

## Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	2013-2014			2014-2015		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	2,031,907	1,943,253	2,128,777	1,912,333	1,979,933	1,979,933	1,913,033	1,980,633	1,980,633
<b>#Positions</b>		<b>40</b>	<b>38</b>	<b>40</b>	<b>38</b>	<b>39</b>	<b>39</b>	<b>38</b>	<b>39</b>	<b>39</b>
Extra Help	5010001	11,278	12,000	12,000	12,000	16,000	16,000	12,000	16,000	16,000
<b>#Extra Help</b>		<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>
Personal Services Matching	5010003	598,562	613,496	613,728	607,641	627,398	627,398	607,797	627,554	627,554
Operating Expenses	5020002	387,202	447,160	447,160	447,160	447,160	447,160	447,160	447,160	447,160
Conference & Travel Expenses	5050009	20,374	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
Professional Fees	5060010	0	14,484	14,484	14,484	14,484	14,484	14,484	14,484	14,484
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	6,850	13,500	13,500	0	13,500	13,500	0	13,500	13,500
Contingency	5130018	0	0	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Examination Travel	5900046	10,240	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
<b>Total</b>		<b>3,066,413</b>	<b>3,093,893</b>	<b>3,479,649</b>	<b>3,243,618</b>	<b>3,348,475</b>	<b>3,348,475</b>	<b>3,244,474</b>	<b>3,349,331</b>	<b>3,349,331</b>
<b>Funding Sources</b>										
Fund Balance	4000005	3,966,334	2,879,912		1,786,019	1,786,019	1,786,019	3,392,401	3,287,544	2,437,544
Special Revenue	4000030	1,979,991	2,000,000		4,850,000	4,850,000	4,000,000	4,850,000	4,850,000	4,000,000
<b>Total Funding</b>		<b>5,946,325</b>	<b>4,879,912</b>		<b>6,636,019</b>	<b>6,636,019</b>	<b>5,786,019</b>	<b>8,242,401</b>	<b>8,137,544</b>	<b>6,437,544</b>
Excess Appropriation/(Funding)		(2,879,912)	(1,786,019)		(3,392,401)	(3,287,544)	(2,437,544)	(4,997,927)	(4,788,213)	(3,088,213)
<b>Grand Total</b>		<b>3,066,413</b>	<b>3,093,893</b>		<b>3,243,618</b>	<b>3,348,475</b>	<b>3,348,475</b>	<b>3,244,474</b>	<b>3,349,331</b>	<b>3,349,331</b>

## Change Level by Appropriation

**Appropriation:** 027 - State Operations  
**Funding Sources:** SDH - Securities Department Fund

### Agency Request

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>3,243,618</b>	<b>38</b>	<b>3,243,618</b>	<b>100.0</b>	<b>3,244,474</b>	<b>38</b>	<b>3,244,474</b>	<b>100.0</b>
C01	Existing Program	91,357	1	3,334,975	102.8	91,357	1	3,335,831	102.8
C08	Technology	13,500	0	3,348,475	103.2	13,500	0	3,349,331	103.2

### Executive Recommendation

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>3,243,618</b>	<b>38</b>	<b>3,243,618</b>	<b>100.0</b>	<b>3,244,474</b>	<b>38</b>	<b>3,244,474</b>	<b>100.0</b>
C01	Existing Program	91,357	1	3,334,975	102.8	91,357	1	3,335,831	102.8
C08	Technology	13,500	0	3,348,475	103.2	13,500	0	3,349,331	103.2

### Justification

C01	The Department is requesting a new position of Deputy Securities Commissioner and discontinuing two unfilled administrative positions to minimize the financial impact to the Department's budget. This position would assume jurisdiction over mortgage loan, money services, perpetual care cemeteries, and state-chartered savings and loan associations and credit unions to relieve an Attorney Specialist to return to enforcement cases and legal matters. The Department is also requesting an additional \$4,000 in Extra Help appropriation to extend the attorney and examiner intern program.
C08	Capital Outlay of \$13,500 each year is requested for replacement of obsolete equipment, file servers, and other technology equipment as set forth in the Department's Information Technology Plan.

## **Analysis of Budget Request**

**Appropriation:** 1MV - Investor Education

**Funding Sources:** SDH - Investor Education Fund

The Securities Department's Investor Education Program was established by Act 759 of 2003 (A.C.A. §23-42-213) and is funded by administrative fines levied by the Department. The Program is designed to work in conjunction with various non-profit economic education, religious, civic, and community groups to provide economic and financial education primarily to junior high through first year college students and senior citizen groups and to inform the investing public of investment schemes and unlawful, fraudulent conduct.

In addition to the Base Level of \$78,500 each year, the Agency is requesting an increase of \$35,000 each year in Operating Expenses to conduct more investor education programs around the State and to provide for additional grants to allow for the purchase of research and educational materials for teachers and students.

The Executive Recommendation provides for the Agency Request and also recommends that \$70,000 each year be reallocated from Operating Expenses to the Grants and Aid line item for proper accounting of disbursements of grants to schools and civic organizations for the purchase of research and educational materials.

## Appropriation Summary

**Appropriation:** 1MV - Investor Education

**Funding Sources:** SDH - Investor Education Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	2013-2014			2014-2015		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	53,863	71,000	71,000	71,000	106,000	36,000	71,000	106,000	36,000
Conference & Travel Expenses	5050009	0	0	0	0	0	0	0	0	0
Professional Fees	5060010	0	0	0	0	0	0	0	0	0
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Promotional Items	5090028	7,122	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500
Grants and Aid	5100004	0	0	0	0	0	70,000	0	0	70,000
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>		<b>60,985</b>	<b>78,500</b>	<b>78,500</b>	<b>78,500</b>	<b>113,500</b>	<b>113,500</b>	<b>78,500</b>	<b>113,500</b>	<b>113,500</b>
<b>Funding Sources</b>										
Fund Balance	4000005	534,647	626,248		697,748	697,748	697,748	769,248	734,248	734,248
Special Revenue	4000030	152,586	150,000		150,000	150,000	150,000	150,000	150,000	150,000
<b>Total Funding</b>		<b>687,233</b>	<b>776,248</b>		<b>847,748</b>	<b>847,748</b>	<b>847,748</b>	<b>919,248</b>	<b>884,248</b>	<b>884,248</b>
Excess Appropriation/(Funding)		(626,248)	(697,748)		(769,248)	(734,248)	(734,248)	(840,748)	(770,748)	(770,748)
<b>Grand Total</b>		<b>60,985</b>	<b>78,500</b>		<b>78,500</b>	<b>113,500</b>	<b>113,500</b>	<b>78,500</b>	<b>113,500</b>	<b>113,500</b>

## Change Level by Appropriation

**Appropriation:** 1MV - Investor Education  
**Funding Sources:** SDH - Investor Education Fund

### Agency Request

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>78,500</b>	<b>0</b>	<b>78,500</b>	<b>100.0</b>	<b>78,500</b>	<b>0</b>	<b>78,500</b>	<b>100.0</b>
C01	Existing Program	35,000	0	113,500	144.6	35,000	0	113,500	144.6

### Executive Recommendation

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>78,500</b>	<b>0</b>	<b>78,500</b>	<b>100.0</b>	<b>78,500</b>	<b>0</b>	<b>78,500</b>	<b>100.0</b>
C01	Existing Program	35,000	0	113,500	144.6	35,000	0	113,500	144.6
C19	Executive Changes	0	0	113,500	144.6	0	0	113,500	144.6

### Justification

C01	The Department is requesting an increase of \$15,000 in expenses for postage, rent of facilities, advertising, and food related to holding investor education programs throughout the state to protect the financial interest of Arkansas citizens. Additionally, the Department requests an increase of \$20,000 for the grant program for non-profit organizations and public schools. The grant program allows the grantees the opportunity to purchase research materials and the necessary equipment to provide securities and investor education to teachers and students.
C19	As recommended by the Department of Finance & Administration-Office of Accounting, the Executive Recommendation reallocates appropriation in the amount of \$70,000 each year from Operating Expenses to the Grants/Aids line item for proper accounting of disbursements made to schools and non-profit organizations to obtain materials for investor education courses.

## **Analysis of Budget Request**

**Appropriation:** 867 - Refunds and Transfers

**Funding Sources:** \* 153 - Securities Department - Cash in Bank

The Securities Department's Overpayments/Transfer to Treasury appropriation is a Cash in Treasury account that is used for transfer of fee collections to other State Treasury fund accounts after necessary refunds have been made.

The Department indicates that the current Base Level of \$17,500,000 each year will be sufficient to cover all transfers and refunds anticipated in the 2013-2015 Biennium. Accordingly, the Department is requesting Base Level for this program.

The Executive Recommendation provides for appropriation of \$500,000 each year and that this program be changed to a Cash in Bank account for refunds and reimbursements. Transfers to the Treasury do not appear as expenditures, so a larger amount of appropriation is not necessary. Expenditure of appropriation is contingent upon available funding.



# Appropriation Summary

**Appropriation:** 867 - Refunds and Transfers  
**Funding Sources:** \* 153 - Securities Department - Cash in Bank

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	Historical Data			2013-2014			2014-2015		
	2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Refunds/Reimbursements 5110014	11,320	17,500,000	17,500,000	17,500,000	17,500,000	500,000	17,500,000	17,500,000	500,000
<b>Total</b>	<b>11,320</b>	<b>17,500,000</b>	<b>17,500,000</b>	<b>17,500,000</b>	<b>17,500,000</b>	<b>500,000</b>	<b>17,500,000</b>	<b>17,500,000</b>	<b>500,000</b>
<b>Funding Sources</b>									
Cash Fund 4000045	11,320	17,500,000		17,500,000	17,500,000	500,000	17,500,000	17,500,000	500,000
<b>Total Funding</b>	<b>11,320</b>	<b>17,500,000</b>		<b>17,500,000</b>	<b>17,500,000</b>	<b>500,000</b>	<b>17,500,000</b>	<b>17,500,000</b>	<b>500,000</b>
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
<b>Grand Total</b>	<b>11,320</b>	<b>17,500,000</b>		<b>17,500,000</b>	<b>17,500,000</b>	<b>500,000</b>	<b>17,500,000</b>	<b>17,500,000</b>	<b>500,000</b>

\* The Executive Recommendation provides for a change in this program to Cash in Bank and that transactions be limited to Refunds and Reimbursements.

## Change Level by Appropriation

**Appropriation:** 867 - Refunds and Transfers  
**Funding Sources:** \* 153 - Securities Department - Cash in Bank

### Agency Request

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	17,500,000	0	17,500,000	100.0	17,500,000	0	17,500,000	100.0

### Executive Recommendation

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	17,500,000	0	17,500,000	100.0	17,500,000	0	17,500,000	100.0
C19	Executive Changes	(17,000,000)	0	500,000	2.9	(17,000,000)	0	500,000	2.9

### Justification

C19	The Executive Recommendation provides for reduction in appropriation to \$500,000 each year for the payment of refunds and reimbursements and a change in this program to a Cash-in-Bank account.
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# ARKANSAS SPINAL CORD COMMISSION

## Enabling Laws

Act 41 of 2012  
A.C.A. §20-8-201 et seq.

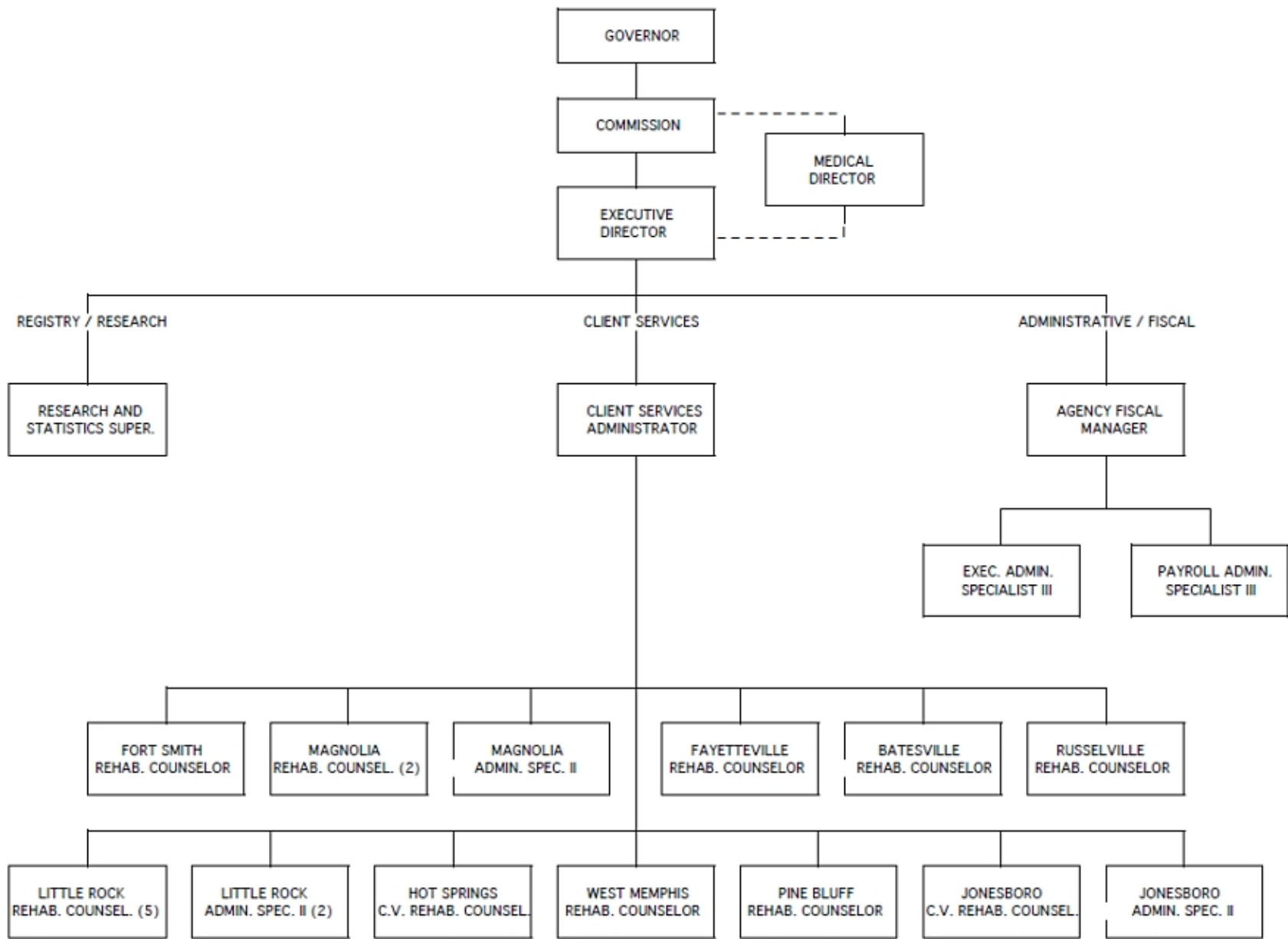
## History and Organization

***The mission of the Arkansas Spinal Cord Commission is to administer a statewide service program to identify and meet the unique and lifelong needs of Arkansans with spinal cord disabilities.***

The **Arkansas Legislature established the Arkansas Spinal Cord Commission** in 1975. An innovative concept, it was the first in the nation, dedicated to the complex, lifelong needs of citizens with spinal cord disabilities. In 1977, the Arkansas Spinal Cord Disability Registry was established to track, identify and monitor new cases. In **FY2012**, the Commission served about **2,700** Arkansans with spinal cord disabilities and accepted **210 new referrals, a 5% increase from FY2010**. The Commission is governed by a five (5)-member board, appointed by the Governor and confirmed by the Senate, from the state at large for ten (10) year terms. The members must have a spinal cord disability themselves, be a member of the immediate family of one with spinal cord disability, or demonstrate special knowledge of and experience with spinal cord disabilities. In 2012, the Commission has 27 budgeted positions. **Over 85% of our budget provides direct services to our clients with spinal cord disabilities**

The agency serves an integral role in promoting and preserving the independent functioning of Arkansans with spinal cord disabilities, allowing them to contribute to our state rather than drain its resources. Our **Case Management** program provides **legislatively mandated services** to individuals with spinal cord disabilities, including assessing needs, developing individual independent living plans, providing lifelong follow-up, counseling, guidance and support and assisting the individual through the maze of state and federal programs to obtain the services they need. ASCC Case Managers made **over 6,081** client contacts in FY12, in all 75 Arkansas counties and leveraged over \$585,221 in services on behalf of their clients. In the absence of all other resources, the Commission **Spinal Treatment Fund** purchases medical services for clients who meet our financial criteria including wheelchairs, home modifications and ramps, outpatient therapy and emergency medical supplies and medications. Our **Long Term Attendant Care** program provides funding for consumer directed personal care assistance needed to maintain 25 individuals with quadriplegia in their own homes, preventing institutionalization. The Commission serves an integral role in providing **education and training** to individuals with spinal cord disabilities and their care providers through educational conferences, development and dissemination of educational resources and our website. These services assure that Arkansans with spinal cord disabilities live in their least restrictive environment.

Our **Arkansas Spinal Cord Disability Registry**, is a legislatively mandated spinal cord disability registry that identifying individuals who need our services, this surveillance system monitors the cause of injury, location, level of disability, age, education and other information on open and closed cases to assist in recognizing trends, predicting future needs and allocating resources. New in 2012, our **Trauma Rehabilitation Program**, is funded through state trauma system funds. This program, to develop statewide trauma rehabilitation programs including developing outcome measures, professional training programs and rehabilitation hospital designation and does not supplement or supplant our state operations.



## Agency Commentary

The **Arkansas Spinal Cord Commission** is mandated to identify and meet the needs of individuals with spinal cord disabilities in Arkansas. In FY 2012, the Commission served 2,663 clients, including 209 new referrals. Based on this trend, by the end of the new biennium, in June of 2015 we will be serving about 2,800 severely disabled Arkansans. Due to improved medical care, our clients are living longer, and requiring more complex services. An increasing number of our clients now meet our financial criteria at 113% of poverty and qualify to receive purchased services. An April 2012 client survey reflects our average client family income is \$1,423 per month. In accordance with our legislative mandate, our goal is to assist clients in getting medical services they need and prevent them from 'falling through the cracks' in the complex system of healthcare and community based services to allow them to live independently in the community, in their least restrictive environment. Only 5% of Arkansans with spinal cord disabilities live in nursing homes or institutions (compared with 11% nationally).

ASCC Commission members and staff have made every attempt to reallocate resources to optimize state funding. Even with our best cost saving strategies in place, we are unable to maintain our previous level of services. This biennium budget request is submitted in keeping with the Governor's directive, but mindful of our clients' needs.

**MAINTAIN ADEQUATE CASE MANAGEMENT STAFF TO PROVIDE QUALITY CLIENT SERVICES AND TO OPTIMIZE STATE FUNDS IS OUR FIRST PRIORITY.** Case Management is the most integral component of our program. Providing direct assistance to our clients and families, particularly those with new injuries and new births, provides these Arkansans with help in getting the services they need. The healthcare and social service system is challenging, and individuals with spinal cord disabilities need help finding and obtaining services. Most healthcare providers are unaware of the appropriate treatment or equipment needs for this population, particularly in rural areas. Our Rehabilitation Counselors provide expertise and advice to assist in getting appropriate medical care, treatment and equipment, that saves our clients personally and the state financially, in preventing pressure sores and other medical complications. ASCC last added an additional Rehabilitation Counselor in July 2007. Since that time, our caseload has increased by over 200 cases to 2663 in July 2012. In 2 years at the start FY15, we would expect an additional 100 cases. In FY12, ASCC Case Managers made 6,081 visits to clients in all 75 counties

We have made every effort to redistribute caseloads, evaluate client status needs and change policies, but the caseloads continue to grow. In addition, with present economic circumstances, more of our clients are uninsured or underinsured and more need our help. Typical client caseloads for Case Managers in the private sector average 50 - 75. At 125 - 150, ASCC Rehabilitation Counselors provide quality services. Our present caseloads average 190. By the end of the 2013-15 biennium, the average will increase to over 200. With the high caseloads, particularly over the past 2 years, we have seen significant turnover in these positions. In FY 12, we have turned over more than 33% (5) of our Rehabilitation Counselor positions, **1 northwest Arkansas position has turned over 4 times since 2008.** We respectfully request two Rehabilitation Counselor (C117, LO51C) positions to meet these critical needs in serving some of Arkansas' most vulnerable citizens, those who live with spinal cord disabilities and paralysis.

2010 census data reflects an increase of 9.1% in population. This means a similar increase in the spinal cord disability population we serve. Of biggest concern are the increases in northwest Arkansas (Benton County 44%, Washington 28%, Sebastian 9%). This large population area is geographically isolated. We request one additional Rehabilitation Counselor (C117) for our Fayetteville office to increase needed coverage in this part of the state. The Case Manager presently serving Fayetteville has seen a 22% increase in her caseload since the last Case Manager was added. We would anticipate an additional 20% in the next two years, based on the population. In addition, there are similar increases in north Central Arkansas, including Faulkner County (31% increase), north Pulaski (6% increase), Lonoke and White counties. To provide the best geographic coverage, and meet these significant client caseload increases, we request a second Rehabilitation Counselor to be assigned to a Searcy office. To provide support for these positions, an increase in our office space (\$4,000 per office in FY14) and administrative support staff (\$12,500 per office, in FY14 and \$13,000 per office in FY15), contract with Arkansas Rehabilitation Services (\$25,000 each year) as well as office equipment (\$3,500 each office in FY14) and training (\$2,000 per Case Manager in each year) and business travel would be required. **THIS IS OUR MOST CRITICAL NEED.** Should funds not allow the addition of two positions, one additional position would be essential in maintaining staff and meeting client needs.

**MAINTAIN OUR SPINAL TREATMENT PROGRAM TO MEET OUR LEGISLATIVE MANDATES.** In order to provide adequate spinal treatment services, we request a return to **FY2013 appropriation level** for our spinal treatment line item at \$772,000 each yr. In FY13, our spinal treatment funding is \$349,527, 45% of appropriation level. Our average per client service expenditure in FY13 is \$132.00 per client. We request an increase to \$182.00 per client, an increase of \$50.00 per client and \$157,947 in each year. We have not had a line item Spinal Treatment funding increase since FY08. These funds allow us to purchase medical equipment for our clients, including wheelchairs, patient lifts, minor bathroom modifications, pressure sore prevention air mattresses and emergency medical supplies as well as ramps and minor modifications to allow widen doors or make bathrooms useable as well as maintaining emergency loan medical equipment. Our client caseload continues to increase, as does the percentage of clients who meet our financial guidelines. We purchase services for more clients and the cost of what we purchase continues to increase. This includes 11% cost increases in cost per wheelchairs since 2009 22% in building material purchases for ramps and home modifications and similar increases in other durable medical equipment and medical supplies.

### **SUPPORT CASE MANAGEMENT PROGRAM**

In order to optimize client home visits, implement electronic signature capabilities and provide increased connectivity, we request **funding for data plans** (\$50/month/ staff member) for tablet computers for our 14 Rehabilitation Counselors, Intake Coordinator and Client Services Administrator (4,800 FY 14, 9,600 FY15). Funding has been reallocated to meet the cost of the tablets, but the data plans will be an ongoing vital expense that will allow our Case Managers to have access, even in the most rural areas. **Additional training** is essential to keep our Case Management staff updated on the latest medical information, equipment and services to assure we provide cutting edge information and services. We request an additional \$350 per Rehabilitation Counselor / Intake Coordinator (\$5,250) in order to conduct additional face to face and electronic meetings on spinal cord related medical issues with our Medical Director and IT related training sessions.

Our remaining change level requests add appropriation and two positions to reflect the new Trauma Rehabilitation program, funded through Trauma System funds (Cash 97G). This program, to develop statewide trauma rehabilitation programs including developing outcome measures, professional training programs and a rehabilitation hospital designation is a discrete program that does not supplement or supplant our state operations. It includes no direct client services. We also request level appropriations in our Cash (864) and in Federal (187) funds should funding be available.

This proposal reflects careful evaluation by Commission Members and staff. They represent our best assessment of the most basic needs of our agency in order to allow us to support our mission and provide quality services to our consumers, some of our state's most severely disabled citizens and their families.

## **Audit Findings**

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
ARKANSAS SPINAL CORD COMMISSION  
FOR THE YEAR ENDED JUNE 30, 2011

Findings

Recommendations

None

None

## **State Contracts Over \$25,000 Awarded To Minority Owned Businesses Fiscal Year 2012**

None



## Employment Summary

	Male	Female	Total	%
White Employees	8	9	17	68 %
Black Employees	2	5	7	28 %
Other Racial Minorities	0	1	1	4 %
Total Minorities			8	32 %
Total Employees			25	100 %

## Cash Fund Balance Description as of June 30, 2012

Fund Account	Balance	Type	Location
3020200	\$43,379	Checking/CD	Bank of America, Little Rock; Metropolitan National Bank, Little Rock

Statutory/Other Restrictions on use:

N/A

Statutory Provisions for Fees, Fines, Penalties:

N/A

Revenue Receipts Cycle:

Variable based on donations, private grants, and conference sponsorships and receipts.

Fund Balance Utilization:

(1) Emergency purchases of client equipment and rehabilitation payments; (2) purchase of books and media for Education & Resource Library and client educational packets; and (3) expenses of conducting educational conferences and workshops.

## Publications

### A.C.A. 25-1-204

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
Agency Brochure	None	N	N	1,000	Client, family & public education
Referral Poster	None	N	N	500	Health care provider, referral agency education to Leg. Mandate for reporting.
Spinal Courier Newsletter	None	N	N	9,000	Client, family & health care provider education

# Department Appropriation Summary

## Historical Data

## Agency Request and Executive Recommendation

Appropriation	2011-2012		2012-2013		2012-2013		2013-2014					2014-2015						
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
096 State Operations	2,455,044	25	2,255,890	25	2,798,624	25	2,315,661	25	2,884,531	27	2,580,187	25	2,317,053	25	2,883,723	27	2,581,579	25
187 Federal Operations	2,696	0	34,500	0	34,500	0	34,500	0	34,500	0	34,500	0	34,500	0	34,500	0	34,500	0
864 Cash Operations	9,132	0	35,000	0	35,000	0	35,000	0	35,000	0	35,000	0	35,000	0	35,000	0	35,000	0
97G ASCC-TAC	97,085	2	500,000	2	0	0	0	0	500,000	2	500,000	2	0	0	500,000	2	500,000	2
Total	2,563,957	27	2,825,390	27	2,868,124	25	2,385,161	25	3,454,031	29	3,149,687	27	2,386,553	25	3,453,223	29	3,151,079	27

Funding Sources		%		%		%		%		%		%		%		%		%	
Fund Balance	4000005	41,179	1.5	148,663	5.0			123,663	5.0	123,663	3.8	123,663	4.1	98,663	4.0	98,663	3.0	98,663	3.3
General Revenue	4000010	2,289,342	84.4	2,115,142	71.7			2,225,403	89.6	2,514,000	76.5	2,225,403	74.6	2,228,106	90.6	2,513,192	77.0	2,228,106	75.3
Federal Revenue	4000020	106,824	3.9	140,505	4.8			124,758	5.0	140,505	4.3	124,758	4.2	123,447	5.0	140,505	4.3	123,447	4.2
Cash Fund	4000045	116,616	4.3	10,000	0.3			10,000	0.4	10,000	0.3	10,000	0.3	10,000	0.4	10,000	0.3	10,000	0.3
Merit Adjustment Fund	4000055	61,574	2.3	34,743	1.2			0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Miscellaneous Transfers	4000355	97,085	3.6	500,000	17.0			0	0.0	500,000	15.2	500,000	16.8	0	0.0	500,000	15.3	500,000	16.9
Total Funds		2,712,620	100.0	2,949,053	100.0			2,483,824	100.0	3,288,168	100.0	2,983,824	100.0	2,460,216	100.0	3,262,360	100.0	2,960,216	100.0
Excess Appropriation/(Funding)		(148,663)		(123,663)				(98,663)		165,863		165,863		(73,663)		190,863		190,863	
Grand Total		2,563,957		2,825,390				2,385,161		3,454,031		3,149,687		2,386,553		3,453,223		3,151,079	

Budget exceeds Authorized Appropriation in 97G due to a transfer from the Cash Fund Holding Account. Variance in fund balances is due to unfunded appropriation in 096 State Operations.

## Agency Position Usage Report

FY2010 - 2011						FY2011 - 2012						FY2012 - 2013					
Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused
	Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total	
25	23	2	25	0	8.00 %	25	27	0	27	-2	-8.00 %	25	27	0	27	-2	-8.00 %

Total Budgeted positions exceed Authorized amount due to positions authorized from the Central Growth Pool.

## **Analysis of Budget Request**

**Appropriation:** 096 - State Operations

**Funding Sources:** HUA - Miscellaneous Agencies Fund

The Arkansas Spinal Cord Commission was created in 1975 for the establishment and integration of a statewide system of treatment, rehabilitation, counseling, and social services for persons with spinal cord injuries or spina bifida. The Commission serves an integral role in promoting and preserving the independent functioning of Arkansans with spinal cord disabilities, allowing them to contribute to our state. State General Revenue provides approximately 95% of the total funding for this appropriation. While a small portion of this appropriation is supported with Federal Social Services Block Grant funds allocated through the Department of Human Services, general revenue funding comprises the bulk of the revenue source.

Base Level Regular Salaries and Personal Services Matching includes Career Service payments for eligible employees. Personal Services Matching also includes a \$20 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$410 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases. The Base Level salary of unclassified positions reflects the FY13 line item maximum.

The Commission request is for a Base Level of \$2,315,661 in FY14 and \$2,317,053 in FY15 for the biennium with a total Change Level request of \$568,870 in FY14 and \$566,670 in FY15 in appropriation only. They are requesting additional general revenue funding of \$288,597 in FY14 and \$285,086 in FY15 is requested. The Change Level request is comprised of the following:

- Regular Salaries and Personal Services Matching totaling \$89,347 in FY14 and FY15, two (2) additional Rehabilitation Counselor positions to meet the critical needs in serving some of Arkansas' most vulnerable citizens, those who live with spinal cord disabilities and paralysis. Typical client case loads for Case Managers in the private sector average 50 to 75. ASCC Rehabilitation Counselors average 125 to 150 case loads, which has caused a high turnover in these two positions over the past two years.
- Operating Expenses of \$24,800 in FY14 and \$22,600 in FY15 to provide support for the two positions such as increase in office space and administrative support staff.
- Conference Fees and Travel of \$7,250 each year for additional training that is needed to keep the case management staff updated on the latest medical information equipment and services.
- Professional Fees and Services of \$25,000 each year for professional and administrative services.
- A Technology related request of \$4,800 in FY14 and \$9,600 in FY15, included in the Operating Expenses request, for the cost of data plans each year to allow the purchase of tablets to be used by the Commission's 16 Rehabilitation Counselor staff in the field with clients. This request is referenced on page 9, under the section "IT Support Costs" in the Agency's IT Plan.
- Spinal Treatment Program of \$422,473 each year (of which \$264,526 is unfunded) to restore the appropriation back to the authorized level in order to provide adequate spinal treatment services.

The Executive Recommendation provides for Base Level and the unfunded appropriation in the amount of \$264,526 for the Spinal Treatment Program.

## Appropriation Summary

**Appropriation:** 096 - State Operations

**Funding Sources:** HUA - Miscellaneous Agencies Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	2013-2014			2014-2015		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	1,058,706	1,002,063	1,102,354	1,020,199	1,084,697	1,020,199	1,021,314	1,085,812	1,021,314
<b>#Positions</b>		<b>25</b>	<b>25</b>	<b>25</b>	<b>25</b>	<b>27</b>	<b>25</b>	<b>25</b>	<b>27</b>	<b>25</b>
Personal Services Matching	5010003	360,189	317,135	337,105	358,770	383,619	358,770	359,047	383,896	359,047
Operating Expenses	5020002	225,326	225,035	225,035	225,035	249,835	225,035	225,035	247,635	225,035
Conference & Travel Expenses	5050009	10,520	10,520	10,520	10,520	17,770	10,520	10,520	17,770	10,520
Professional Fees	5060010	80,000	90,000	90,000	90,000	115,000	90,000	90,000	115,000	90,000
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Grants and Aid	5100004	259,864	261,610	261,610	261,610	261,610	261,610	261,610	261,610	261,610
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Spinal Treatment Program	5900046	460,439	349,527	772,000	349,527	772,000	614,053	349,527	772,000	614,053
<b>Total</b>		<b>2,455,044</b>	<b>2,255,890</b>	<b>2,798,624</b>	<b>2,315,661</b>	<b>2,884,531</b>	<b>2,580,187</b>	<b>2,317,053</b>	<b>2,883,723</b>	<b>2,581,579</b>

Funding Sources										
General Revenue	4000010	2,289,342	2,115,142		2,225,403	2,514,000	2,225,403	2,228,106	2,513,192	2,228,106
Federal Revenue	4000020	104,128	106,005		90,258	106,005	90,258	88,947	106,005	88,947
Merit Adjustment Fund	4000055	61,574	34,743		0	0	0	0	0	0
<b>Total Funding</b>		<b>2,455,044</b>	<b>2,255,890</b>		<b>2,315,661</b>	<b>2,620,005</b>	<b>2,315,661</b>	<b>2,317,053</b>	<b>2,619,197</b>	<b>2,317,053</b>
Excess Appropriation/(Funding)		0	0		0	264,526	264,526	0	264,526	264,526
<b>Grand Total</b>		<b>2,455,044</b>	<b>2,255,890</b>		<b>2,315,661</b>	<b>2,884,531</b>	<b>2,580,187</b>	<b>2,317,053</b>	<b>2,883,723</b>	<b>2,581,579</b>

## Change Level by Appropriation

**Appropriation:** 096 - State Operations  
**Funding Sources:** HUA - Miscellaneous Agencies Fund

### Agency Request

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>2,315,661</b>	<b>25</b>	<b>2,315,661</b>	<b>100.0</b>	<b>2,317,053</b>	<b>25</b>	<b>2,317,053</b>	<b>100.0</b>
C01	Existing Program	299,544	2	2,615,205	112.9	292,544	2	2,609,597	112.6
C05	Unfunded Appropriation	264,526	0	2,879,731	124.4	264,526	0	2,874,123	124.0
C08	Technology	4,800	0	2,884,531	124.6	9,600	0	2,883,723	124.5

### Executive Recommendation

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>2,315,661</b>	<b>25</b>	<b>2,315,661</b>	<b>100.0</b>	<b>2,317,053</b>	<b>25</b>	<b>2,317,053</b>	<b>100.0</b>
C01	Existing Program	0	0	2,315,661	100.0	0	0	2,317,053	100.0
C05	Unfunded Appropriation	264,526	0	2,580,187	111.4	264,526	0	2,581,579	111.4
C08	Technology	0	0	2,580,187	111.4	0	0	2,581,579	111.4

### Justification

C01	ASCC requests change levels of \$299,544 and \$292,544 in appropriation and funding in Years 1 and 2 respectively. Our request breaks down as follows: \$157,947 in both years for our Spinal Treatment Program in order to increase our assistance available by \$50 per client; \$126,347 and \$119,347 in Years 1 and 2 for salary, matching, support, office and equipment for 2 additional Rehabilitation Counselors stationed in the Northwest and North Central Arkansas areas; and \$7,250 for conference fees and travel to help our agency maintain necessary training levels in an effort to combat both heavy turnover in our Case Management staff and the ever-changing array of available products, services and grants available to our clients.
C05	ASCC requests \$264,526 in unfunded appropriation to accompany the \$157,247 requested in CO1 to fully restore our Spinal Treatment Program appropriation to FY13 Authorized.
C08	ASCC's IT plan includes a phase-in of Tablets for use by our 16 Rehabilitation Counselor staff in the field with clients. This request reflects the necessary costs of data plans for half of our Rehabilitation Counselors in Year 1, and all in Year 2. This request is referenced on page 9 under the section "IT Support Cost" in the Agency's IT plan.

## **Analysis of Budget Request**

**Appropriation:** 187 - Federal Operations

**Funding Sources:** FSK - Federal Funds

The Spinal Cord Commission's Federal Operations appropriation is utilized for various Research and Prevention Programs. This appropriation is 100% federally funded.

The Commission request is for a Base Level of \$34,500 each year of the biennium.

The Executive Recommendation provides for the Agency Request.



## Appropriation Summary

**Appropriation:** 187 - Federal Operations

**Funding Sources:** FSK - Federal Funds

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
	2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	2013-2014			2014-2015		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses 5020002	1,946	26,500	26,500	26,500	26,500	26,500	26,500	26,500	26,500
Conference & Travel Expenses 5050009	750	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Professional Fees 5060010	0	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Capital Outlay 5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>2,696</b>	<b>34,500</b>	<b>34,500</b>	<b>34,500</b>	<b>34,500</b>	<b>34,500</b>	<b>34,500</b>	<b>34,500</b>	<b>34,500</b>
<b>Funding Sources</b>									
Federal Revenue 4000020	2,696	34,500		34,500	34,500	34,500	34,500	34,500	34,500
<b>Total Funding</b>	<b>2,696</b>	<b>34,500</b>		<b>34,500</b>	<b>34,500</b>	<b>34,500</b>	<b>34,500</b>	<b>34,500</b>	<b>34,500</b>
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
<b>Grand Total</b>	<b>2,696</b>	<b>34,500</b>		<b>34,500</b>	<b>34,500</b>	<b>34,500</b>	<b>34,500</b>	<b>34,500</b>	<b>34,500</b>

## **Analysis of Budget Request**

**Appropriation:** 864 - Cash Operations

**Funding Sources:** NSC - Cash in Treasury

The Spinal Cord Commission's cash appropriation is utilized for contingency, miscellaneous, or emergency purchases and educational activities, which include conducting an annual conference. The funding sources of this cash appropriation include private donations, proceeds from educational activities and grants.

The Commission request is for Base Level of \$35,000 each year of the biennium.

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

## Appropriation Summary

**Appropriation:** 864 - Cash Operations  
**Funding Sources:** NSC - Cash in Treasury

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
	2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	2013-2014			2014-2015		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses 5020002	2,138	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Conference & Travel Expenses 5050009	0	0	0	0	0	0	0	0	0
Professional Fees 5060010	6,994	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Capital Outlay 5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>9,132</b>	<b>35,000</b>	<b>35,000</b>	<b>35,000</b>	<b>35,000</b>	<b>35,000</b>	<b>35,000</b>	<b>35,000</b>	<b>35,000</b>
<b>Funding Sources</b>									
Fund Balance 4000005	41,179	148,663		123,663	123,663	123,663	98,663	98,663	98,663
Cash Fund 4000045	116,616	10,000		10,000	10,000	10,000	10,000	10,000	10,000
<b>Total Funding</b>	<b>157,795</b>	<b>158,663</b>		<b>133,663</b>	<b>133,663</b>	<b>133,663</b>	<b>108,663</b>	<b>108,663</b>	<b>108,663</b>
<b>Excess Appropriation/(Funding)</b>	<b>(148,663)</b>	<b>(123,663)</b>		<b>(98,663)</b>	<b>(98,663)</b>	<b>(98,663)</b>	<b>(73,663)</b>	<b>(73,663)</b>	<b>(73,663)</b>
<b>Grand Total</b>	<b>9,132</b>	<b>35,000</b>		<b>35,000</b>	<b>35,000</b>	<b>35,000</b>	<b>35,000</b>	<b>35,000</b>	<b>35,000</b>

## **Analysis of Budget Request**

**Appropriation:** 97G - ASCC-TAC

**Funding Sources:** NSC - Cash in Treasury

This program is to develop statewide trauma rehabilitation programs including developing outcome measures, professional training programs and a rehabilitation hospital designation. It is funded from Trauma System funds that are transferred from the Arkansas Department of Health.

The Commission is requesting to restore appropriation for the new Trauma Rehabilitation program to the FY13 budgeted amount of \$500,000 each year of the biennium. This appropriation includes the:

- Restoration of two (2) regular positions and Personal Services Matching totaling \$148,483 in FY14 and \$148,607 in FY15,
- Operating Expenses totaling \$23,016 each year for network service expenses, printing, mileage, lodging, association and membership dues, and office supplies,
- Conference Fees and Travel totaling \$45,040 each year for meals, lodging, and training,
- Professional Fees and Services totaling \$65,000 each year for professional and administrative fees, and
- Grants and Aid totaling \$218,461 in FY14 and \$218,337 in FY15.

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

## Appropriation Summary

**Appropriation:** 97G - ASCC-TAC

**Funding Sources:** NSC - Cash in Treasury

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	2013-2014			2014-2015		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	45,905	110,757	0	0	111,137	111,137	0	111,237	111,237
<b>#Positions</b>		<b>2</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>2</b>	<b>0</b>	<b>2</b>	<b>2</b>
Personal Services Matching	5010003	12,861	36,664	0	0	37,346	37,346	0	37,370	37,370
Operating Expenses	5020002	17,391	23,016	0	0	23,016	23,016	0	23,016	23,016
Conference & Travel Expenses	5050009	3,053	45,040	0	0	45,040	45,040	0	45,040	45,040
Professional Fees	5060010	16,400	65,000	0	0	65,000	65,000	0	65,000	65,000
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Grants and Aid	5100004	1,475	219,523	0	0	218,461	218,461	0	218,337	218,337
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>		<b>97,085</b>	<b>500,000</b>	<b>0</b>	<b>0</b>	<b>500,000</b>	<b>500,000</b>	<b>0</b>	<b>500,000</b>	<b>500,000</b>
<b>Funding Sources</b>										
Miscellaneous Transfers	4000355	97,085	500,000		0	500,000	500,000	0	500,000	500,000
<b>Total Funding</b>		<b>97,085</b>	<b>500,000</b>		<b>0</b>	<b>500,000</b>	<b>500,000</b>	<b>0</b>	<b>500,000</b>	<b>500,000</b>
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
<b>Grand Total</b>		<b>97,085</b>	<b>500,000</b>		<b>0</b>	<b>500,000</b>	<b>500,000</b>	<b>0</b>	<b>500,000</b>	<b>500,000</b>

Appropriation was established through the Cash Fund Holding Account.

## Change Level by Appropriation

**Appropriation:** 97G - ASCC-TAC  
**Funding Sources:** NSC - Cash in Treasury

### Agency Request

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>
C01	Existing Program	374,877	0	374,877	100.0	374,877	0	374,877	100.0
C06	Restore Position/Approp	122,923	2	497,800	132.8	122,923	2	497,800	132.8
C08	Technology	2,200	0	500,000	133.4	2,200	0	500,000	133.4

### Executive Recommendation

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>
C01	Existing Program	374,877	0	374,877	100.0	374,877	0	374,877	100.0
C06	Restore Position/Approp	122,923	2	497,800	132.8	122,923	2	497,800	132.8
C08	Technology	2,200	0	500,000	133.4	2,200	0	500,000	133.4

### Justification

C01	ASCC requests restoration of cash appropriation for the Trauma Rehabilitation program to FY13 budgeted.
C06	ASCC requests restoration of cash appropriation and 2 positions directly related to the Trauma Rehabilitation Program.
C08	ASCC requests restoration of cash appropriation for the Trauma Rehabilitation program to FY13 budgeted. This request is referenced on page 9 under the section "IT Support Cost" in the Agency's IT Plan and consists of DIS wired services for the rehabilitation counselors.

# STUDENT LOAN AUTHORITY

## Enabling Laws

Act 96 of 2012  
A.C.A. §6-81-101 et seq.

## History and Organization

Since the Authority was created in 1977, its enabling legislation has been amended six times:

Act 633 of 1979

- delineated membership of the Authority board and
- expanded authorized investments.

Act 296 of 1981

- defined the term "obligation",
- increased the obligation "cap" from \$15 million to \$50 million,
- required repayment from the next sale of revenue bonds of any outstanding obligation(s) other than revenue bonds, and
- repealed the requirement that student loans qualify for payment of federal interest benefits.

Act 937 of 1983

- defined the term "bond",
- removed the 10% limit on bond interest rates,
- reduced the notice period for public sale of bonds to ten days, and
- expanded authorized investments.

Act 39 of the 1983 First Extraordinary Session

- increased the obligation "cap" from \$50 to \$100 million.

Act 51 of the 1983 First Extraordinary Session

- authorized negotiated sales of obligations.

Act 429 and 449 of 1985 (identical acts)--

- authorized the Authority to make and purchase PLUS (parent) loans
- re-defined the term "obligation" to authorize the Authority to issue taxable and/or non-taxable debt, and

- designated the Authority as a public body politic and corporate.

Act 705 and 631 of 1985 (identical acts)--

- authorized the Authority to make or purchase loans from any qualified guarantor of its choice,
- removed the limitation on obligations that may be issued by the Authority, and,
- permitted the issuance of obligations, the proceeds of which may be used to acquire investment contracts.

Act 377 of 1989

- authorized the Authority to sell guaranteed educational loan notes where appropriate to its operation

Act 1284 of 1993

- clarified the powers and authority of agency
- authorized the Authority to administer financial assistance for particular health education programs

Act 1218 of 1999

- moved administration of the Health Education Grant Program from the Authority to the Department of Higher Education

Act 521 of 2011

- authorized the Authority to administer federal education loans on behalf of the U.S. Department
- clarified the Authority's ability to provide non-federal education loans

The Arkansas Student Loan Authority ("Authority") was created to provide an enduring source of affordable higher education funding to Arkansas citizens and non-citizens who attend an Arkansas higher education institution. In 1977, as the number of student loan providers dwindled, the Arkansas General Assembly established ASLA to ensure an enduring source of affordable student loans to the citizens. It is ASLA's mission to enhance access to affordable educational funding and to provide localized student loan servicing to Arkansas citizens. All funding to support ASLA programs is provided by cash funds generated from loan program operations. ASLA is a self-sufficient agency that does not receive any state revenue dollars.

The Authority operated as a loan originator and secondary market in the Federal Family Education Loan Program (FFELP) for over 30 years; the agency continues to fulfill loan servicing responsibilities for approximately \$450 million in FFELP student loans owned by the Authority. The Authority anticipates that it will manage a minimum of \$320 million and up to \$550 million in FFELP student loans during the 2013-2015 biennial period. Loan servicing and administration expenses related to FFELP accounts typically run in the range of 1.00%-1.25% of the total outstanding loan portfolio.

As of July 1, 2010, Congress eliminated FFELP and replaced it with the Federal Direct Loan Program (FDLP) through a mandate included in the Health Care and Education Reconciliation Act of 2010 (HCERA). Under HCERA, the U.S. Department of Education is the only entity authorized to originate federal student loans; however, qualified state agencies, such as the Authority, are authorized to provide loan servicing. ASLA received a allocation of approximately 100,000, student loan accounts during the period of January 2012 through May 2012.

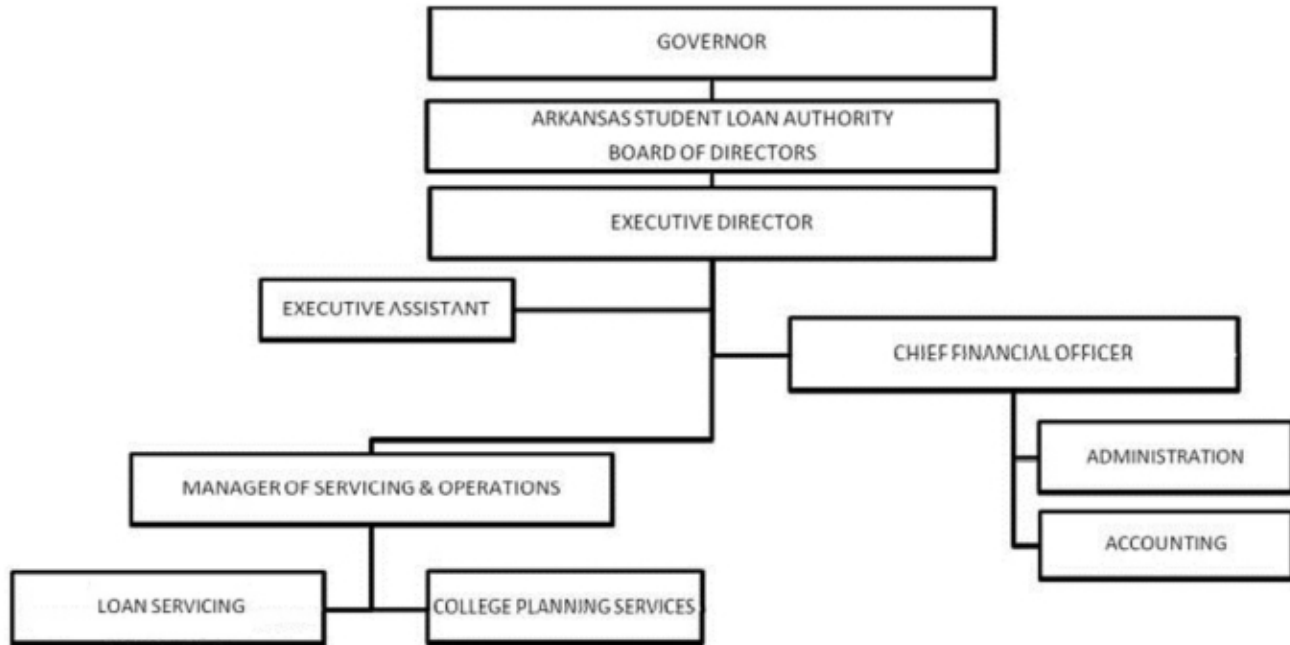


The par value of the FDLP accounts, the Authority is administering on behalf of the U.S. Department of Education, is approximately \$1.6 billion. The initial FDLP loan servicing contract is for a period of five years.

ASLA continues to offer extensive college planning services through its Fund My Future (FMF) program. FMF provides students, parents and high school counselors with comprehensive college financial aid information. The FMF website houses a free scholarship search with more than 3,000 state and national scholarships. ASLA publishes a "How To Pay For College" booklet in cooperation with the Arkansas Department of Higher Education to ensure that Arkansas students are familiar with the resources available to assist in paying for higher education. ASLA participates in approximately 100 college fairs and financial seminars annually to help families understand the federal and state financial aid application processes and to help students understand that higher education can be an affordable option for most any Arkansas citizen. Social media (Twitter and Facebook) have become important tools supported by ASLA that are being utilized to reach and communicate with students and their families. All college planning services are provided free of charge.

Student loan debt and defaults have become a major issue for student loan borrowers. ASLA has partnered with the Arkansas Association of Student Financial Aid Administrators to educate students about the options and tools available to assist in repayment of their student loans. The Authority's efforts include a campaign to discourage "over-borrowing". Arkansas had the 48<sup>th</sup> highest student loan default rate in the country in 2012, therefore ASLA is taking measures to make a positive impact on the default rate while also helping students avoid the serious repercussions of default.

ASLA is the designated student loan agency in the state and is authorized to issue taxable and tax-exempt revenue bonds to finance student loan in Arkansas for the benefit of its citizens; however, the agency's current primary focus is to administer loans on behalf of the U.S. Department of Education, as referenced above. The ASLA board of directors is committed to the support of students, the efficient management of the agency and the protection of the State's individual and corporate investment by keeping student loan funds Arkansas.



## Agency Commentary

The Arkansas Student Loan Authority (ASLA, Authority) was created to provide an enduring source of affordable higher education funding to Arkansas citizens and non-citizens who attend an Arkansas higher education institution. All funding to support ASLA programs is provided by cash funds generated from loan program operations. ASLA is a self-sufficient agency which does not receive any state revenue dollars.

As of July 1, 2010, Congress eliminated the Federal Family Education Loan Program (FFELP) and replaced it with the Federal Direct Loan Program (FDLP) through a mandate included in the Health Care and Education Reconciliation Act of 2010 (HCERA). Under HCERA, the U.S. Department of Education is the only entity authorized to originate federal student loans; however, qualified state agencies such as the Authority will be allocated 100,000 accounts per state to administer on behalf of the U.S. Department of Education. The Authority received an allocation of approximately 100,000 student loan accounts during the period of January 2012 through May 2012. The par value of the FDLP accounts the Authority is administering on behalf of the U.S. Department of Education is approximately \$1.6 billion. The initial FDLP loan servicing contract is for a period of five years.

The Authority operated as a loan originator and secondary market in the FFELP for over 30 years; the agency continues to fulfill loan servicing responsibilities for approximately \$450 million in FFELP student loans owned by the Authority. The Authority anticipates it will manage a minimum of \$320 million and up to \$550 million in FFLEP loans during the biennial period. Loan servicing and administration expenses related to FFLEP accounts are typically 1.00% - 1.25% of the total outstanding loan portfolio.

Volume and complexity of the federal student loan program has made technical support essential to efficient and effective control of loan operations. The Authority utilizes the Windows NT Local Area Network to facilitate operations and communication between internal workstations. Most correspondence is now available on-line, saving postage, and handling and storage of paper documents.

The Authority continuously enhances its internet-based products and services in order to fulfill its mission and to enhance communications with its stakeholders. The Authority maintains three internet sites designed to be used by students, parents, high school guidance counselors, financial aid administrators, and investors. The websites are:

- [www.asla.info](http://www.asla.info)
- [www.fundmyfuture.info](http://www.fundmyfuture.info)
- [www.aslafinancials.info](http://www.aslafinancials.info)

Financial aid forms and financial aid information can be down loaded and forms can be completed electronically in many cases. Many of ASLA's Fund My Future services, such as free scholarship searches, are provided on-line. Rating agency quarterly servicing reports, annual audit reports, and other important financial information can be obtained by investors from the Authority's investor website.

The Authority requests a change level of \$146,303 in Regular Salaries and Personal Services Matching for restoration of three (3) positions and discontinuation of one (1) position. The three positions requested for restoration are two (2) ASLA Program Officer Grade C127 positions and one (1) Financial Aid Analyst Grade C115 position. This restoration is requested to fulfill agency responsibilities which may be required under the federal loan servicing contract with the US Department of Education. The agency is responsible for a minimum of 100,000 student loan accounts continuously during the five-year contract period which began January 2012. Currently the agency is in the developmental phase of the federal contract and is making a final determination of the positions required. The agency did not expect to need the positions for FY13 and were not budgeted; however, there is a potential need for the positions for the biennium.

Due to HCERA, the agency no longer disburses student loans; therefore, the agency requests discontinuation of the Accountant II Grade C117 position. This primary responsibility of this position was disbursing and accounting for the disbursements of student loans to students and schools across the State. This position is no longer necessary for the agency to fulfill its commitment to serve Arkansas students and families.

## **Audit Findings**

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
ARKANSAS STUDENT LOAN AUTHORITY  
FOR THE YEAR ENDED JUNE 30, 2011

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Findings

The Authority failed to properly review and reconcile interfund transfers.

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Recommendations

Management review the activity at the end of each month to ensure all interfund transfers are eliminated in the financial statements.

## **State Contracts Over \$25,000 Awarded To Minority Owned Businesses Fiscal Year 2012**

None

## Employment Summary

	Male	Female	Total	%
White Employees	2	1	3	60 %
Black Employees	0	1	1	20 %
Other Racial Minorities	0	1	1	20 %
Total Minorities			2	40 %
Total Employees			5	100 %

## Cash Fund Balance Description as of June 30, 2012

Fund Account	Balance	Type	Location
1570000	\$62,300	Checking	Regions Bank, Little Rock

### Statutory/Other Restrictions on use:

Arkansas code §6-8-102 established the Arkansas Student Loan Authority to provide federal guaranteed educational loans through the process of originating, buying and selling, and servicing educational loans. Use of cash fund balances is restricted by Bond Trust indentures.

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

Proceeds from the repayment of principal and interest on guaranteed Educational loans and from investments shall be used to meet necessary expenses of the ASLA in the fulfillment of its mission.

### Revenue Receipts Cycle:

Funds drawn from the outstanding loan balances in Trust Indentures and are deposited monthly. Investment returns are also available to be used to meet necessary costs of the ASLA.

### Fund Balance Utilization:

The use of fund balances is restricted by the terms of Trust Indentures that pertain to the maintenance of various funds and reserves, and the investment of such when not needed for authorized purposes.

## Publications

### A.C.A. 25-1-204

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

## Agency Position Usage Report

FY2010 - 2011					FY2011 - 2012					FY2012 - 2013							
Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused
	Filled	Unfilled	Total				Filled	Unfilled	Total				Filled	Unfilled	Total		
6	6	0	6	0	0.00 %	20	5	4	9	11	75.00 %	20	5	5	10	10	75.00 %

## **Analysis of Budget Request**

**Appropriation:** A51 - Student Loan Authority - Cash Operations

**Funding Sources:** 157 - Student Loan Authority - Cash

The Arkansas Student Loan Authority was created for the purpose of originating and acquiring student loans and support Arkansas' student financial assistance by purchasing loans made by local lenders to higher education students. The process provides liquidity to banks so additional loans may be made to students in need. Funding is based upon Trust Indentures which allow the Authority to draw the cost of loan servicing plus 70 basis points or 0.7% of the outstanding loan balance on a monthly basis for program administration and general and administrative costs.

Funding for the Agency is derived from bond issues and participation in loan administration under the Health Care and Education Reconciliation Act of 2010 (HCERA). As of July 1, 2010, Congress eliminated the Federal Family Education Loan Program (FFELP) and replaced it with the Federal Direct Loan Program (FDLP) through a mandate included in HCERA. The par value of the FDLP accounts the Authority is administering on behalf of the U.S. Department of Education is approximately \$1.6 billion. The initial FDLP loan servicing contract is for a period of five years. The Agency continues to fulfill loan servicing for approximately \$450 million in FFELP student loans owned by the Authority. The Authority anticipates it will manage between \$320 million and \$550 million in FFELP loans during the biennial period.

Base Level Regular Salaries and Personal Services Matching includes Career Service payments for eligible employees. Personal Services Matching also includes a \$20 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$410 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay increase.

The Agency's Change Level Request of \$146,303 for each year of the biennium in Regular Salaries and Personal Services Matching for restoration of three (3) positions and discontinuation of one (1) position.

- The positions to be restored increases Regular Salaries and Personal Services Matching \$178,552 includes two (2) ASLA Program Officer Grade C127 positions and one (1) Financial Aid Analyst Grade C115 position to fulfill responsibilities which may be required under the federal loan servicing contract. The Agency is currently in contract development and a determination will be made upon contract agreement.
- The one (1) position discontinuation request is for the Accountant II Grade C117 position. This will decrease Regular Salaries and Personal Services Matching \$32,249 each year of the biennium. This position was responsible for disbursing and accounting for the disbursements of student loans. This position is no longer needed due to the enactment of FDLP.

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

## Appropriation Summary

**Appropriation:** A51 - Student Loan Authority - Cash Operations

**Funding Sources:** 157 - Student Loan Authority - Cash

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	2013-2014			2014-2015		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	398,078	546,091	955,186	546,709	648,771	648,771	546,709	648,771	648,771
<b>#Positions</b>		<b>6</b>	<b>10</b>	<b>20</b>	<b>10</b>	<b>12</b>	<b>12</b>	<b>10</b>	<b>12</b>	<b>12</b>
Personal Services Matching	5010003	125,625	166,339	285,497	157,203	201,444	201,444	157,203	201,444	201,444
Operating Expenses	5020002	68,529	212,217	225,997	212,217	212,217	212,217	212,217	212,217	212,217
Conference & Travel Expenses	5050009	16,366	22,839	22,839	22,839	22,839	22,839	22,839	22,839	22,839
Professional Fees	5060010	1,836,233	3,713,389	7,694,289	3,713,389	3,713,389	3,713,389	3,713,389	3,713,389	3,713,389
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>		<b>2,444,831</b>	<b>4,660,875</b>	<b>9,183,808</b>	<b>4,652,357</b>	<b>4,798,660</b>	<b>4,798,660</b>	<b>4,652,357</b>	<b>4,798,660</b>	<b>4,798,660</b>
<b>Funding Sources</b>										
Fund Balance	4000005	74,471	62,300		247,855	247,855	247,855	535,498	389,195	389,195
Federal Revenue	4000020	0	240,000		240,000	240,000	240,000	240,000	240,000	240,000
Cash Fund	4000045	2,432,660	4,606,430		4,700,000	4,700,000	4,700,000	4,700,000	4,700,000	4,700,000
<b>Total Funding</b>		<b>2,507,131</b>	<b>4,908,730</b>		<b>5,187,855</b>	<b>5,187,855</b>	<b>5,187,855</b>	<b>5,475,498</b>	<b>5,329,195</b>	<b>5,329,195</b>
Excess Appropriation/(Funding)		(62,300)	(247,855)		(535,498)	(389,195)	(389,195)	(823,141)	(530,535)	(530,535)
<b>Grand Total</b>		<b>2,444,831</b>	<b>4,660,875</b>		<b>4,652,357</b>	<b>4,798,660</b>	<b>4,798,660</b>	<b>4,652,357</b>	<b>4,798,660</b>	<b>4,798,660</b>



## Change Level by Appropriation

**Appropriation:** A51 - Student Loan Authority - Cash Operations  
**Funding Sources:** 157 - Student Loan Authority - Cash

### Agency Request

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>4,652,357</b>	<b>10</b>	<b>4,652,357</b>	<b>100.0</b>	<b>4,652,357</b>	<b>10</b>	<b>4,652,357</b>	<b>100.0</b>
C01	Existing Program	178,552	3	4,830,909	103.8	178,552	3	4,830,909	103.8
C03	Discontinue Program	(32,249)	(1)	4,798,660	103.1	(32,249)	(1)	4,798,660	103.1

### Executive Recommendation

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>4,652,357</b>	<b>10</b>	<b>4,652,357</b>	<b>100.0</b>	<b>4,652,357</b>	<b>10</b>	<b>4,652,357</b>	<b>100.0</b>
C01	Existing Program	178,552	3	4,830,909	103.8	178,552	3	4,830,909	103.8
C03	Discontinue Program	(32,249)	(1)	4,798,660	103.1	(32,249)	(1)	4,798,660	103.1

### Justification

C01	The agency requests a change level of \$178,552 in Regular Salaries and Personal Services Matching for restoration of three (3) positions, two (2) ASLA Program Officer Grade C127 positions and one (1) Financial Aid Analyst Grade C115 position. This restoration is requested to fulfill agency responsibilities which may be required under the federal loan servicing contract with the US Department of Education. The agency is responsible for a minimum of 100,000 student loan accounts continuously during the five-year contract period which began January 2012. Currently the agency is in the developmental phase of the federal contract and is making a final determination of the positions required. The agency did not expect to need the positions for FY13 and were not budgeted; however, there is a potential need for the positions for the biennium.
C03	The agency requests a change level reduction of \$32,249 in Regular Salaries and Personal Services Matching due to discontinuation of the Accountant II Grade C117 position. The primary responsibility of this position was disbursing and accounting for the disbursements of student loans to students and schools across the State. The agency no longer disburses loans due to the federal Health Care and Education Act of 2010. This position is no longer necessary for the agency to fulfill its commitment to serve Arkansas students and families.

# ARKANSAS TOBACCO CONTROL

## Enabling Laws

Act 124 of 2012  
A.C.A. §26-57-255 et seq.

## History and Organization

The Arkansas Tobacco Control Board was created by Act 1337 of 1997 by the Legislature, who authorized an eight (8) member Board appointed by the Governor. The Board is constituted as follows: Two (2) members of the Board shall be tobacco products wholesalers; two (2) members shall be tobacco products retailers; and four (4) members shall be members of the public-at-large who are not public employees or officials, at least one of which shall be an African American, and two (2) of whom shall be selected from a list of at least eight (8) candidates supplied to the Governor by the Arkansas Medical Society. Our mission is to enforce the state laws and regulations pertaining to tobacco sales for the protection of the citizens of Arkansas.

The Board authorizes the issuance of permits for all retail, wholesale, and sales representatives dealing in cigarette or tobacco products in the State of Arkansas as well as ruling on applications to sell cigarettes with a lower than the statutorily presumed cost of doing business. The Board acts as a quasi-judicial body, sitting as both judge and jury in disciplinary proceedings against permit holders and other individuals who have been cited for violating Arkansas tobacco laws or regulations by the agency, Arkansas Tobacco Control (ATC). The Director of Arkansas Tobacco Control is appointed by, and serves at the pleasure of, the Governor.

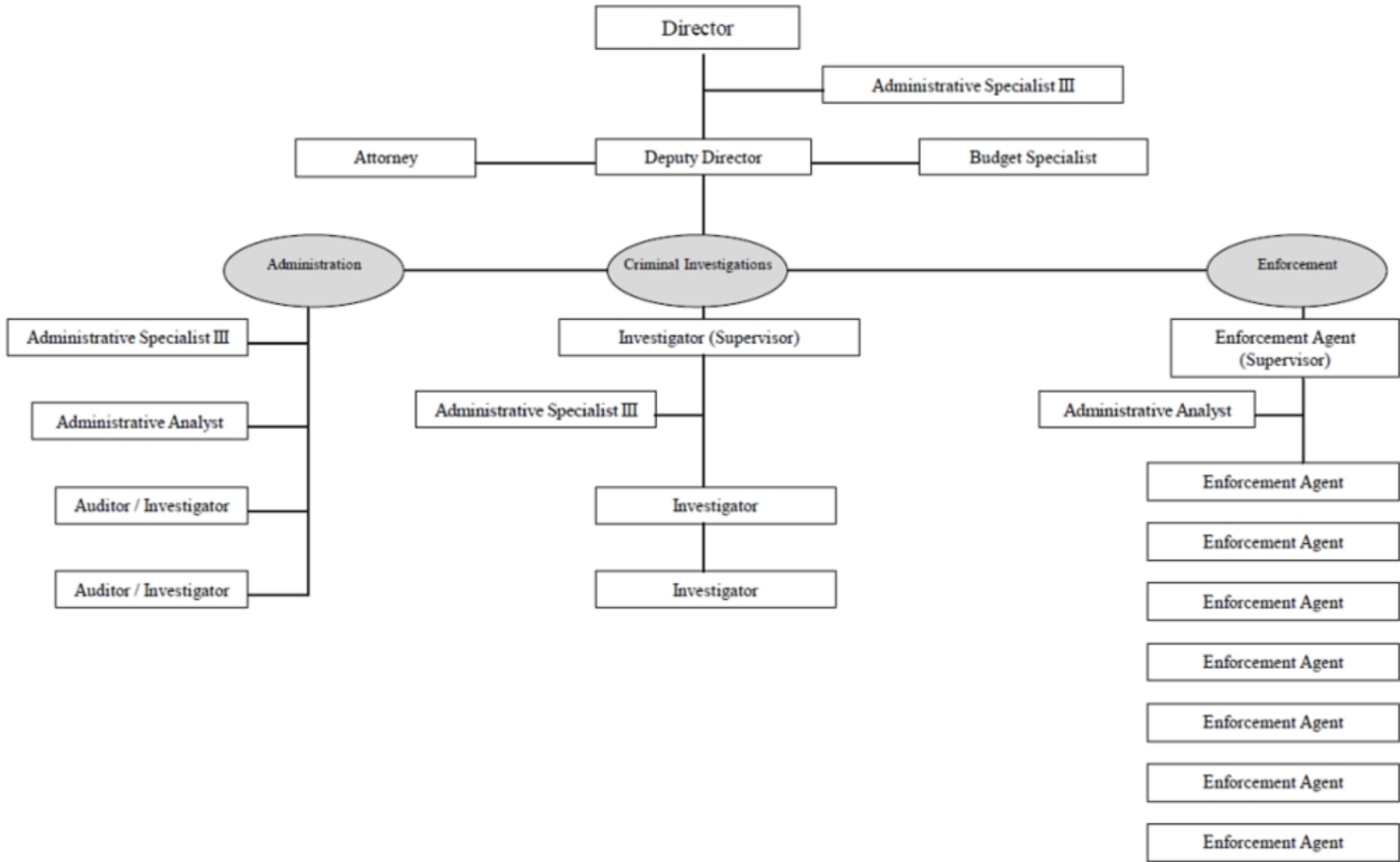
Under Act 1699 of 2001, the Director was authorized to appoint agents as specialized law enforcement officers for the purpose of conducting investigations pertaining to violations of tobacco laws in this state. On July 19, 2001, the Agency entered into a sub-recipient contractual agreement with the Arkansas Department of Health to receive monies from the Master Tobacco Settlement Fund for the enforcement of youth access laws.

ATC is tasked with enforcing the Board's regulations and all of Arkansas' tobacco laws. Designated as a law enforcement agency by Act 785 of 2009, ATC agents are law enforcement officers who can bring both administrative charges and initiate criminal investigations for violations of Arkansas' tobacco laws. Criminal offenses are then prosecuted by the local prosecuting attorney. Among the statutes enforced by ATC are: A.C.A. §26-57-213 Invoices, A.C.A. §26-57-214 Registration and licensing required prior to doing business, A.C.A. §26-57-219, Permits and licenses -- Annual privilege tax, A.C.A. §26-57-225 Failure to secure permit unlawful, A.C.A. §26-57-226 Sale, delivery, etc., without license - Penalty, A.C.A. §26-57-228 Purchases from unregistered, unlicensed dealers unlawful, A.C.A. §26-57-231 Failure to allow inspection

unlawful, A.C.A. §26-57-240 Counterfeiting of stamps unlawful - Penalty, A.C.A. §26-57-245 Unstamped products or products with unpaid taxes -- Purchase, sale, receipt, etc., a criminal offense, A.C.A. §26-57-262 Sale of export cigarettes, A.C.A. §26-57-1303 Certifications - Directory - Tax stamps, A.C.A. §26-57-1306 Penalties and other remedies, A.C.A. §5-27-227 Providing minors with tobacco products and cigarette papers - Purchase, use, or possession prohibited - Self-service displays prohibited - Placement of tobacco vending machines, A.C.A. §5-78-102 Confiscation of tobacco products authorized, A.C.A. §4-75-701 et seq. The Unfair Cigarette Sales Act. The ATC also works closely with other local, state and federal law enforcement agencies.

Act 697 of 2009, "An Act To Create The Arkansas Cigarette Fire Safety Standard Act; Concerning The Reduced Ignition Propensity Standards For Cigarettes Sold In The State Of Arkansas; To Create The Cigarette Fire Safety Standard Fund; And For Other Purposes" required that all cigarettes sold in Arkansas after January 1, 2010 to comply with the Act's reduced ignition propensity standards and added the enforcement A.C.A. §20-27-2101 et seq. The Act also placed the Cigarette Fire Safety Standard Fund under the ATC Director's control to support fire safety and prevention programs.

Act 939 of 2009, "An Act To Establish A Forfeiture Procedure For Tobacco Products; To Establish A Tobacco Control Fund; And For Other Purposes" in an effort to combat the growing problem of smuggled untaxed tobacco, created a forfeiture procedure modeled on Arkansas' drug forfeiture procedure, for use by local prosecuting attorneys and local and state law enforcement agencies to divest smugglers of property used to facilitate their illegal activities. Tobacco forfeitures are reported to the Director of Arkansas Tobacco Control who compiles same for use by Legislative Audit.



## **Agency Commentary**

The Arkansas Tobacco Control Board was created by Act 1337 of 1997 to regulate any individual or entity, other than a manufacturer, who deals in cigarettes or other tobacco products in the State of Arkansas by ensuring that said individual or entity is duly permitted by ATC, and that all individuals or entities that deal in cigarettes or tobacco in Arkansas, comply with all tobacco laws and regulations of the state. In accordance with Act 785 of 2009, the Arkansas Tobacco Control Board was designated as a law enforcement agency and was given the name Arkansas Tobacco Control (ATC).

### **Fund Center 2EH - Sales to Minors Enforcement**

ATC - Sales to Minors Enforcement requests appropriation in Char. 11, Capital Outlay, in the amount of \$6,375 in FY2014 and FY2015 to cover the cost of sales tax for three (3) vehicles each fiscal year. Appropriation for these vehicles will be provided by DF&A, and therefore is not included in the request. These vehicles also have mileage ranging from 75,000 to 100,000 miles. Once vehicles reach the 75,000 mile mark or above, maintenance costs begin to rise making it cost prohibitive for the agency to retain.

### **Fund Center 85C - ATC Cigarette Fire Safety**

The Agency is requesting Base Level for each of the biennium.

### **Fund Center 85N - Tobacco Inspection Program**

ATC - FDA Program requests to establish three (3) ATC Enforcement Agent positions. The Family Smoking Prevention and Tobacco Control Act of 2009 (Tobacco Control Act), which amends the Federal Food, Drug, and Cosmetic Act (FD&C Act), was enacted on June 22, 2009, and it provides the Food and Drug Administration (FDA) with authority to regulate "tobacco products." Arkansas Tobacco Control was awarded a grant in FY10 which allowed ATC to assist the U.S. Food and Drug Administration (FDA) in inspecting retail establishments that sell cigarettes and/or smokeless tobacco products and in surveillance of other entities that fall under the scope of the FDA. Based on the positive performance in federal FY10, ATC was awarded another contract for federal FY11 to continue its efforts in the above capacity. Additionally, the FDA substantially increased the award to allow for facilities, training, and equipment for current and additional federal agent slots to intensify efforts in with a large number of permits or high violations rates.

### **Fund Center 983 - Tobacco Control Board Operations**

ATC is requesting reclassifications due to a contract for services with the federal government. ATC has developed a new federal regulatory division which may only enforce federal mandates.

Due to separation of powers and regulations, ATC has restructured and, in turn, requested the following reclassifications: Managing Attorney, ATC Branch Manager, Senior Enforcement Agent, and Executive Assistant to the Director. Each of these reclassifications comes with an increase in job duties to support the growth of the organization.

## Audit Findings

DIVISION OF LEGISLATIVE AUDIT  
 AUDIT OF :  
 ARKANSAS TOBACCO CONTROL BOARD  
 FOR THE YEAR ENDED JUNE 30, 2011

Findings

Recommendations

None

None

## State Contracts Over \$25,000 Awarded To Minority Owned Businesses Fiscal Year 2012

None

## Employment Summary

	Male	Female	Total	%
White Employees	11	11	22	88 %
Black Employees	0	3	3	12 %
Other Racial Minorities	0	0	0	0 %
Total Minorities			3	12 %
Total Employees			25	100 %

## Publications

### A.C.A. 25-1-204

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

# Department Appropriation Summary

## Historical Data

## Agency Request and Executive Recommendation

Appropriation	2011-2012		2012-2013		2012-2013		2013-2014						2014-2015					
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
2EH Sales to Minors Enforcement - Cash	745,922	10	841,701	12	1,076,839	12	845,229	12	851,604	12	851,604	12	845,961	12	852,336	12	852,336	12
85C ATC Cigarette Fire Safety	30,000	0	50,000	0	50,000	0	50,000	0	50,000	0	50,000	0	50,000	0	50,000	0	50,000	0
85N Tobacco Insp Prog	321,250	9	1,057,944	9	473,838	6	429,899	6	825,183	9	814,488	9	429,899	6	861,325	9	850,630	9
983 Tobacco Control Board Operations	794,162	10	881,604	10	888,598	10	882,395	10	888,097	10	882,395	10	882,395	10	888,097	10	882,395	10
<b>Total</b>	<b>1,891,334</b>	<b>29</b>	<b>2,831,249</b>	<b>31</b>	<b>2,489,275</b>	<b>28</b>	<b>2,207,523</b>	<b>28</b>	<b>2,614,884</b>	<b>31</b>	<b>2,598,487</b>	<b>31</b>	<b>2,208,255</b>	<b>28</b>	<b>2,651,758</b>	<b>31</b>	<b>2,635,361</b>	<b>31</b>

Funding Sources		%		%		%		%		%		%		%		%		
Fund Balance	4000005	221,156	10.3	256,731	8.3		268,630	10.2	268,630	8.8	268,630	8.9	436,133	16.1	436,133	13.8	436,133	13.9
General Revenue	4000010	794,162	37.0	875,129	28.2		882,395	33.4	888,097	29.1	882,395	29.1	882,395	32.5	888,097	28.2	882,395	28.1
Federal Revenue	4000020	321,250	15.0	1,057,944	34.1		429,899	16.3	825,183	27.0	814,488	26.8	429,899	15.9	861,325	27.3	850,630	27.1
Special Revenue	4000030	4,917	0.2	0	0.0		100,000	3.8	100,000	3.3	100,000	3.3	0	0.0	0	0.0	0	0.0
Cash Fund	4000045	806,580	37.5	903,600	29.1		962,732	36.4	969,107	31.8	969,107	31.9	962,732	35.5	969,107	30.7	969,107	30.9
Merit Adjustment Fund	4000055	0	0.0	6,475	0.2		0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total Funds</b>		<b>2,148,065</b>	<b>100.0</b>	<b>3,099,879</b>	<b>100.0</b>		<b>2,643,656</b>	<b>100.0</b>	<b>3,051,017</b>	<b>100.0</b>	<b>3,034,620</b>	<b>100.0</b>	<b>2,711,159</b>	<b>100.0</b>	<b>3,154,662</b>	<b>100.0</b>	<b>3,138,265</b>	<b>100.0</b>
Excess Appropriation/(Funding)		(256,731)		(268,630)			(436,133)		(436,133)		(436,133)		(502,904)		(502,904)		(502,904)	
<b>Grand Total</b>		<b>1,891,334</b>		<b>2,831,249</b>			<b>2,207,523</b>		<b>2,614,884</b>		<b>2,598,487</b>		<b>2,208,255</b>		<b>2,651,758</b>		<b>2,635,361</b>	

Budget exceeds Authorized Appropriation for fund (85N) due to a transfer from the Miscellaneous Federal Grant Holding Account. Variances in Fund Balance due to unfunded appropriation from (85N) - Tobacco Insp Prog

## Agency Position Usage Report

FY2010 - 2011						FY2011 - 2012						FY2012 - 2013					
Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused
	Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total	
22	20	8	28	-6	9.09 %	28	26	5	31	-3	7.14 %	28	25	6	31	-3	10.71 %

Total Budgeted positions exceed Authorized due to positions authorized through the Miscellaneous Federal Grant process.



## **Analysis of Budget Request**

**Appropriation:** 2EH - Sales to Minors Enforcement - Cash

**Funding Sources:** NTC - Cash in Treasury

Arkansas Tobacco Control administers the Sales to Minors program. This program is responsible for executing the sales to minors checks and enforcing any violations that result from these checks. Funding for this program is made available through a grant from the Arkansas Department of Health using Master Tobacco Settlement funds.

Base Level Regular Salaries and Personal Services Matching includes Career Service payments for eligible employees. Personal Services Matching also includes a \$20 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$410 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases.

The Agency's Change Level Request totaling \$6,375 for each year of the biennium reflects the following:

- \$6,375 increase in Capital Outlay for each of the biennium to cover the cost of sales tax for three (3) vehicles each fiscal year.
- Reclassification of the ATC Deputy Director C120 to the ATC Branch Manger C125.

The Executive Recommendation provides for the Agency Request except the reclassification of the ATC Deputy Director C120 position which was recommended for reclassification as ATC Branch Manger C123. Expenditure of appropriation is contingent upon available funding.

## Appropriation Summary

**Appropriation:** 2EH - Sales to Minors Enforcement - Cash

**Funding Sources:** NTC - Cash in Treasury

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	2013-2014			2014-2015		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	433,897	470,186	533,491	470,486	470,486	470,486	471,086	471,086	471,086
<b>#Positions</b>		<b>10</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>
Personal Services Matching	5010003	143,055	159,083	167,558	162,311	162,311	162,311	162,443	162,443	162,443
Operating Expenses	5020002	149,417	190,732	244,285	190,732	190,732	190,732	190,732	190,732	190,732
Conference & Travel Expenses	5050009	0	0	8,005	0	0	0	0	0	0
Professional Fees	5060010	19,553	21,700	37,500	21,700	21,700	21,700	21,700	21,700	21,700
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	0	86,000	0	6,375	6,375	0	6,375	6,375
<b>Total</b>		<b>745,922</b>	<b>841,701</b>	<b>1,076,839</b>	<b>845,229</b>	<b>851,604</b>	<b>851,604</b>	<b>845,961</b>	<b>852,336</b>	<b>852,336</b>
<b>Funding Sources</b>										
Fund Balance	4000005	99,016	159,674		221,573	221,573	221,573	339,076	339,076	339,076
Cash Fund	4000045	806,580	903,600		962,732	969,107	969,107	962,732	969,107	969,107
<b>Total Funding</b>		<b>905,596</b>	<b>1,063,274</b>		<b>1,184,305</b>	<b>1,190,680</b>	<b>1,190,680</b>	<b>1,301,808</b>	<b>1,308,183</b>	<b>1,308,183</b>
Excess Appropriation/(Funding)		(159,674)	(221,573)		(339,076)	(339,076)	(339,076)	(455,847)	(455,847)	(455,847)
<b>Grand Total</b>		<b>745,922</b>	<b>841,701</b>		<b>845,229</b>	<b>851,604</b>	<b>851,604</b>	<b>845,961</b>	<b>852,336</b>	<b>852,336</b>

## Change Level by Appropriation

**Appropriation:** 2EH - Sales to Minors Enforcement - Cash  
**Funding Sources:** NTC - Cash in Treasury

### Agency Request

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>845,229</b>	<b>12</b>	<b>845,229</b>	<b>100.0</b>	<b>845,961</b>	<b>12</b>	<b>845,961</b>	<b>100.0</b>
C01	Existing Program	6,375	0	851,604	100.8	6,375	0	852,336	100.8
C10	Reclass	0	0	851,604	100.8	0	0	852,336	100.8

### Executive Recommendation

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>845,229</b>	<b>12</b>	<b>845,229</b>	<b>100.0</b>	<b>845,961</b>	<b>12</b>	<b>845,961</b>	<b>100.0</b>
C01	Existing Program	6,375	0	851,604	100.8	6,375	0	852,336	100.8
C10	Reclass	0	0	851,604	100.8	0	0	852,336	100.8

### Justification

C01	\$6,375 increase in Capital Outlay for each of the biennium to cover the cost of sales tax for three (3) vehicles each fiscal year.
C10	Reflects Change Level associated with requested reclassifications.

## **Analysis of Budget Request**

**Appropriation:** 85C - ATC Cigarette Fire Safety

**Funding Sources:** SFS - Cigarette Fire Safety Standard Fund

The Arkansas Cigarette Fire Safety Standard Act (A.C.A. 20-27-2101) was established by Act 697 of 2009 to set ignition propensity standards for cigarettes sold in Arkansas to be uniform with other states with enacted reduced cigarette ignition propensity laws. This appropriation is funded by special revenues from cigarette certification fees and civil penalties.

The Agency requests Base Level for each year of the biennium.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 85C - ATC Cigarette Fire Safety

**Funding Sources:** SFS - Cigarette Fire Safety Standard Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			2013-2014			2014-2015		
		2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Fire Safety & Prevention	5900046	30,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Total		30,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
<b>Funding Sources</b>										
Fund Balance	4000005	122,140	97,057		47,057	47,057	47,057	97,057	97,057	97,057
Special Revenue	4000030	4,917	0		100,000	100,000	100,000	0	0	0
Total Funding		127,057	97,057		147,057	147,057	147,057	97,057	97,057	97,057
Excess Appropriation/(Funding)		(97,057)	(47,057)		(97,057)	(97,057)	(97,057)	(47,057)	(47,057)	(47,057)
Grand Total		30,000	50,000		50,000	50,000	50,000	50,000	50,000	50,000

## **Analysis of Budget Request**

**Appropriation:** 85N - Tobacco Insp Prog

**Funding Sources:** FCT - Tobacco Inspection Program - Federal

Arkansas Tobacco Control was awarded a grant in FY10 which allowed ATC to assist the U.S. Food and Drug Administration (FDA) in inspecting retail establishments that sell cigarettes and/or smokeless tobacco products and in surveillance of other entities that fall under the scope of the FDA.

Base Level Regular Salaries and Personal Services Matching includes Career Service payments for eligible employees. Personal Services Matching also includes a \$20 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$410 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases.

The Agency Change Level request totaling \$395,284 for FY14 and \$431,426 for FY15 reflects the following:

- Regular Salaries and Personal Services Matching increase of \$151,106 for FY14 and FY15 which includes the cost of
  - Restoration - (3) ATC Enforcement Agent (C116) position
  - Reclassifications
    - (3) ATC Enforcement Agent (C116) to FDA Senior Enforcement Agent (C119).
    - Quality Assurance Coordinator (C119) to ATC Branch Manager (C125)
    - Deputy Director (C120) to Managing Attorney (C129)
- Overtime increase of \$17,041 to cover cost associated with the expanded enforcement efforts required under the newly expanded FDA contract.
- Operating Expenses increase of \$222,137 to cover the increase in cost associated with new agent slots, facilities and training.
- Conferences & Travel Expenses increase of \$5,000 to cover increase cost of training and professional development.

The Executive Recommendation provides for the Agency's Request except for the following modifications to the Agency's Request:

- (3) ATC Enforcement Agent (C116) position recommended for reclassification as FDA Senior Enforcement Agent (C118)
- Quality Assurance Coordinator (C119) position recommended for reclassification as Branch Manager (C123)
- Deputy Director (C120) position recommended for reclassification as Attorney Supervisor (C127).

## Appropriation Summary

**Appropriation:** 85N - Tobacco Insp Prog  
**Funding Sources:** FCT - Tobacco Inspection Program - Federal

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			2013-2014			2014-2015		
		2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	167,029	558,048	277,025	231,106	339,842	331,072	231,106	339,842	331,072
<b>#Positions</b>		<b>9</b>	<b>9</b>	<b>6</b>	<b>6</b>	<b>9</b>	<b>9</b>	<b>6</b>	<b>9</b>	<b>9</b>
Personal Services Matching	5010003	65,077	180,397	78,267	80,247	122,617	120,692	80,247	122,617	120,692
Overtime	5010006	12,797	17,041	0	0	17,041	17,041	0	17,041	17,041
Operating Expenses	5020002	61,397	241,901	87,304	87,304	309,441	309,441	87,304	345,583	345,583
Conference & Travel Expenses	5050009	0	20,896	0	0	5,000	5,000	0	5,000	5,000
Professional Fees	5060010	14,950	39,661	31,242	31,242	31,242	31,242	31,242	31,242	31,242
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>		<b>321,250</b>	<b>1,057,944</b>	<b>473,838</b>	<b>429,899</b>	<b>825,183</b>	<b>814,488</b>	<b>429,899</b>	<b>861,325</b>	<b>850,630</b>
<b>Funding Sources</b>										
Federal Revenue	4000020	321,250	1,057,944		429,899	825,183	814,488	429,899	861,325	850,630
Total Funding		321,250	1,057,944		429,899	825,183	814,488	429,899	861,325	850,630
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
<b>Grand Total</b>		<b>321,250</b>	<b>1,057,944</b>		<b>429,899</b>	<b>825,183</b>	<b>814,488</b>	<b>429,899</b>	<b>861,325</b>	<b>850,630</b>

FY13 Budget amount and Budget Positions exceeds Authorized due to a transfer from the Miscellaneous Federal Grant Holding Account.

## Change Level by Appropriation

**Appropriation:** 85N - Tobacco Insp Prog  
**Funding Sources:** FCT - Tobacco Inspection Program - Federal

### Agency Request

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>429,899</b>	<b>6</b>	<b>429,899</b>	<b>100.0</b>	<b>429,899</b>	<b>6</b>	<b>429,899</b>	<b>100.0</b>
C01	Existing Program	247,919	0	677,818	157.7	284,061	0	713,960	166.1
C06	Restore Position/Approp	127,125	3	804,943	187.2	127,125	3	841,085	195.6
C10	Reclass	20,240	0	825,183	191.9	20,240	0	861,325	200.4

### Executive Recommendation

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>429,899</b>	<b>6</b>	<b>429,899</b>	<b>100.0</b>	<b>429,899</b>	<b>6</b>	<b>429,899</b>	<b>100.0</b>
C01	Existing Program	247,919	0	677,818	157.7	284,061	0	713,960	166.1
C06	Restore Position/Approp	127,125	3	804,943	187.2	127,125	3	841,085	195.6
C10	Reclass	9,545	0	814,488	189.5	9,545	0	850,630	197.9

### Justification

C01	Reflect increases in Operating Expenses and Conference & Travel and Overtime associated with the expanded enforcement activities under the Agency's newly expanded FDA contract.
C06	Reflects increases in Regular Salaries and Personal Services Matching associated with the requested restoration of three (3) positions.
C10	Reflects increases in Regular Salaries associated with requested position reclassifications.



## **Analysis of Budget Request**

**Appropriation:** 983 - Tobacco Control Board Operations

**Funding Sources:** HUA - Miscellaneous Agencies Fund

Arkansas Tobacco Control was established by Act 1337 of 1997 to regulate and issue permits and licenses to any person (except manufacturers) handling, receiving, processing, storing, distributing, taking orders for, soliciting orders of, selling, offering for sale or dealing in, through sale, barter or exchange, any cigarettes or other tobacco products in the State of Arkansas. This appropriation is funded by general revenues.

Base Level Regular Salaries and Personal Services Matching includes Career Service payments for eligible employees. Personal Services Matching also includes a \$20 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$410 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases.

The Agency Change Level request reflects Regular Salaries and Personal Services Matching increase of \$5,702 associated with the reclassification of the Administrative Specialist III (C112) to the Executive Assistant to the Director (C118).

The Executive Recommendation provides for the reclassification of the Administrative Specialist III (C112) position to Administrative Analyst (C115).

## Appropriation Summary

**Appropriation:** 983 - Tobacco Control Board Operations

**Funding Sources:** HUA - Miscellaneous Agencies Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			2013-2014			2014-2015		
		2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	410,533	445,115	388,433	445,215	449,782	445,215	445,215	449,782	445,215
<b>#Positions</b>		<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>
Personal Services Matching	5010003	137,888	144,235	120,024	146,926	148,061	146,926	146,926	148,061	146,926
Operating Expenses	5020002	237,743	270,254	358,141	270,254	270,254	270,254	270,254	270,254	270,254
Conference & Travel Expenses	5050009	6,638	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Professional Fees	5060010	1,360	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	2,000	2,000	0	0	0	0	0	0
<b>Total</b>		<b>794,162</b>	<b>881,604</b>	<b>888,598</b>	<b>882,395</b>	<b>888,097</b>	<b>882,395</b>	<b>882,395</b>	<b>888,097</b>	<b>882,395</b>
<b>Funding Sources</b>										
General Revenue	4000010	794,162	875,129		882,395	888,097	882,395	882,395	888,097	882,395
Merit Adjustment Fund	4000055	0	6,475		0	0	0	0	0	0
<b>Total Funding</b>		<b>794,162</b>	<b>881,604</b>		<b>882,395</b>	<b>888,097</b>	<b>882,395</b>	<b>882,395</b>	<b>888,097</b>	<b>882,395</b>
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
<b>Grand Total</b>		<b>794,162</b>	<b>881,604</b>		<b>882,395</b>	<b>888,097</b>	<b>882,395</b>	<b>882,395</b>	<b>888,097</b>	<b>882,395</b>

FY13 Budget amount in Regular Salaries and Personal Services Matching exceeds the authorized amount due to salary and matching rate adjustments during the 2011-2013 Biennium.

## Change Level by Appropriation

**Appropriation:** 983 - Tobacco Control Board Operations  
**Funding Sources:** HUA - Miscellaneous Agencies Fund

### Agency Request

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>882,395</b>	<b>10</b>	<b>882,395</b>	<b>100.0</b>	<b>882,395</b>	<b>10</b>	<b>882,395</b>	<b>100.0</b>
C10	Reclass	5,702	0	888,097	100.6	5,702	0	888,097	100.6

### Executive Recommendation

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>882,395</b>	<b>10</b>	<b>882,395</b>	<b>100.0</b>	<b>882,395</b>	<b>10</b>	<b>882,395</b>	<b>100.0</b>
C10	Reclass	0	0	882,395	100.0	0	0	882,395	100.0

### Justification

C10	\$5,702 increase in Regular Salaries due to the reclassification associated with federally mandated restructuring and increased job duties.								
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# ARKANSAS TOBACCO SETTLEMENT COMMISSION

## Enabling Laws

Act 217 of 2012  
A.C.A. §19-12-117

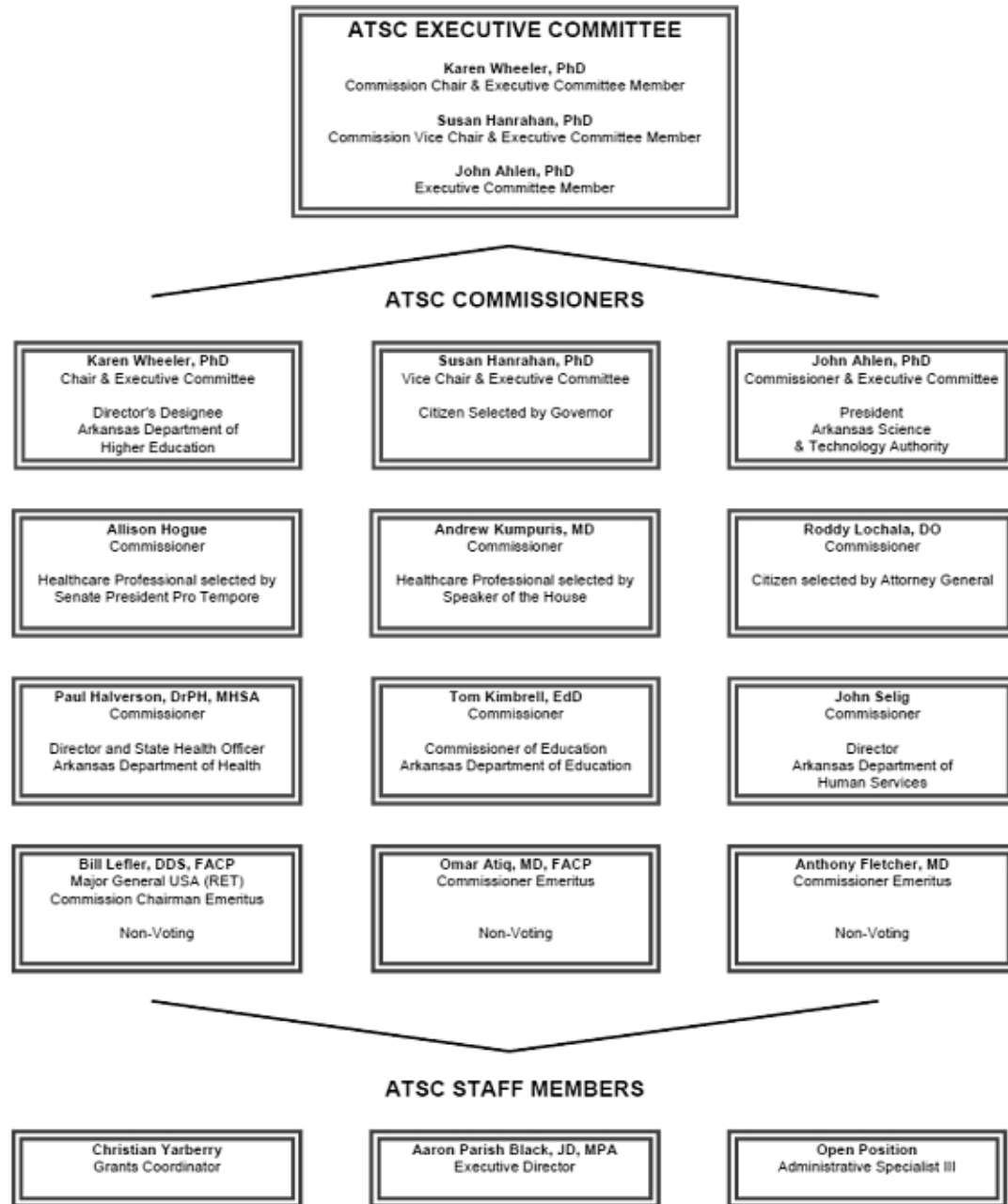
## History and Organization

In accordance with Section 17 of the Tobacco Settlement Proceeds Act of 2000, the Arkansas Tobacco Settlement Commission (ATSC) was established October 30, 2001. The purpose of the Commission is to monitor and evaluate programs established in Sections 13, 14, 15, and 16 of the Tobacco Proceeds Act. The Commission shall consist of 9 members that include two citizens (appointed by the Governor, and Attorney General), two healthcare professionals (appointed by the Speaker of the House and the President Pro Tempore of the Senate), and five state agency and division directors of the following agencies: Arkansas Department of Education, Arkansas Science and Technology Authority, Arkansas Department of Higher Education, the Arkansas Department of Health, and the Department of Human Services.

In accordance with Section 18 of the Act, The Commission was established to monitor and evaluate the program activities and expenditures from the program accounts of the Tobacco Settlement. The Tobacco Settlement Program Accounts are as follows:

- Tobacco Prevention and Cessation Programs (§13)
- Fay W. Boozman College of Public Health (§14-c)
- Delta Area Health Education Center (§14-d)
- Arkansas Aging Initiative (§14-e)
- Minority Health Initiative (§14-f)
- Arkansas Biosciences Institute (§15)
- Medicaid Expansion Program (§16)

The Commission is directed to report the progress of these programs to the Governor and General Assembly preceding a legislative session for future appropriation decisions. The Commission is also authorized to administer grants, if the funds exceed the amount necessary to conduct the above-mentioned activities, to non-profit and community-based organizations.



## Agency Commentary

The Arkansas Tobacco Settlement Proceeds Act of 2000 established funds and accounts for the deposit, investment and management of the State of Arkansas' portion of the Master Settlement Agreement (MSA) with tobacco manufacturers. The Arkansas Tobacco Settlement Commission (ATSC) was created pursuant to Section 17 of this act to monitor and evaluate expenditures made from the four program accounts. Those program accounts are the Prevention and Cessation Program Account, the Targeted State Needs Program Account, the Arkansas Biosciences Institute Program Account and the Medicaid Expansion Program Account.

The Commission is funded from the investment earnings of the Tobacco Settlement Program Fund and Program Accounts, which are deposited as trust funds into the Arkansas Tobacco Settlement Commission Fund. The Commission is authorized to hire an independent third-party to monitor and evaluate program account expenditures and prepare a biennial report for the General Assembly and Governor by each August 1 preceding a regular session of the General Assembly. As funding permits, the Commission is also authorized to make grants in amounts not to exceed \$50,000 to non-profit and community-based organizations.

The Commission is requesting Base Level for the 2013-2015 Biennium.

## Audit Findings

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
ARKANSAS TOBACCO SETTLEMENT COMMISSION  
FOR THE YEAR ENDED JUNE 30, 2010

Findings

Recommendations

None

None

## State Contracts Over \$25,000 Awarded To Minority Owned Businesses Fiscal Year 2012

None

### Employment Summary

	Male	Female	Total	%
White Employees	0	2	2	100 %
Black Employees	0	0	0	0 %
Other Racial Minorities	0	0	0	0 %
Total Minorities			0	0 %
Total Employees			2	100 %

### Publications

#### A.C.A. 25-1-204

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
ATSC Biennial Report	A.C.A. §19-12-117	Y	Y	200	Required by law
ATSC Quarterly Report	Special Language	N	Y	75	Required to keep Public Health Welfare & Labor informed of Tobacco Program activities.

### Agency Position Usage Report

FY2010 - 2011						FY2011 - 2012						FY2012 - 2013					
Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused
	Filled	Unfilled	Total				Filled	Unfilled	Total				Filled	Unfilled	Total		
3	3	0	3	0	0.00 %	3	1	2	3	0	66.67 %	3	2	1	3	0	33.33 %

## **Analysis of Budget Request**

**Appropriation:** 468 - Operations

**Funding Sources:** TSC - Tobacco Settlement Commission

The Tobacco Settlement Proceeds Act (Initiated Act 1 of 2000) established funds and accounts for the deposit, investment and management of the State of Arkansas' portion of the Master Settlement Agreement with certain tobacco manufacturers. The Arkansas Tobacco Settlement Commission (ATSC) was created pursuant to Section 17 of this act to monitor and evaluate expenditures made from the four program accounts. Those program accounts are the Prevention and Cessation Program Account, the Targeted State Needs Program Account, the Arkansas Biosciences Institute Program Account and the Medicaid Expansion Program Account.

The Commission is funded from the investment earnings of the Tobacco Settlement Program Fund and Program Accounts, which are deposited as trust funds into the Arkansas Tobacco Settlement Commission Fund. The Commission is authorized to hire an independent third-party to monitor and evaluate program account expenditures and prepare a biennial report for the General Assembly and Governor by each August 1 preceding a regular session of the General Assembly. As funding permits, the Commission is also authorized to make grants in amounts not to exceed \$50,000 to non-profit and community-based organizations.

Base Level Regular Salaries and Personal Services Matching includes Career Service payments for eligible employees. Personal Services Matching also includes a \$20 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$410 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases.

The Agency Request provides for Basel Level for the 2013-2015 Biennium.

The Executive Recommendation provides for the Agency Request.



## Appropriation Summary

**Appropriation:** 468 - Operations

**Funding Sources:** TSC - Tobacco Settlement Commission

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			2013-2014			2014-2015		
		2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	89,690	127,572	152,030	112,949	112,949	112,949	112,949	112,949	112,949
<b>#Positions</b>		<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>
Personal Services Matching	5010003	32,667	41,965	44,342	39,553	39,553	39,553	39,553	39,553	39,553
Operating Expenses	5020002	50,970	84,025	197,870	84,025	84,025	84,025	84,025	84,025	84,025
Conference & Travel Expenses	5050009	946	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Professional Fees	5060010	423,962	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Grants and Aid	5100004	757,663	1,187,000	1,187,000	1,187,000	1,187,000	1,187,000	1,187,000	1,187,000	1,187,000
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>		<b>1,355,898</b>	<b>2,443,562</b>	<b>2,584,242</b>	<b>2,426,527</b>	<b>2,426,527</b>	<b>2,426,527</b>	<b>2,426,527</b>	<b>2,426,527</b>	<b>2,426,527</b>
<b>Funding Sources</b>										
Fund Balance	4000005	5,355,650	4,344,494		2,477,456	2,477,456	2,477,456	627,453	627,453	627,453
Transfer from Tobacco Settlmnt	4000590	344,742	576,524		576,524	576,524	576,524	576,524	576,524	576,524
<b>Total Funding</b>		<b>5,700,392</b>	<b>4,921,018</b>		<b>3,053,980</b>	<b>3,053,980</b>	<b>3,053,980</b>	<b>1,203,977</b>	<b>1,203,977</b>	<b>1,203,977</b>
Excess Appropriation/(Funding)		(4,344,494)	(2,477,456)		(627,453)	(627,453)	(627,453)	1,222,550	1,222,550	1,222,550
<b>Grand Total</b>		<b>1,355,898</b>	<b>2,443,562</b>		<b>2,426,527</b>	<b>2,426,527</b>	<b>2,426,527</b>	<b>2,426,527</b>	<b>2,426,527</b>	<b>2,426,527</b>

# WAR MEMORIAL STADIUM COMMISSION

## Enabling Laws

Act 100 and 174 of 2012  
A.C.A. § 22-3-1001

## History and Organization

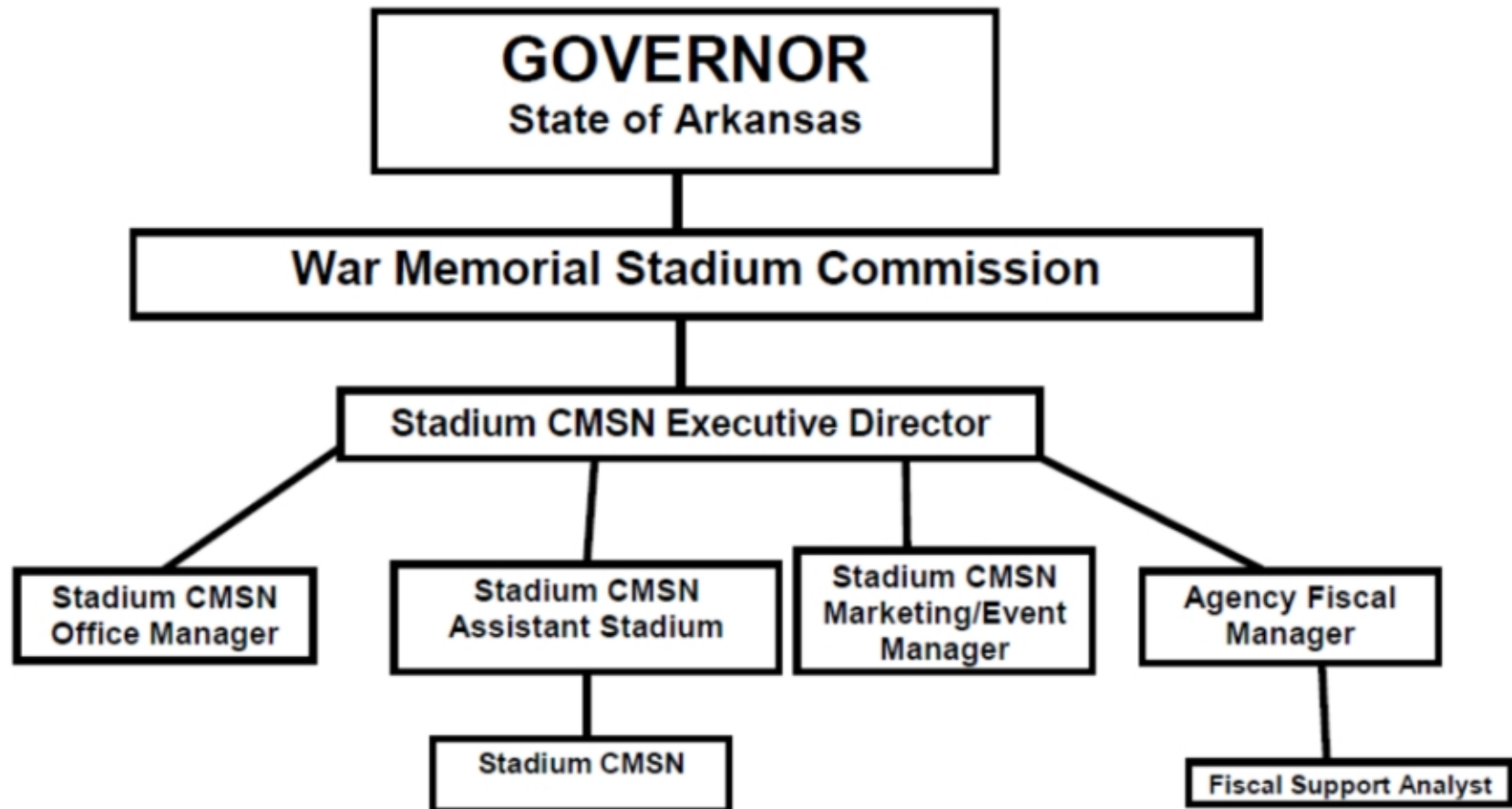
War Memorial Stadium's mission is to provide safe and adequate facilities for open-air events for schools, colleges, and universities of the State of Arkansas. In addition, the Stadium is available for use by other institutional and commercial organizations for various activities requiring a large open-air facility. The Stadium also allows various non-profit organizations to utilize the facilities for fund raising events as a community service. Beginning in Fiscal Year 2006, funding for the operation and upkeep of the Stadium came from stabilized general revenue in the Miscellaneous Agencies Fund so that cash revenue could be used to do some much needed and long over do major renovations to the Stadium. The War Memorial Stadium Commission wishes to continue to receive general revenue funding for Fiscal Years 2012, 2013 and so on. The cash revenues are generated by the use of the Stadium through rentals and profits from concession/novelty sales and are being used for operations not covered by general revenue and for major ongoing renovations to the Stadium.

The Stadium Commission consists of eight (8) members appointed by the Governor with the advice and consent of the Senate. Each Congressional District in the State is represented by membership on this commission along with four (4) members from the State at large. This commission has exclusive jurisdiction over the operation of War Memorial Stadium.

Since its inception, the Stadium Commission has overseen a steady increase in the use of the Stadium. In the last biennium the Stadium was used over sixty times; four times by the University of Arkansas at Fayetteville, four times by University of Arkansas at Pine Bluff, several special events including Burlsworth football camps, Life Champs football camps, Battle of the Bands, High School Marching Band Competitions, "Get Wild" in Arkansas watch parties and wild game cook-offs, various private events, and many more. In addition, twenty to twenty-five additional high school football games are played in the stadium including home games for Little Rock Catholic High School, the Arkansas Activities Associations State Championship games for all divisions of high school football & Salt Bowl (Bryant vs. Benton) games, and Flex 360 host the high school double header kick offs for high school football during August of each year, as well as camps and combines. It is estimated that during the last biennium over 600,000 citizens of the State of Arkansas and guests from other states have used the facility during these events. The Stadium Commission and its staff will continue to seek events to maximize the use of the facility. During the past year, we have had approximately 25 inquiries regarding the use of the Stadium for football events and events other than football.

Current renovations to the Stadium include a newly constructed press box, new visiting dressing rooms, and signage updates. War Memorial Stadium Commission is hoping the upgrade of the facility will continue in the upcoming years, including renovating the last few outdated concession stands & restrooms in the south corners. The Stadium Commission hopes the citizens of Arkansas will be proud of and have the convenience they need and require at the Stadium that has served our state so well for over 50 years.

## War Memorial Stadium Commission



## **Agency Commentary**

Act 282 of 1967 amended Sections 1, 2, and 5 of Act 249 of 1947 to create a Stadium Commission consisting of eight (8) members appointed by the Governor with the advice and consent of the Senate. Each Congressional District in the State is represented by membership of this Commission along with four (4) members from the state at large. This Commission has exclusive jurisdiction over the operation of War Memorial Stadium. The Stadium facilities are available for use by schools, colleges and universities of the state. In addition it is available for use by other institutional and commercial organizations for various activities requiring a large open-air facility. The Stadium also allows the use of its facilities to non-profit organizations for fund raising events. Funding for the operation and upkeep of the Stadium is from stabilized general revenue in the Miscellaneous Agencies Fund and cash revenues that are generated by the use of the Stadium through rentals and profits from concession/novelty sales.

The 2013 - 2015 biennial budget request seeks to provide for the maintenance and operations of the Stadium funded by general revenue, and for the cost of providing concessions and novelties for the events held at the Stadium funded by cash generated by the Stadium.

## **Audit Findings**

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
WAR MEMORIAL STADIUM COMMISSION  
FOR THE YEAR ENDED JUNE 30, 2010

Findings

Recommendations

None

None

## **State Contracts Over \$25,000 Awarded To Minority Owned Businesses Fiscal Year 2012**

None

## Employment Summary

	Male	Female	Total	%
White Employees	3	2	5	100 %
Black Employees	0	0	0	0 %
Other Racial Minorities	0	0	0	0 %
Total Minorities			0	0 %
Total Employees			5	100 %

## Cash Fund Balance Description as of June 30, 2012

Fund Account	Balance	Type	Location
3260000	\$391,461	Checking	Bank of America

### Statutory/Other Restrictions on use:

A.C.A. 22-3-1002 Withdrawals are made by check and direct invoices are sent to DFA for approval and recording in AASIS. A.C.A. 22-3-1010 All transactions are reviewed by DFA-Accounting and audited by Legislative Audit.

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

A.C.A. 22-3-1002 authorizes the Commission to fix the amount of admission fees, commissions, rents and other charges to be collected by the Commission for the use of the Stadium for athletic or other.

### Revenue Receipts Cycle:

A.C.A. 22-3-1002 states that Revenues are deposited upon receipt from income sources like Stadium rent, advertising space rent, concession and novelty sales and other rental and parking fees.

### Fund Balance Utilization:

A.C.A. 22-3-1002 Funds are used to pay expenses incurred by the War Memorial Stadium Commission.

<b>Fund Account</b>	<b>Balance</b>	<b>Type</b>	<b>Location</b>
3260000	\$102,941	Certificate of Deposit	First Security Bank

**Statutory/Other Restrictions on use:**

A.C.A. 22-3-1002 Withdrawals are made by check and direct invoices are sent to DFA for approval and recording in AASIS. A.C.A. 22-3-1010 All transactions are reviewed by DFA-Accounting and audited by Legislative Audit.

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

A.C.A. 22-3-1002 authorizes the Commission to fix the amount of admission fees, commissions, rents and other charges to be collected by the Commission for the use of the Stadium for athletic or other.

**Revenue Receipts Cycle:**

A.C.A. 22-3-1002 states that Revenues are deposited upon receipt from income sources like Stadium rent, advertising space rent, concession and novelty sales and other rental and parking fees.

**Fund Balance Utilization:**

A.C.A. 22-3-1002 Funds are used to pay expenses incurred by the War Memorial Stadium Commission.

**Publications**

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

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

# Department Appropriation Summary

## Historical Data

## Agency Request and Executive Recommendation

Appropriation	2011-2012		2012-2013		2012-2013		2013-2014					2014-2015						
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
2VZ State Operations	891,567	5	882,702	6	898,294	6	885,097	6	885,097	6	885,097	6	885,097	6	885,097	6	885,097	6
A24 War Memorial Operations	2,165,907	0	5,956,757	1	5,954,275	1	5,957,087	1	5,957,087	1	5,957,087	1	5,957,087	1	5,957,087	1	5,957,087	1
Total	3,057,474	5	6,839,459	7	6,852,569	7	6,842,184	7	6,842,184	7	6,842,184	7	6,842,184	7	6,842,184	7	6,842,184	7

Funding Sources		%		%		%		%		%		%		%		%	
Fund Balance	4000005	547,269	15.4	495,112	5.6	2,038,355	19.6	2,038,355	19.6	2,038,355	19.6	3,581,268	29.9	3,581,268	29.9	3,581,268	29.9
General Revenue	4000010	891,567	25.1	882,702	9.9	885,097	8.5	885,097	8.5	885,097	8.5	885,097	7.4	885,097	7.4	885,097	7.4
Cash Fund	4000045	2,113,750	59.5	2,000,000	22.5	2,000,000	19.2	2,000,000	19.2	2,000,000	19.2	2,000,000	16.7	2,000,000	16.7	2,000,000	16.7
Contribution / Bonds	4000165	0	0.0	5,500,000	62.0	5,500,000	52.8	5,500,000	52.8	5,500,000	52.8	5,500,000	46.0	5,500,000	46.0	5,500,000	46.0
Total Funds		3,552,586	100.0	8,877,814	100.0	10,423,452	100.0	10,423,452	100.0	10,423,452	100.0	11,966,365	100.0	11,966,365	100.0	11,966,365	100.0
Excess Appropriation/(Funding)		(495,112)		(2,038,355)		(3,581,268)		(3,581,268)		(3,581,268)		(5,124,181)		(5,124,181)		(5,124,181)	
Grand Total		3,057,474		6,839,459		6,842,184		6,842,184		6,842,184		6,842,184		6,842,184		6,842,184	

The FY13 Budget amount in War Memorial Operations (Appropriation A24) exceeds the authorized amount due to Personal Services Matching rate adjustments during the 2011-2013 Biennium.

## Agency Position Usage Report

FY2010 - 2011						FY2011 - 2012						FY2012 - 2013					
Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused
	Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total	
7	5	2	7	0	28.57 %	7	5	2	7	0	28.57 %	7	5	2	7	0	28.57 %



## **Analysis of Budget Request**

**Appropriation:** 2VZ - State Operations

**Funding Sources:** HUA - Miscellaneous Agencies Fund

The State Operations appropriation funded by general revenue provides for operations and maintenance of War Memorial Stadium. This appropriation in part replaced the general revenue the Stadium was receiving through the City and County Tourist Meeting and Entertainment Facilities Assistance Law, A.C.A. §14-171-215, from fiscal years 1996 to 2004.

Base Level Regular Salaries and Personal Services Matching includes Career Service payments for eligible employees. Personal Services Matching also includes a \$20 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$410 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases.

The Agency is requesting Base Level in both years of the biennium.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 2VZ - State Operations

**Funding Sources:** HUA - Miscellaneous Agencies Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	2013-2014			2014-2015		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	336,580	331,555	344,049	332,155	332,155	332,155	332,155	332,155	332,155
<b>#Positions</b>		<b>5</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>
Extra Help	5010001	39,756	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
<b>#Extra Help</b>		<b>10</b>	<b>98</b>	<b>98</b>	<b>98</b>	<b>98</b>	<b>98</b>	<b>98</b>	<b>98</b>	<b>98</b>
Personal Services Matching	5010003	101,866	104,046	100,498	105,841	105,841	105,841	105,841	105,841	105,841
Overtime	5010006	1,147	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Operating Expenses	5020002	412,218	405,601	412,247	405,601	405,601	405,601	405,601	405,601	405,601
Conference & Travel Expenses	5050009	0	0	0	0	0	0	0	0	0
Professional Fees	5060010	0	0	0	0	0	0	0	0	0
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>		<b>891,567</b>	<b>882,702</b>	<b>898,294</b>	<b>885,097</b>	<b>885,097</b>	<b>885,097</b>	<b>885,097</b>	<b>885,097</b>	<b>885,097</b>
<b>Funding Sources</b>										
General Revenue	4000010	891,567	882,702		885,097	885,097	885,097	885,097	885,097	885,097
Total Funding		891,567	882,702		885,097	885,097	885,097	885,097	885,097	885,097
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
<b>Grand Total</b>		<b>891,567</b>	<b>882,702</b>		<b>885,097</b>	<b>885,097</b>	<b>885,097</b>	<b>885,097</b>	<b>885,097</b>	<b>885,097</b>

FY13 Budget amount in Personal Services Matching exceeds the authorized amount due to matching rate adjustments during the 2011-2013 Biennium.

## **Analysis of Budget Request**

**Appropriation:** A24 - War Memorial Operations

**Funding Sources:** 326 - War Memorial Stadium - Cash

Created by Act 232 of 1967, the War Memorial Stadium Commission strives to keep the facility in the best possible condition for athletics, entertainment, events and community service events, which are all for the enjoyment of the citizens and visitors of our State. Funding for the cash operations of the Stadium is generated from rental of the Stadium and profits from concession/novelty sales charged pursuant to Arkansas Code Annotated §22-3-1002.

Base Level Regular Salaries and Personal Services Matching includes Career Service payments for eligible employees. Personal Services Matching also includes a \$20 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$410 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases.

The Agency is requesting Base Level in both years of the biennium.

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

# Appropriation Summary

**Appropriation:** A24 - War Memorial Operations  
**Funding Sources:** 326 - War Memorial Stadium - Cash

## Historical Data

## Agency Request and Executive Recommendation

Commitment Item	Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
	2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	2013-2014			2014-2015		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	0	29,251	29,251	29,251	29,251	29,251	29,251	29,251	29,251
<b>#Positions</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>
Extra Help 5010001	68,692	115,000	115,000	115,000	115,000	115,000	115,000	115,000	115,000
<b>#Extra Help</b>	<b>8</b>	<b>52</b>	<b>52</b>	<b>52</b>	<b>52</b>	<b>52</b>	<b>52</b>	<b>52</b>	<b>52</b>
Personal Services Matching 5010003	9,959	21,413	18,931	21,743	21,743	21,743	21,743	21,743	21,743
Overtime 5010006	1,650	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000
Operating Expenses 5020002	374,822	572,555	572,555	572,555	572,555	572,555	572,555	572,555	572,555
Conference & Travel Expenses 5050009	0	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Professional Fees 5060010	41,479	54,538	54,538	54,538	54,538	54,538	54,538	54,538	54,538
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Resale (COGS) 5090017	947,464	1,025,000	1,025,000	1,025,000	1,025,000	1,025,000	1,025,000	1,025,000	1,025,000
Refunds/Reimbursements 5110014	72,799	130,000	130,000	130,000	130,000	130,000	130,000	130,000	130,000
Capital Outlay 5120011	0	0	0	0	0	0	0	0	0
Debt Service 5120019	649,042	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000
<b>Total</b>	<b>2,165,907</b>	<b>5,956,757</b>	<b>5,954,275</b>	<b>5,957,087</b>	<b>5,957,087</b>	<b>5,957,087</b>	<b>5,957,087</b>	<b>5,957,087</b>	<b>5,957,087</b>
<b>Funding Sources</b>									
Fund Balance 4000005	547,269	495,112		2,038,355	2,038,355	2,038,355	3,581,268	3,581,268	3,581,268
Cash Fund 4000045	2,113,750	2,000,000		2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Contribution / Bonds 4000165	0	5,500,000		5,500,000	5,500,000	5,500,000	5,500,000	5,500,000	5,500,000
<b>Total Funding</b>	<b>2,661,019</b>	<b>7,995,112</b>		<b>9,538,355</b>	<b>9,538,355</b>	<b>9,538,355</b>	<b>11,081,268</b>	<b>11,081,268</b>	<b>11,081,268</b>
<b>Excess Appropriation/(Funding)</b>	<b>(495,112)</b>	<b>(2,038,355)</b>		<b>(3,581,268)</b>	<b>(3,581,268)</b>	<b>(3,581,268)</b>	<b>(5,124,181)</b>	<b>(5,124,181)</b>	<b>(5,124,181)</b>
<b>Grand Total</b>	<b>2,165,907</b>	<b>5,956,757</b>		<b>5,957,087</b>	<b>5,957,087</b>	<b>5,957,087</b>	<b>5,957,087</b>	<b>5,957,087</b>	<b>5,957,087</b>

FY13 Budget amount in Personal Services Matching exceeds the authorized amount due to matching rate adjustments during the 2011-2013 Biennium.

# ARKANSAS WATERWAYS COMMISSION

## Enabling Laws

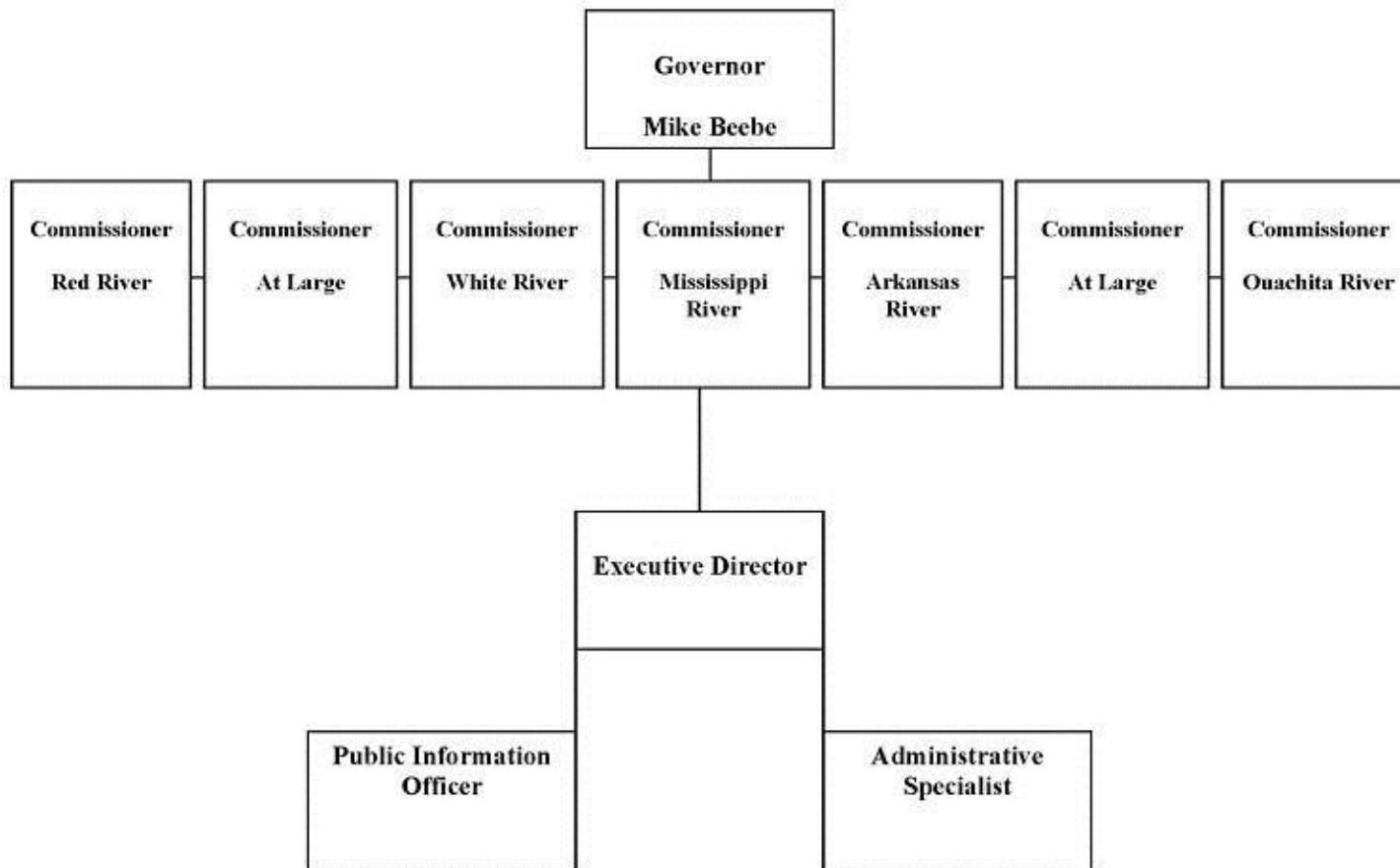
Act 187 of 2012

A.C.A. §15-23-201 et seq.

A.C.A. §15-23-901 et seq.

## History and Organization

The Arkansas Waterways Commission supports the development of the navigable waterways of Arkansas. The seven member, Governor-appointed Commission was created by Act 242 of 1967. The Commission, which is funded by general revenues, is supported by a three person staff and offers services and advice to the water transportation industry by means of correspondence, participation in seminars, serving on advisory committees and boards, and providing research on specialty subjects. The Commission also supports the efforts of the Red River Valley, Arkansas Basin Development and White River Valley Associations through its States Contribution line item.



## **Agency Commentary**

The Arkansas Waterways Commission is the sole state agency responsible for developing, promoting and protecting for waterborne transportation and economic development of the five commercially navigable rivers of the state: The Arkansas, Mississippi, Ouachita, Red, and White Rivers. These natural resources are under-developed and consequently, under-used, especially in comparison to the investments made by other states with which we share waterways and with which we compete for economic development. Opportunities lost for lack of funding include local economic development, transportation savings, international trade, and potential loss of federal construction and maintenance funding of navigable waterways. Competition for federal maintenance and construction funds is intense, putting at risk our rivers' annual \$800 million dollar contribution to the economy of Arkansas.

Two needs are within the state's ability to correct: 1) port infrastructure, and 2) marketing of existing resources. The infrastructure needs are addressed in Act 1546, the Arkansas Port Priorities Development Program of 2001, which has never been funded. The marketing efforts are included in the operating and maintenance budget of the Waterways Commission. Marketing successes will be measured by port development and waterways utilization brought about through shipper awareness of capabilities, direct marketing to target industries, education of government leaders at local, state and federal levels, and education of general public.

The agency requests the Central Growth Pool position, a Public Information Specialist, approved during FY11 be continued as a Regular Position. This position is necessary to meet the mandate of promoting the development of commercial water transportation in the State by executing all communications, public relations and outreach activities. This position is responsible for news releases, website maintenance, a monthly newsletter concerning agency activities, water and river port issues, and brochures explaining economic development opportunities, and planning and coordination of the annual Arkansas Regional Waterways Conference. This Specialist will coordinate a speaker's series for the Executive Director and develop and initiate educational programs for school-aged children. This position will develop and maintain essential communications tools to increase the effectiveness of the agency's mission and be positioned as the local source for news outlets regarding rivers, waterways, and river ports.

The agency requests a change level of \$25,399 in FY14 and \$13,172 in FY15 increases in Operating Expenses, Conference & Travel, and State's Contributions line items. The agency requests an increase of \$4,000 each year in Operating Expenses for anticipated increases in the cost of board member mileage reimbursement for meetings which will be located around the state to increase statewide Commission awareness; and to allow the general public and waterway users a more direct contact with the Commission. Also requested is an increase \$12,999 for telecommunications and network expenses, and for media center equipment for the Director's office, which includes a tv, web camera and an iPad; and to replace a computer. The FY15 increase includes \$4,000 for board member travel reimbursement, telecommunications and network expenses, and replacement of two computers and an iPad. The increase of \$4,000 each year for Conference & Travel is for staff attendance at conferences and other professional development activities which enhance staff skills to further the agency's mission. The \$4,400 increase in the State's Contributions line item each year is to fulfill its obligation as outlined in Act 1585 of 2001 of \$7,000 each year.

## Audit Findings

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
ARKANSAS WATERWAYS COMMISSION  
FOR THE YEAR ENDED JUNE 30, 2010

Findings

Recommendations

None

None

## State Contracts Over \$25,000 Awarded To Minority Owned Businesses Fiscal Year 2012

None

## Employment Summary

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



## Publications

### A.C.A. 25-1-204

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
Biennial Report	A.C.A §15-23-204	Y	N	200	To inform state elected officials, colleagues and other interested parties on activities, goals and accomplishments of the Arkansas Waterways Commission.

## Agency Position Usage Report

FY2010 - 2011						FY2011 - 2012						FY2012 - 2013					
Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused
	Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total	
3	2	0	2	1	33.33 %	2	3	0	3	-1	-50.00 %	2	3	0	3	-1	-50.00 %

Total Budgeted positions exceed Authorized amount due to positions authorized from the Central Growth Pool.

## **Analysis of Budget Request**

**Appropriation:** 085 - Arkansas Waterways Commission

**Funding Sources:** HUA - Miscellaneous Agencies Fund

The Arkansas Waterways Commission supports the development of the navigable waterways of Arkansas. The seven (7) member, Governor-appointed Commission was created by Act 242 of 1967. The Commission, which is funded by general revenues, is supported by a three (3) member staff and offers services and advice to the water transportation industry by means of correspondence, participation in seminars, serving on advisory committee and boards, and providing research on specialty subjects. The Commission also supports the efforts of the Red River Valley, Arkansas Basin and White River Valley Associations through the State's Contributions line item.

This appropriation is funded by General Revenue.

Base Level Regular Salaries and Personal Services Matching includes Career Service payments for eligible employees. Personal Services Matching also includes a \$20 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$410 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay increases. The Base Level request for Regular Salaries includes board member stipend payments.

The Agency's Change Level Request of \$82,008 for FY14 and \$78,181 in FY15 for promotion of the development of commercial water transportation in the State reflects the following:

- Growth Pool position, a Public Information Specialist Grade C116, continue as a Regular Salary Position; this will increase Regular Salaries and Personal Services Matching \$506,609 each year. This position is responsible for all agency communications and public relations. The position will plan and coordinate the annual Arkansas Regional Waterways Conference and also coordinate a speaker's series for the Executive Director and develop and initiate educational programs for school-aged children.
- Operating Expense of \$16,999 in FY14 and \$13,172 in FY15 includes increases for board member travel reimbursement of \$4,000 for meetings to be held around the state to increase the board's visibility; increases for telecommunications and network services of \$10,000 and \$6,572; respectively, \$2,999 and \$2,600; respectively, for computer replacements and a computing tablet, software and, a web-tv, web-enabled camera and computing tablet for a media presentation center in the Director's office.
- Conference & Travel of \$4,000 for both FY14 and FY15 is for professional development and staff training;
- State's Contribution of \$4,400 for both FY14 and FY15 is to fulfill its obligation as outlined in Act 1585 of 2001 of \$7,000 per year.

The Executive Recommendation provides for the Growth Pool position, the Public Information Specialist Grade C116 and additional General Revenue of \$56,509.

## Appropriation Summary

**Appropriation:** 085 - Arkansas Waterways Commission

**Funding Sources:** HUA - Miscellaneous Agencies Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	2013-2014			2014-2015		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	177,935	151,800	120,670	110,015	152,400	152,400	110,015	152,400	152,400
<b>#Positions</b>		<b>3</b>	<b>3</b>	<b>2</b>	<b>2</b>	<b>3</b>	<b>3</b>	<b>2</b>	<b>3</b>	<b>3</b>
Personal Services Matching	5010003	46,476	46,962	33,126	33,679	47,903	47,903	33,679	47,903	47,903
Operating Expenses	5020002	41,307	43,879	43,879	43,879	60,878	43,879	43,879	57,051	43,879
Conference & Travel Expenses	5050009	2,717	3,151	3,151	3,151	7,151	3,151	3,151	7,151	3,151
Professional Fees	5060010	0	0	0	0	0	0	0	0	0
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
State's Contributions	5900021	2,600	2,600	2,600	2,600	7,000	2,600	2,600	7,000	2,600
<b>Total</b>		<b>271,035</b>	<b>248,392</b>	<b>203,426</b>	<b>193,324</b>	<b>275,332</b>	<b>249,933</b>	<b>193,324</b>	<b>271,505</b>	<b>249,933</b>
<b>Funding Sources</b>										
General Revenue	4000010	193,510	193,510		193,324	275,332	249,933	193,324	271,505	249,933
Merit Adjustment Fund	4000055	77,525	54,882		0	0	0	0	0	0
<b>Total Funding</b>		<b>271,035</b>	<b>248,392</b>		<b>193,324</b>	<b>275,332</b>	<b>249,933</b>	<b>193,324</b>	<b>271,505</b>	<b>249,933</b>
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
<b>Grand Total</b>		<b>271,035</b>	<b>248,392</b>		<b>193,324</b>	<b>275,332</b>	<b>249,933</b>	<b>193,324</b>	<b>271,505</b>	<b>249,933</b>

FY13 Budget amount in Positions, Regular Salaries and Personal Services Matching exceeds the authorized amounts due to transfers from the Central Growth Pool during the 2011-2013 Biennium.

## Change Level by Appropriation

**Appropriation:** 085 - Arkansas Waterways Commission  
**Funding Sources:** HUA - Miscellaneous Agencies Fund

### Agency Request

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>193,324</b>	<b>2</b>	<b>193,324</b>	<b>100.0</b>	<b>193,324</b>	<b>2</b>	<b>193,324</b>	<b>100.0</b>
C01	Existing Program	12,400	0	205,724	106.4	12,400	0	205,724	106.4
C06	Restore Position/Approp	56,609	1	262,333	135.7	56,609	1	262,333	135.7
C08	Technology	12,999	0	275,332	142.4	9,172	0	271,505	140.4

### Executive Recommendation

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>193,324</b>	<b>2</b>	<b>193,324</b>	<b>100.0</b>	<b>193,324</b>	<b>2</b>	<b>193,324</b>	<b>100.0</b>
C01	Existing Program	0	0	193,324	100.0	0	0	193,324	100.0
C06	Restore Position/Approp	56,609	1	249,933	129.3	56,609	1	249,933	129.3
C08	Technology	0	0	249,933	129.3	0	0	249,933	129.3

### Justification

C01	The agency requests a change level of \$12,400 each year of the biennium for increases in Operating Expenses, Conference & Travel, and State's Contributions line items. The agency requests an increase of \$4,000 each year in Operating Expenses for anticipated increases in the cost of board member mileage reimbursement for meetings which will be located around the state to increase statewide Commission awareness; and to allow the general public and waterway users a more direct contact with the Commission. The increase of \$4,000 each year for Conference & Travel is for staff attendance at conferences and other professional development activities which enhance staff skills to further the agency's mission. The \$4,400 increase in the State's Contributions line item is to fulfill its obligation as outlined in Act 1585 of 2001 of \$7,000 each year.
C06	The agency requests the Central Growth Pool position, a Public Information Specialist, approved during FY11 be continued as a Regular Position. This position is necessary to meet the mandate of promoting the development of commercial water transportation in the State by executing all communications, public relations and outreach activities. This position is responsible for news releases, website maintenance, a monthly newsletter concerning agency activities, water and river port issues, and brochures explaining economic development opportunities, and planning and coordination of the annual Arkansas Regional Waterways Conference. This Specialist will coordinate a speaker's series for the Executive Director and develop and initiate educational programs for school-aged children. This position will develop and maintain essential communications tools to increase the effectiveness of the agency's mission and be positioned as the local source for news outlets regarding rivers, waterways, and river ports.
C08	The agency requests a change level of \$12,999 for FY14 for Operating Expenses for Network Services, Telephone – Wired, Telephone – Wireless, Equipment, and Software. The increase in Network Services of \$4,060 is to increase internet connection from 1MB to 3MB to bring speed up to current requirements and to launch a new website to replace the current website that is over seven (7) year old for annual maintenance of website. The increase in Telephone – Wired of \$4,100 is for switch from analog telephone service to VOIP service. The increase in Telephone – Wireless of \$1,440 is for annual service for two (2) smart-phones or personal digital assistants for the Director and the Public Information Specialist to stay in constant contact while out of the office. The agency requests an increase in Software of \$1,000 for the new computer. The agency requests equipment of \$2,399 to replace one (1) computer which is over three years old, two (2) personal digital assistants/smart-phones, and media presentation equipment (tv, web-enabled camera, and ipad) for a media presentation center in the Director's office. This equipment will allow presentations and images be displayed in a large-screen format for meetings and presentations. It will also allow individuals in remote locations be involved in meetings via Skype; the iPad will be used for marketing, promotion, and educational activities outside the office. The change level request for FY15 of \$9,172 for Operating Expenses is mainly recurring annual costs of the website maintenance, PDA service fees and VOIP. These costs are estimated at \$7,472. The agency requests \$1,700 to replace two (2) desktop computers that will be over three (3) years old and an iPad used for expanded educational outreach programs.