

SUMMARY BUDGET INFORMATION

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2014 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**

Agency	Blanket Surety Bond Premiums ACA §21-2-710	Claims ACA §19-10-204	Workers' Compensation Administrative Cost Reimbursement ACA §11-9-307
Aeronautics, Arkansas Department of	\$18	\$0	\$0
Assessment Coordination Department	\$152	\$6,809	\$0
Bail Bondsman Licensing Board, Professional	\$14	\$0	\$0
Bank Department, State	\$299	\$0	\$0
Barber Examiners, State Board of	\$14	\$0	\$0
Capitol Zoning District Commission	\$14	\$0	\$0
Development Finance Authority, Arkansas	\$258	\$0	\$0
Disability Determination for Social Security Administration	\$1,534	\$1,415	\$0
Fair Housing Commission, Arkansas	\$41	\$0	\$0
Geographic Information Services, Office of	\$0	\$0	\$0
Office of Health Information Technology	\$0	\$0	\$163
Insurance Department	\$779	\$1,725	\$4,151
Judicial Discipline and Disability Commission	\$28	\$0	\$0
Minority Health Commission, Arkansas	\$32	\$0	\$0
Oil and Gas Commission	\$175	\$462	\$0
Parks & Tourism, Department of	\$3,446	\$0	\$32,239
Parks & Tourism - History Commission	\$0	\$0	\$0
Private Career Education, State Board of	\$14	\$0	\$29
Public Service Commission, Arkansas	\$498	\$512	\$141
Real Estate Commission	\$60	\$0	\$0
Rural Services, Department of	\$18	\$0	\$0
Securities Department	\$166	\$0	\$2,080
Spinal Cord Commission	\$124	\$0	\$7
Tobacco Control Board, Arkansas	\$115	\$0	\$1,533

2014 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>
Tobacco Settlement Commission, Arkansas	\$9	\$0	\$0
War Memorial Stadium Commission	\$23	\$0	\$0
Waterways Commission, Arkansas	\$14	\$0	\$0

AGENCY POSITION USAGE REPORT

Agency	FY2014 - FY2015						3 YEAR AVERAGE(FY13,FY14,FY15)					
	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	9	0	9	0	0.00 %
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 %	5	4	1	5	0	20.00 %
Appraiser Licensing & Certification Board, Arkansas	4	4	0	4	0	0.00 %	4	4	0	4	0	0.00 %
Assessment Coordination Department	36	31	5	36	0	13.89 %	36	31	4	35	1	13.89 %
Auctioneer's Licensing Board	1	1	0	1	0	0.00 %	1	1	0	1	0	0.00 %
Bail Bondsman Licensing Board, Professional	3	4	0	4	-1	-33.33 %	3	3	0	3	0	0.00 %
Bank Department, State	72	64	8	72	0	11.11 %	72	64	8	72	0	11.11 %
Barber Examiners, State Board of	4	4	0	4	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	4	0	4	0	0.00 %	4	3	0	3	1	25.00 %
Development Finance Authority, Arkansas	62	57	5	62	0	8.06 %	62	56	5	61	1	9.68 %
Disability Determination for Social Security Administration	483	424	42	466	17	12.22 %	501	383	102	485	16	23.55 %
Fair Housing Commission, Arkansas	12	8	5	13	-1	33.33 %	11	7	4	11	0	36.36 %
Geographic Information Services, Office of	7	7	0	7	0	0.00 %	6	6	0	6	0	0.00 %
Office of Health Information Technology	12	9	3	12	0	25.00 %	11	8	3	11	0	27.27 %
Hearing Instrument Dispensers, Arkansas Board of	0	0	0	0	0	0.00 %	0	0	0	0	0	0.00 %
Insurance Department	198	193	24	217	-19	2.53 %	196	187	24	211	-15	4.59 %
Judicial Discipline and Disability Commission	6	6	0	6	0	0.00 %	6	6	0	6	0	0.00 %
Minority Health Commission, Arkansas	9	9	0	9	0	0.00 %	9	8	1	9	0	11.11 %
Oil and Gas Commission	44	41	3	44	0	6.82 %	42	39	3	42	0	7.14 %
Parks & Tourism, Department of	787	738	49	787	0	6.23 %	786	743	40	783	3	5.47 %
Parks & Tourism - History Commission	25	22	3	25	0	12.00 %	25	23	1	24	1	8.00 %
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 %
Psychology Board, Arkansas	2	1	1	2	0	50.00 %	2	1	1	2	0	50.00 %
Public Service Commission, Arkansas	115	104	10	114	1	9.57 %	117	103	13	116	1	11.97 %

AGENCY POSITION USAGE REPORT

Agency	FY2014 - FY2015						3 YEAR AVERAGE(FY13,FY14,FY15)					
	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused
		Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total	
Real Estate Commission	15	12	3	15	0	20.00 %	15	13	2	15	0	13.33 %
Rural Services, Department of	6	5	0	5	1	16.67 %	6	4	1	5	1	33.33 %
Securities Department	39	35	4	39	0	10.26 %	39	35	3	38	1	10.26 %
Spinal Cord Commission	27	27	1	28	-1	0.00 %	26	27	0	27	-1	-3.85 %
Student Loan Authority, Arkansas	12	4	1	5	7	66.67 %	14	4	2	6	8	71.43 %
Tobacco Control Board, Arkansas	31	28	3	31	0	9.68 %	30	27	4	31	-1	10.00 %
Tobacco Settlement Commission, Arkansas	3	2	0	2	1	33.33 %	3	2	0	2	1	33.33 %
War Memorial Stadium Commission	7	5	2	7	0	28.57 %	7	5	2	7	0	28.57 %
Waterways Commission, Arkansas	3	3	0	3	0	0.00 %	2	3	0	3	-1	-50.00 %

Bail Bondsman Licensing Board (0211) - Total Budgeted positions in FY14 and FY15 exceed Authorized amount due to positions authorized from the Central Growth Pool.

Fair Housing Commission (0229) - FY13 & FY15 Total Budgeted Positions exceed the Authorized amount due to one added Miscellaneous Federal Grant position.

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

Psychology Board (0289) - FY13 Total Budgeted Positions exceed the Authorized Number due to one added OPM pool position.

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

Tobacco Control Board (0261) - FY13 Total Budgeted Positions exceed the Authorized amount due to 3 added Miscellaneous Federal Grant positions.

Tobacco Settlement Commission (0341) - Total Budgeted positions in FY13 exceed Authorized amount due to positions authorized from the Central Growth Pool.

STATE BOARD OF ACCOUNTANCY

Enabling Laws

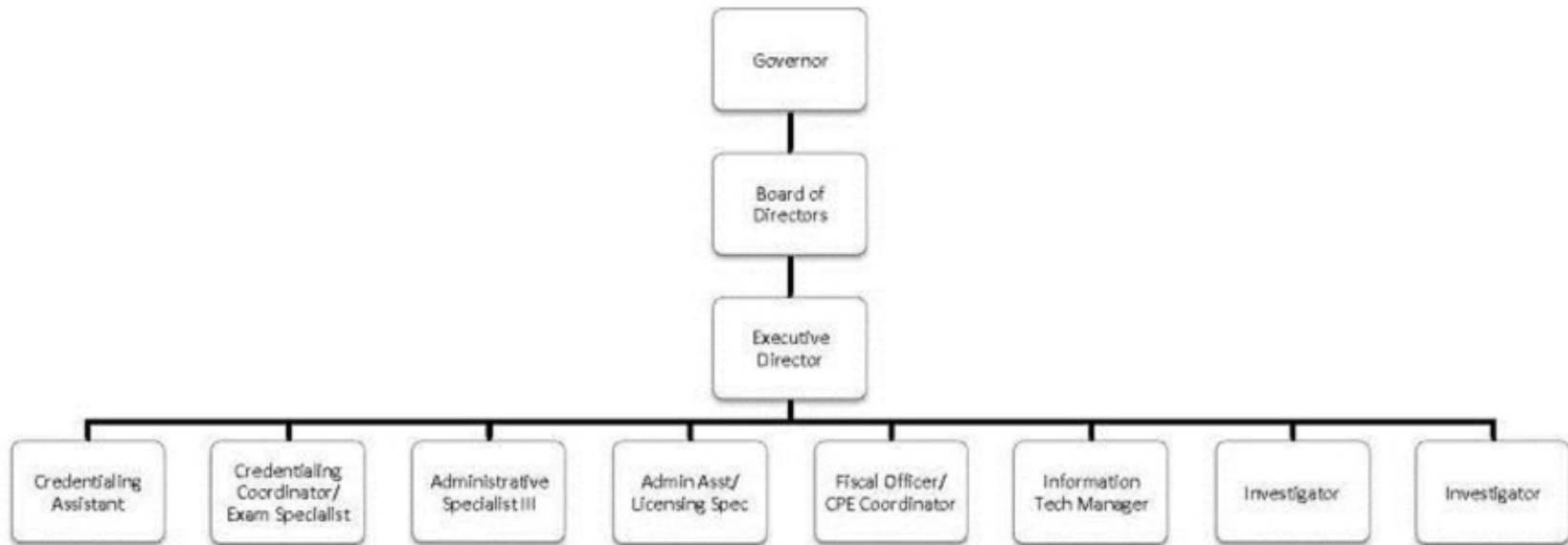
Act 134 of 2014
A.C.A. §17-12-101 et seq.

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 Board requests Base Level appropriation for the 2015-2017 Biennium.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
ARKANSAS STATE BOARD OF PUBLIC ACCOUNTANCY
FOR THE YEAR ENDED JUNE 30, 2013

Findings	Recommendations
None	None

State Contracts Over \$50,000 Awarded To Minority Owned Businesses Fiscal Year 2014

None

Employment Summary

	Male	Female	Total	%
White Employees	4	4	8	100 %
Black Employees	0	0	0	0 %
Other Racial Minorities	0	0	0	0 %
Total Minorities			0	0 %
Total Employees			8	100 %

Cash Fund Balance Description as of June 30, 2014

Fund Account	Balance	Type	Location
3030000	\$1,144,736	Investment	Regions Investment/Raymond James

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.

Fund Account	Balance	Type	Location
3030000	\$336,084	Checking/Savings	Regions Bank

Statutory/Other Restrictions on use:

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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. 25-1-201 et seq.

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution	Unbound Black & White Copies Produced During the Last Two Years	Cost of Unbound Copies Produced During the Last Two Years
		Governor	General Assembly				
Annual Financial Report	A.C.A. §17-12-204(b)	Y	N	0	A.C.A. §17-12-204(b). Approximately 20 copies are provided by the independent audit firm	0	0.00
Directory of Licensees	A.C.A. §17-12-203(b)	N	N	0	A.C.A. §17-12-203(b). Available on the Agency's website.	0	0.00

Agency Position Usage Report

FY2012 - 2013						FY2013 - 2014					FY2014 - 2015						
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	9	0	9	0	0.00 %	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 include the continuation of the previously authorized 2015 1% Cost of Living Adjustment and Career Service payments for eligible employees. Personal Services Matching also includes a \$10 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base level salaries and matching do not include appropriation for Merit Pay Increases. The Base Level request for Regular Salaries includes board member stipend payments.

The Board requests Base Level appropriation for the 2015-2017 Biennium.

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			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	2015-2016			2016-2017		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	440,581	445,845	440,181	451,388	451,388	451,388	451,388	451,388	451,388
#Positions		9	9	9	9	9	9	9	9	9
Personal Services Matching	5010003	145,197	142,632	147,936	145,218	145,218	145,218	145,218	145,218	145,218
Operating Expenses	5020002	194,352	265,662	270,662	265,662	265,662	265,662	265,662	265,662	265,662
Conference & Travel Expenses	5050009	12,456	20,583	15,583	20,583	20,583	20,583	20,583	20,583	20,583
Professional Fees	5060010	23,376	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	6,466	14,520	14,520	14,520	14,520	14,520	14,520	14,520	14,520
Capital Outlay	5120011	0	10,000	10,000	0	0	0	0	0	0
Exam Fees	5900046	211,249	280,000	280,000	280,000	280,000	280,000	280,000	280,000	280,000
Total		1,033,677	1,218,283	1,217,923	1,216,412	1,216,412	1,216,412	1,216,412	1,216,412	1,216,412

Funding Sources										
Fund Balance	4000005	1,460,658	1,480,820		1,262,537	1,262,537	1,262,537	1,046,125	1,046,125	1,046,125
Cash Fund	4000045	1,053,839	1,000,000		1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Total Funding		2,514,497	2,480,820		2,262,537	2,262,537	2,262,537	2,046,125	2,046,125	2,046,125
Excess Appropriation/(Funding)		(1,480,820)	(1,262,537)		(1,046,125)	(1,046,125)	(1,046,125)	(829,713)	(829,713)	(829,713)
Grand Total		1,033,677	1,218,283		1,216,412	1,216,412	1,216,412	1,216,412	1,216,412	1,216,412

FY15 Budget amount in Regular Salaries exceeds the authorized amount due to salary adjustments during the 2013-2015 Biennium.

Budget exceeds Authorized Appropriation in Conference & Travel Expenses by authority of a Budget Classification Transfer.

BOARD OF ACUPUNCTURE & RELATED TECHNIQUES

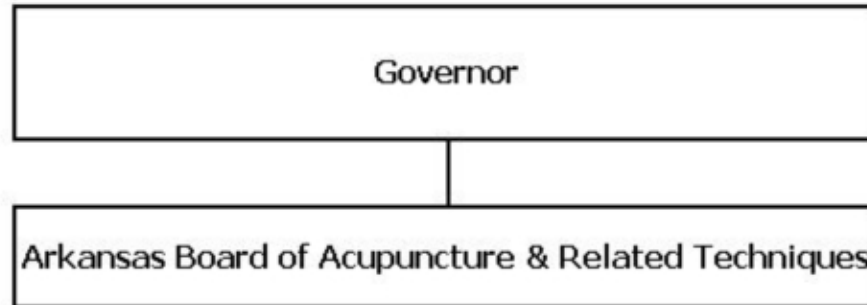
Enabling Laws

Act 64 of 2014
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, A.C.A. § 17-102-101. 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 2015-2017 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, 2013

Findings	Recommendations
None	None

State Contracts Over \$50,000 Awarded To Minority Owned Businesses Fiscal Year 2014

None

Cash Fund Balance Description as of June 30, 2014

Fund Account	Balance	Type	Location
3900000	\$11,002	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. 25-1-201 et seq.

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution	Unbound Black & White Copies Produced During the Last Two Years	Cost of Unbound Copies Produced During the Last Two Years
		Governor	General Assembly				
None	N/A	N	N	0	N/A	0	0.00

Agency Position Usage Report

FY2012 - 2013						FY2013 - 2014						FY2014 - 2015					
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 (A.C.A. §17-102-101) 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 is requesting Base Level of \$11,000 for each year of the 2015-2017 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			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	2015-2016			2016-2017		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	625	2,999	2,999	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	8,000	8,001	8,001	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
Total		8,625	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000
Funding Sources										
Fund Balance	4000005	10,102	11,002		11,002	11,002	11,002	11,002	11,002	11,002
Cash Fund	4000045	9,525	11,000		11,000	11,000	11,000	11,000	11,000	11,000
Total Funding		19,627	22,002		22,002	22,002	22,002	22,002	22,002	22,002
Excess Appropriation/(Funding)		(11,002)	(11,002)		(11,002)	(11,002)	(11,002)	(11,002)	(11,002)	(11,002)
Grand Total		8,625	11,000		11,000	11,000	11,000	11,000	11,000	11,000

AR DEPARTMENT OF AERONAUTICS

Enabling Laws

Act 65 of 2014
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.

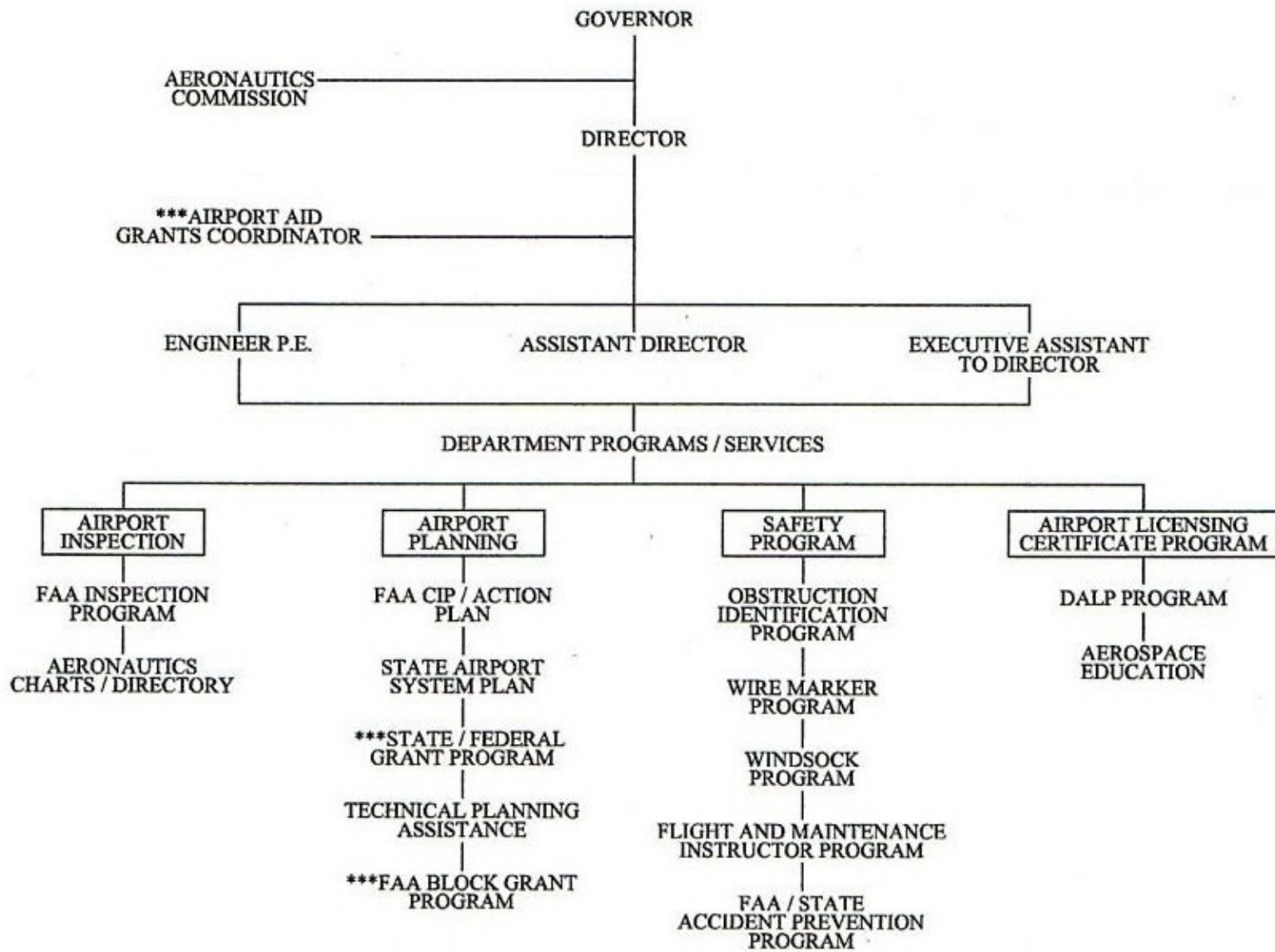
In 1967, Act 499 provided that all revenue derived from the Gross Receipts Tax on aviation fuel shall be deposited in the State Treasury to the credit of the Arkansas Department of Aeronautics Fund to be used solely for constructing airports, civil airways, and other navigational facilities in the State.

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 the Governor, and shall serve at the pleasure of the Governor.



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 \$15,626,613 for FY 2015-2016 and \$15,626,734 for FY 2016-2017 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, 2012

Findings

Recommendations

None

None

State Contracts Over \$50,000 Awarded To Minority Owned Businesses Fiscal Year 2014

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. 25-1-201 et seq.

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution	Unbound Black & White Copies Produced During the Last Two Years	Cost of Unbound Copies Produced During the Last Two Years
		Governor	General Assembly				
Aeronautics Newsletter	N/A	N	N	1	To inform airports, general public, General Assembly of current and updated affairs with the Department of Aeronautics and the state of aviation in Arkansas. (Available online)	0	0.00
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)	0	0.00
State Airport Directory	N/A	N	N	5,000	Provides information to the flying public concerning individual Arkansas airports. (Published biennially)	0	0.00

Department Appropriation Summary

Historical Data

Agency Request and Executive Recommendation

Appropriation	2013-2014		2014-2015		2014-2015		2015-2016						2016-2017					
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
665 Aeronautics-State Operations	6,914,651	4	15,622,518	5	15,623,559	5	15,626,613	5	15,626,613	5	15,626,613	5	15,626,734	5	15,626,734	5	15,626,734	5
666 Aeronautics-Federal Grants	152,323	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	7,066,974	4	27,622,518	5	27,623,559	5	27,626,613	5	27,626,613	5	27,626,613	5	27,626,734	5	27,626,734	5	27,626,734	5

Funding Sources		%		%		%		%		%		%		%		%		%
Fund Balance	4000005	11,374,658	44.9	18,276,047	43.6	14,333,357	37.7	14,333,357	37.7	14,333,357	37.7	10,386,572	30.5	10,386,572	30.5	10,386,572	30.5	
Federal Revenue	4000020	152,323	0.6	12,000,000	28.6	12,000,000	31.6	12,000,000	31.6	12,000,000	31.6	12,000,000	35.2	12,000,000	35.2	12,000,000	35.2	
Special Revenue	4000030	13,816,040	54.5	11,679,828	27.8	11,679,828	30.7	11,679,828	30.7	11,679,828	30.7	11,679,828	34.3	11,679,828	34.3	11,679,828	34.3	
Total Funds		25,343,021	100.0	41,955,875	100.0	38,013,185	100.0	38,013,185	100.0	38,013,185	100.0	34,066,400	100.0	34,066,400	100.0	34,066,400	100.0	
Excess Appropriation/(Funding)		(18,276,047)		(14,333,357)		(10,386,572)		(10,386,572)		(10,386,572)		(6,439,666)		(6,439,666)		(6,439,666)		
Grand Total		7,066,974		27,622,518		27,626,613		27,626,613		27,626,613		27,626,734		27,626,734		27,626,734		

Agency Position Usage Report

FY2012 - 2013						FY2013 - 2014						FY2014 - 2015					
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	4	1	5	0	20.00 %	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 Regular Salaries and Personal Services Matching include continuation of the previously authorized 2015 1% Cost of Living Adjustment and Career Service Payments for eligible employees. Personal Services Matching also includes a \$10 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for Merit Pay Increases. The Base Level salary of unclassified positions reflects the FY2015 line item maximum plus the previously authorized 2015 1% Cost of Living Adjustment.

Agency's Base Level and total request is \$15,626,613 in FY2016 and \$15,626,734 in FY2017.

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	2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	2015-2016			2016-2017		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	273,320	306,665	308,675	309,368	309,368	309,368	309,468	309,468	309,468
#Positions	4	5	5	5	5	5	5	5	5
Personal Services Matching 5010003	86,319	93,324	92,355	94,716	94,716	94,716	94,737	94,737	94,737
Operating Expenses 5020002	102,348	200,029	200,029	200,029	200,029	200,029	200,029	200,029	200,029
Conference & Travel Expenses 5050009	2,235	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000
Professional Fees 5060010	10,795	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	6,439,634	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
Total	6,914,651	15,622,518	15,623,559	15,626,613	15,626,613	15,626,613	15,626,734	15,626,734	15,626,734
Funding Sources									
Fund Balance 4000005	11,374,658	18,276,047		14,333,357	14,333,357	14,333,357	10,386,572	10,386,572	10,386,572
Special Revenue 4000030	13,816,040	11,679,828		11,679,828	11,679,828	11,679,828	11,679,828	11,679,828	11,679,828
Total Funding	25,190,698	29,955,875		26,013,185	26,013,185	26,013,185	22,066,400	22,066,400	22,066,400
Excess Appropriation/(Funding)	(18,276,047)	(14,333,357)		(10,386,572)	(10,386,572)	(10,386,572)	(6,439,666)	(6,439,666)	(6,439,666)
Grand Total	6,914,651	15,622,518		15,626,613	15,626,613	15,626,613	15,626,734	15,626,734	15,626,734

FY15 Budget amount in Personal Services Matching exceeds the authorized amount due to matching rate adjustments during the 2013-2015 Biennium.

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.

Agency's Base Level and total request is \$12,000,000 each year of the biennium.

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			2015-2016			2016-2017		
		2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid	5100004	152,323	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		152,323	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000
Funding Sources										
Federal Revenue	4000020	152,323	12,000,000		12,000,000	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000
Total Funding		152,323	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		152,323	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 66 of 2014
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.

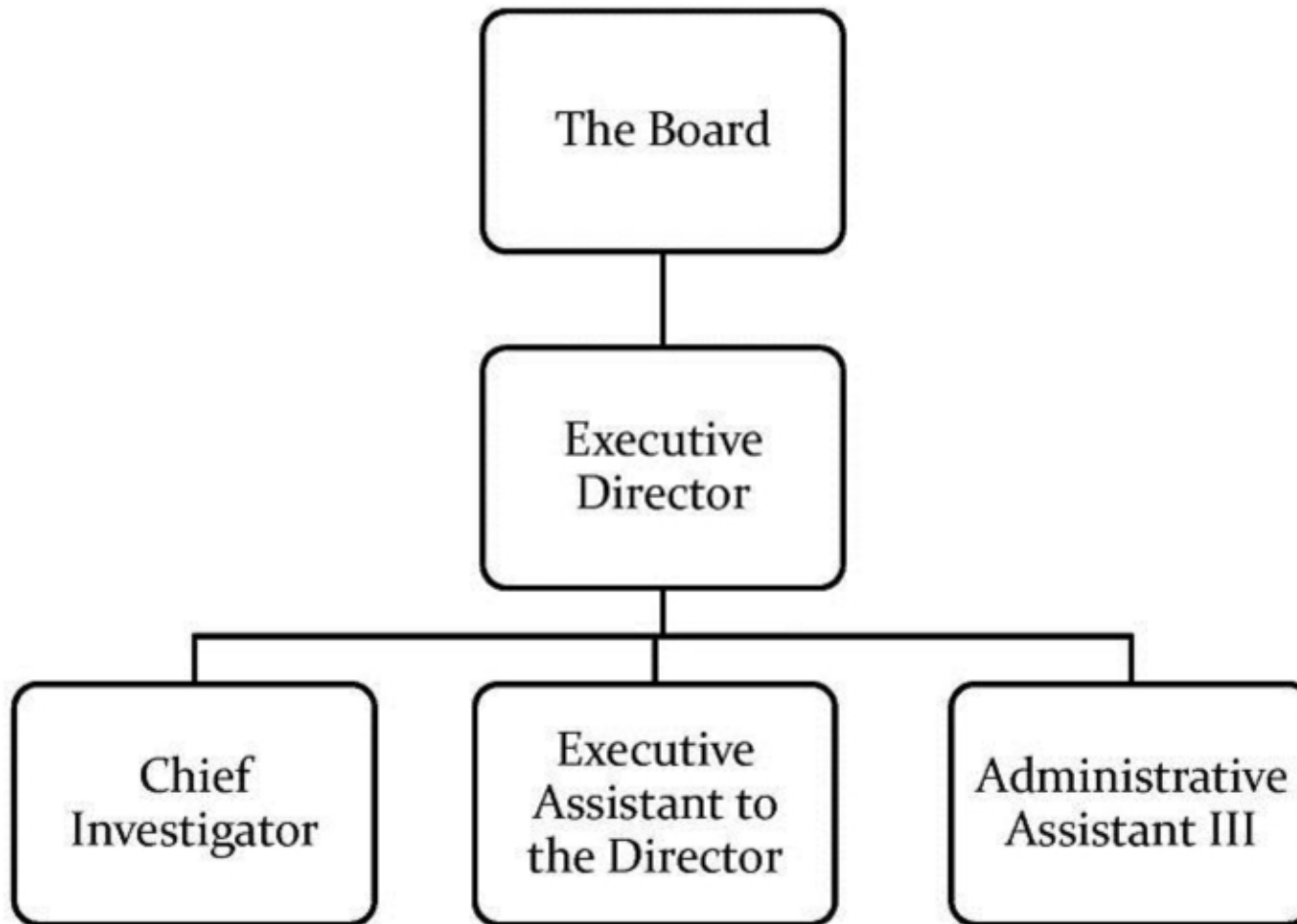
The Arkansas Appraiser Licensing Board was officially constituted in July of 1991 and members immediately began drafting Rules and Regulations to implement the provisions of Act 541 in conformity with the Title XI provisions. In 1993, the General Assembly approved Act 1270, which clarified certain provisions 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 78th General Assembly passed Act 541 of the 1991 Regular Session, A.C.A. §17-14-101 et seq. The Act provided for the licensing and certification of real estate appraisers in the State; and was in response to Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1991.

Further, the 87th General Assembly passed Act 628 of the 2009 Regular Session to provide for registration and regulation of appraisal management companies by amending A.C.A. §17-14-101. The Act 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.

The Board requests a Change Level increase of \$36,100 each year for the following:

- Operating Expenses of \$16,100 which includes \$14,000 for an increase in the national registry fee required by the Appraisal Subcommittee from \$25 to \$40. An increase of \$2,100 is requested for annual website maintenance. This can be found on the agency's state IT plan under the Contracted Services tab.
- Conference & Travel Expenses of \$20,000 for the Board sponsored annual Day with Appraisers continuing education seminar. This will cover meeting room(s) rental, speakers' fees and related event expenses, printing, and other materials. Approximately 250 Arkansas real property appraisers attended the seminar.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
ARKANSAS APPRAISER LICENSING AND CERTIFICATION BOARD
FOR THE YEAR ENDED JUNE 30, 2012

Findings	Recommendations
Review of the Agency's fixed assets revealed one item totaling \$1,733 that was transferred to Department of Finance and Administration (DFA) - Marketing and Redistribution (M&R) in October 2012 but not recorded on DFA's Surplus Disposal Form or removed from the asset listing. Subsequent to field work, the Agency received approval from DFA to remove the item from its asset listing.	Equipment sent to M&R should be individually listed on a Surplus Disposal Form and removed from the Agency's asset listing timely. <u>Agency Response:</u> We understand the problem and will, in the future, more completely document on the Surplus Disposal Form each item being transferred.
Supporting documentation was not maintained for three payments totaling \$5,208 for technical services and one payment of \$75 for temporary employment.	Maintain proper supporting documentation for all expenditures. <u>Agency Response:</u> We will devote extra attention to maintaining proper documentation for all expenditures.

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
ARKANSAS APPRAISER LICENSING AND CERTIFICATION BOARD
FOR THE YEAR ENDED JUNE 30, 2012

Findings

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. Our testing revealed revenues were overstated by \$3,050.

According to the travel regulations established by DFA 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 to why it was in the best interest of the State to exceed the standard reimbursement rate. Our testing revealed six TR-1s exceeded the daily per diem for lodging without approval from the Executive Director. In addition, overnight lodging was provided for the former Executive Director within his official station. As stated in Ark. Code Ann. § 19-4-903, no expenses for meals or lodging will be allowed within the city or town of the employee's "official station" unless approved in writing by the agency head as a "special authorization".

Recommendations

Develop procedures to ensure revenue is properly recorded and receipts and deposits are reconciled to the number of licenses issued.

Agency Response:

We have, since the completion of the audit, installed a new and more user friendly database that will help with accuracy and cross checking of income with receipts and deposits.

Follow established policies as set forth by State of Arkansas travel rules and regulations.

Agency Response:

We have already taken some steps to inform and remind board members and staff of acceptable expenses and practices. We will be providing detailed information to all board and staff in this regard.

State Contracts Over \$50,000 Awarded To Minority Owned Businesses Fiscal Year 2014

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, 2014

Fund Account	Balance	Type	Location
3450000	\$519,401	Checking	Regions - Little Rock

Statutory/Other Restrictions on use:

A.C.A. 17-14-203(10) authorizes the setting and collection of fees and for pass thru payment of a fee as required by Section 1109 (a)(2) of FIRREA of 1989, currently set at \$40 per licensee.

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 of each year 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 money into the money market trust fund at the State Treasury.

Fund Account	Balance	Type	Location
3450000	\$257,536	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 eq.

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 secure additional CDs.

Fund Account	Balance	Type	Location
3450000	\$61,012	Certificate of Deposit	Regions - 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 renewed, money added (if allowed) to current CD, or cash proceeds are placed in the State Treasury Money Market Account.

Fund Balance Utilization:

To secure funds for future use.

Fund Account	Balance	Type	Location
3450000	\$177,933	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 renewed, money added (if allowed) to current CD, or cash proceeds are placed in the State Treasury Money Market Account.

Fund Balance Utilization:

To secure funds for future use.

Fund Account	Balance	Type	Location
3450000	\$63,044	Certificate of Deposit	Metropolitan/Simmons 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 renewed, money added (if allowed) to current CD, or cash proceeds are placed in the State Treasury Money Market Account.

Fund Balance Utilization:

To secure funds for future use.

Fund Account
3450000

Balance
\$64,092

Type
Certificate of Deposit

Location
First Security - Mountain Home

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 renewed, money added (if allowed) to current CD, 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. 25-1-201 et seq.

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution	Unbound Black & White Copies Produced During the Last Two Years	Cost of Unbound Copies Produced During the Last Two Years
		Governor	General Assembly				
None	N/A	N	N	0	N/A	0	0.00

Agency Position Usage Report

FY2012 - 2013						FY2013 - 2014						FY2014 - 2015					
Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused
	Filled	Unfilled	Total				Filled	Unfilled	Total				Filled	Unfilled	Total		
4	4	0	4	0	0.00 %	4	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 include the continuation of the previously authorized 2015 1% Cost of Living Adjustment and Career Service payments for eligible employees. Personal Services Matching also includes a \$10 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base level salaries and matching do not include appropriation for Merit Pay Increases. The Base Level request for Regular Salaries includes board member stipend payments.

The Board requests a Change Level increase of \$36,100 for each year of the biennium for the following:

- Operating Expenses each year of \$16,100; \$14,000 for an increase in the national registry fee required by the Appraisal Subcommittee (ASC) from \$25 to \$40; \$2,100 is requested for annual maintenance of the Board's website. This request is included in the Board's IT Plan.
- Conference and Travel each year of \$20,000 for sponsorship of the annual continuing education seminar for approximately 200 Arkansas real property appraisers. The increase is for meeting room(s), speakers' fees and related expenses, printing, and other materials.

The Executive Recommendation provides for the Agency Request and a title change of Board of Appraiser Chief Investigator to Chief Licensing Investigator. This will allow other agencies to use the same title. 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		
		2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	2015-2016			2016-2017		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	209,076	205,111	228,249	207,071	207,071	207,071	207,071	207,071	207,071
#Positions		4	4	4	4	4	4	4	4	4
Personal Services Matching	5010003	65,811	64,317	68,494	65,354	65,354	65,354	65,354	65,354	65,354
Operating Expenses	5020002	111,841	163,178	147,078	147,078	163,178	163,178	147,078	163,178	163,178
Conference & Travel Expenses	5050009	20,065	29,700	9,700	9,700	29,700	29,700	9,700	29,700	29,700
Professional Fees	5060010	2,074	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
Total		408,867	473,806	465,021	440,703	476,803	476,803	440,703	476,803	476,803
Funding Sources										
Fund Balance	4000005	1,141,651	1,143,018		1,011,382	1,011,382	1,011,382	935,679	899,579	899,579
Cash Fund	4000045	410,234	342,170		365,000	365,000	365,000	365,000	365,000	365,000
Total Funding		1,551,885	1,485,188		1,376,382	1,376,382	1,376,382	1,300,679	1,264,579	1,264,579
Excess Appropriation/(Funding)		(1,143,018)	(1,011,382)		(935,679)	(899,579)	(899,579)	(859,976)	(787,776)	(787,776)
Grand Total		408,867	473,806		440,703	476,803	476,803	440,703	476,803	476,803

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

Change Level by Appropriation

Appropriation: A86 - Cash Operations
Funding Sources: 345 - Appraiser Licensing & Certification - Cash

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	440,703	4	440,703	100.0	440,703	4	440,703	100.0
C01	Existing Program	34,000	0	474,703	107.7	34,000	0	474,703	107.7
C08	Technology	2,100	0	476,803	108.2	2,100	0	476,803	108.2

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	440,703	4	440,703	100.0	440,703	4	440,703	100.0
C01	Existing Program	34,000	0	474,703	107.7	34,000	0	474,703	107.7
C08	Technology	2,100	0	476,803	108.2	2,100	0	476,803	108.2
C14	Title Change	0	0	476,803	108.2	0	0	476,803	108.2

Justification

C01	The Board requests a Change Level increase of \$34,000 which includes \$14,000 in Operating Expenses and \$20,000 in Conference Fees. The Operating Expenses increase includes \$14,000 for the increase in national registry fee required by the Appraisal Subcommittee from \$25 to \$40. Conference & Travel Expenses increase is requested for the Board sponsored annual Day with Appraisers continuing education seminar for approximately 250 Arkansas real property appraisers. This will cover meeting room(s) rental, speakers' fees and related event expenses, printing, and other materials.
C08	The Board requests an increase of \$2,100 in Operating Expenses for annual maintenance of its website. This can be found on the agency's state IT plan under the Contracted Services tab.
C14	The Executive Recommendation provides for the Agency Request and recommends the title change from Board of Appraiser Chief Investigator to Chief Licensing Investigator. This will allow other agencies to use the same title.

ASSESSMENT COORDINATION DEPARTMENT

Enabling Laws

Act 69 of 2014
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.

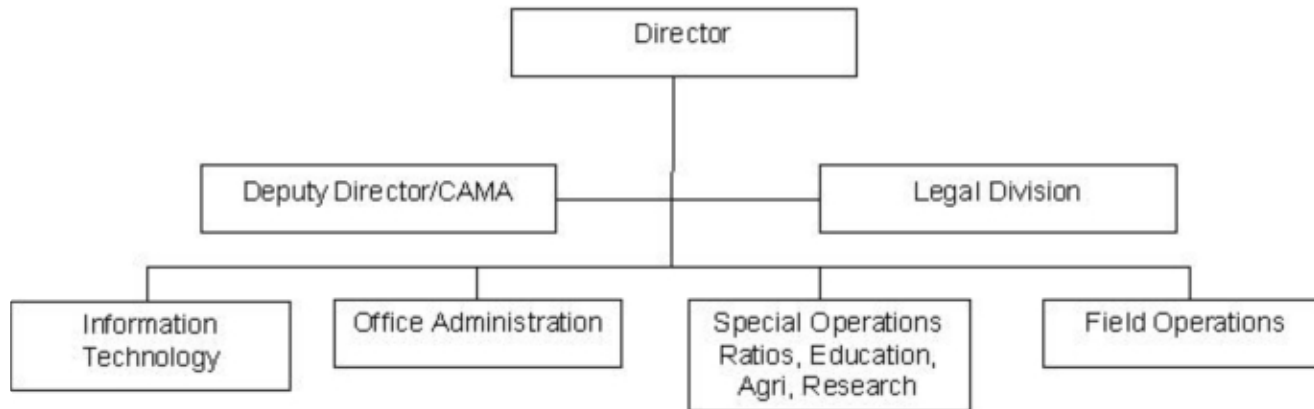
The Cash Operations function was created for budget purposes to separate operating funds of the Department from cash funds created from the sale of manuals and educational materials that are used to replenish such and to fund participation in educational programs.

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



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 2015 - 2017 Biennium.

The Department is also requesting the 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 the special language clause that provides for transfer of funds 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, 2013

Findings

Recommendations

None

None

State Contracts Over \$50,000 Awarded To Minority Owned Businesses Fiscal Year 2014

None

Employment Summary

	Male	Female	Total	%
White Employees	15	12	27	87 %
Black Employees	2	2	4	13 %
Other Racial Minorities	0	0	0	0 %
Total Minorities			4	13 %
Total Employees			31	100 %

Publications

A.C.A. 25-1-201 et seq.

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution	Unbound Black & White Copies Produced During the Last Two Years	Cost of Unbound Copies Produced During the Last Two Years
		Governor	General Assembly				
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.	0	0.00
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.	0	0.00
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.	0	0.00
Real Estate Manual	None	N	N	10	Provided upon request as a guide in counties for assessment of real property.	0	0.00

Department Appropriation Summary

Historical Data

Agency Request and Executive Recommendation

Appropriation	2013-2014		2014-2015		2014-2015		2015-2016						2016-2017					
	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	14,624,619	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	12,764	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	2,815,412	36	3,031,188	36	3,103,641	36	3,054,879	36	3,054,879	36	3,054,879	36	3,056,350	36	3,056,350	36	3,056,350	36
99Z Cash Operations	500	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
Total	17,453,295	36	18,896,188	36	18,968,641	36	18,919,879	36	18,919,879	36	18,919,879	36	18,921,350	36	18,921,350	36	18,921,350	36

Funding Sources		%		%		%		%		%		%		%		%		
Fund Balance	4000005	3,165,371	15.7	2,698,092	13.6		1,008,236	5.5	1,008,236	5.5	1,008,236	5.1	167,139	1.0	167,139	1.0	950,798	4.8
General Revenue	4000010	316,000	1.6	543,891	2.7		543,891	3.0	543,891	3.0	2,200,000	11.1	543,891	3.1	543,891	3.1	2,200,000	11.1
Cash Fund	4000045	25,403	0.1	20,000	0.1		20,000	0.1	20,000	0.1	20,000	0.1	20,000	0.1	20,000	0.1	20,000	0.1
Ad Valorem Tax	4000060	2,350,441	11.7	2,350,441	11.8		2,350,441	12.9	2,350,441	12.9	2,350,441	11.8	2,350,411	13.5	2,350,411	13.5	2,350,411	11.9
County Assessors Cont Educ	4000170	42,355	0.2	42,000	0.2		42,000	0.2	42,000	0.2	42,000	0.2	42,000	0.2	42,000	0.2	42,000	0.2
Intra-agency Fund Transfer	4000317	1,817	0.0	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	70.7	14,250,000	71.6		14,250,000	78.2	14,250,000	78.2	14,250,000	71.7	14,250,000	82.0	14,250,000	82.0	14,250,000	71.9
Total Funds		20,151,387	100.0	19,904,424	100.0		18,214,568	100.0	18,214,568	100.0	19,870,677	100.0	17,373,441	100.0	17,373,441	100.0	19,813,209	100.0
Excess Appropriation/(Funding)		(2,698,092)		(1,008,236)			705,311		705,311		(950,798)		1,547,909		1,547,909		(891,859)	
Grand Total		17,453,295		18,896,188			18,919,879		18,919,879		18,919,879		18,921,350		18,921,350		18,921,350	

Variances in fund balance due to unfunded appropriation in (258) Assessment Coordination-State Operations.

Agency Position Usage Report

FY2012 - 2013						FY2013 - 2014						FY2014 - 2015					
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	33	3	36	0	8.33 %	36	31	5	36	0	13.89 %	36	31	5	36	0	13.89 %

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.

Agency's Base Level and total request is \$15,750,000 each year of the biennium.

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	2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Real Property Reappraisal 5900046	14,624,619	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	14,624,619	15,750,000	15,750,000	15,750,000	15,750,000	15,750,000	15,750,000	15,750,000	15,750,000
Funding Sources									
Intra-agency Fund Transfer 4000317	374,619	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	14,624,619	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	14,624,619	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.

Agency's Base Level and total request is \$60,000 each year of the 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		
		2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	2015-2016			2016-2017		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	9,264	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
Total		12,764	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000
Funding Sources										
Fund Balance	4000005	138,514	168,105		150,105	150,105	150,105	132,105	132,105	132,105
County Assessors Cont Educ	4000170	42,355	42,000		42,000	42,000	42,000	42,000	42,000	42,000
Total Funding		180,869	210,105		192,105	192,105	192,105	174,105	174,105	174,105
Excess Appropriation/(Funding)		(168,105)	(150,105)		(132,105)	(132,105)	(132,105)	(114,105)	(114,105)	(114,105)
Grand Total		12,764	60,000		60,000	60,000	60,000	60,000	60,000	60,000

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 Regular Salaries and Personal Services Matching include continuation of the previously authorized 2015 1% Cost of Living Adjustment and Career Service Payments for eligible employees. Personal Services Matching also includes a \$10 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for Merit Pay Increases. The Base Level salary of unclassified positions reflects the FY2015 line item maximum plus the previously authorized 2015 1% Cost of Living Adjustment.

Agency's Base Level and total request is \$3,054,879 in FY2016 and \$3,056,350 in FY2017.

The Executive Recommendation provides for the Agency Request and adds \$1,656,109 in general revenue funding each year restore previously authorized levels. Expenditure of appropriation is contingent upon available funding.

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		
	2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	2015-2016			2016-2017		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	1,455,916	1,486,209	1,529,616	1,501,296	1,501,296	1,501,296	1,502,496	1,502,496	1,502,496
#Positions	36	36	36	36	36	36	36	36	36
Extra Help 5010001	0	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
#Extra Help	0	3	3	3	3	3	3	3	3
Personal Services Matching 5010003	508,596	510,370	539,416	518,974	518,974	518,974	519,245	519,245	519,245
Operating Expenses 5020002	515,558	622,240	622,240	622,240	622,240	622,240	622,240	622,240	622,240
Conference & Travel Expenses 5050009	41,447	49,869	49,869	49,869	49,869	49,869	49,869	49,869	49,869
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	5,363	0	0	0	0	0	0	0	0
Assessor's School 5900046	186,282	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Assessment Educ Incentive 5900047	102,250	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
Total	2,815,412	3,031,188	3,103,641	3,054,879	3,054,879	3,054,879	3,056,350	3,056,350	3,056,350
Funding Sources									
Fund Balance 4000005	2,946,726	2,424,953		788,097	788,097	788,097	0	0	783,659
General Revenue 4000010	316,000	543,891		543,891	543,891	2,200,000	543,891	543,891	2,200,000
Ad Valorem Tax 4000060	2,350,441	2,350,441		2,350,441	2,350,441	2,350,441	2,350,411	2,350,411	2,350,411
Intra-agency Fund Transfer 4000317	(372,802)	(1,500,000)		(1,500,000)	(1,500,000)	(1,500,000)	(1,500,000)	(1,500,000)	(1,500,000)
Total Funding	5,240,365	3,819,285		2,182,429	2,182,429	3,838,538	1,394,302	1,394,302	3,834,070
Excess Appropriation/(Funding)	(2,424,953)	(788,097)		872,450	872,450	(783,659)	1,662,048	1,662,048	(777,720)
Grand Total	2,815,412	3,031,188		3,054,879	3,054,879	3,054,879	3,056,350	3,056,350	3,056,350

Expenditure of appropriation is contingent upon available funding.

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.

Agency's Base Level and total request is \$55,000 each year of the biennium.

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		
	2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	2015-2016			2016-2017		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses 5020002	0	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	500	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
Total	500	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000
Funding Sources									
Fund Balance 4000005	80,131	105,034		70,034	70,034	70,034	35,034	35,034	35,034
Cash Fund 4000045	25,403	20,000		20,000	20,000	20,000	20,000	20,000	20,000
Total Funding	105,534	125,034		90,034	90,034	90,034	55,034	55,034	55,034
Excess Appropriation/(Funding)	(105,034)	(70,034)		(35,034)	(35,034)	(35,034)	(34)	(34)	(34)
Grand Total	500	55,000		55,000	55,000	55,000	55,000	55,000	55,000

Expenditure of appropriation is contingent upon available funding.

AUCTIONEER'S LICENSING BOARD

Enabling Laws

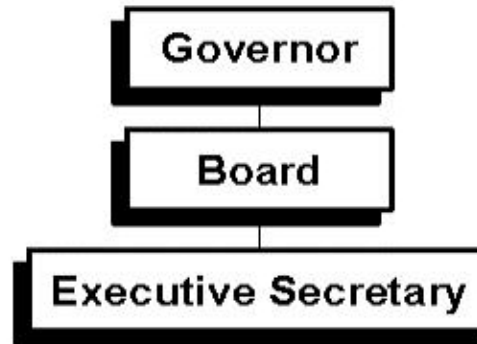
Act 131 of 2014
Act 266 of 1989 as amended
A.C.A. § 17-17-201

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 operate 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 2015 - 2017 Biennium with the exception of an increase to Operating Expenses of \$2,309 for each year of the biennium. This increase is necessary to remain in compliance with the agency's Information Technology Plan.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
ARKANSAS AUCTIONEER'S LICENSING BOARD
FOR THE YEAR ENDED JUNE 30, 2012

Findings	Recommendations
None	None

State Contracts Over \$50,000 Awarded To Minority Owned Businesses Fiscal Year 2014

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, 2014

Fund Account	Balance	Type	Location
3440000	\$110,207	Checking and TMMP	Centennial Bank 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. §17-17-214 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.

Fund Account	Balance	Type	Location
3440100	\$192,658	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. 25-1-201 et seq.

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution	Unbound Black & White Copies Produced During the Last Two Years	Cost of Unbound Copies Produced During the Last Two Years
		Governor	General Assembly				
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.	0	0.00

Agency Position Usage Report

FY2012 - 2013					FY2013 - 2014					FY2014 - 2015							
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	
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 continuation of the previously authorized 2015 1% Cost of Living Adjustment and Career Service Payments for eligible employees. Personal Services Matching also includes a \$10 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for Merit Pay Increases. The Base Level request for Regular Salaries includes board member stipend payments.

The Base Level request is \$209,297 each year of the biennium.

The Change Level request totals \$2,309 in Operating Expenses each year of the biennium. This request includes \$1,000 annually for data base support and \$1,309 annually for the Auctioneer's Board website subscription. This request is in compliance with the Board's - Information Technology Plan.

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	2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	2015-2016			2016-2017		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	55,635	56,179	56,279	56,687	56,687	56,687	56,687	56,687	56,687
#Positions	1	1	1	1	1	1	1	1	1
Extra Help 5010001	0	15,780	15,780	15,780	15,780	15,780	15,780	15,780	15,780
#Extra Help	0	1	1	1	1	1	1	1	1
Personal Services Matching 5010003	17,122	18,060	17,839	18,334	18,334	18,334	18,334	18,334	18,334
Operating Expenses 5020002	33,316	49,808	49,808	49,808	52,117	52,117	49,808	52,117	52,117
Conference & Travel Expenses 5050009	0	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500
Professional Fees 5060010	2,800	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	1,250	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
Total	110,123	208,515	208,394	209,297	211,606	211,606	209,297	211,606	211,606
Funding Sources									
Fund Balance 4000005	312,080	302,865		194,728	194,728	194,728	85,809	83,500	83,500
Cash Fund 4000045	100,908	100,378		100,378	100,378	100,378	100,378	100,378	100,378
Total Funding	412,988	403,243		295,106	295,106	295,106	186,187	183,878	183,878
Excess Appropriation/(Funding)	(302,865)	(194,728)		(85,809)	(83,500)	(83,500)	23,110	27,728	27,728
Grand Total	110,123	208,515		209,297	211,606	211,606	209,297	211,606	211,606

FY15 Budget amount in Personal Services Matching exceeds the authorized amount due to matching rate adjustments during the 2013-2015 Biennium.

Expenditure of appropriation is contingent upon available funding.

Change Level by Appropriation

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

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	209,297	1	209,297	100.0	209,297	1	209,297	100.0
C08	Technology	2,309	0	211,606	101.1	2,309	0	211,606	101.1

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	209,297	1	209,297	100.0	209,297	1	209,297	100.0
C08	Technology	2,309	0	211,606	101.1	2,309	0	211,606	101.1

Justification

C08	The Board is requesting a total increase of \$2,309 to Operating Expenses each year of the biennium. This increase includes \$1,309 annually for the Auctioneer's Board webpage subscription and \$1,000 annually for Data Base Support. These requests are in compliance with the Board's Information Technology Plan.
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PROFESSIONAL BAIL BONDSMAN LICENSING BOARD

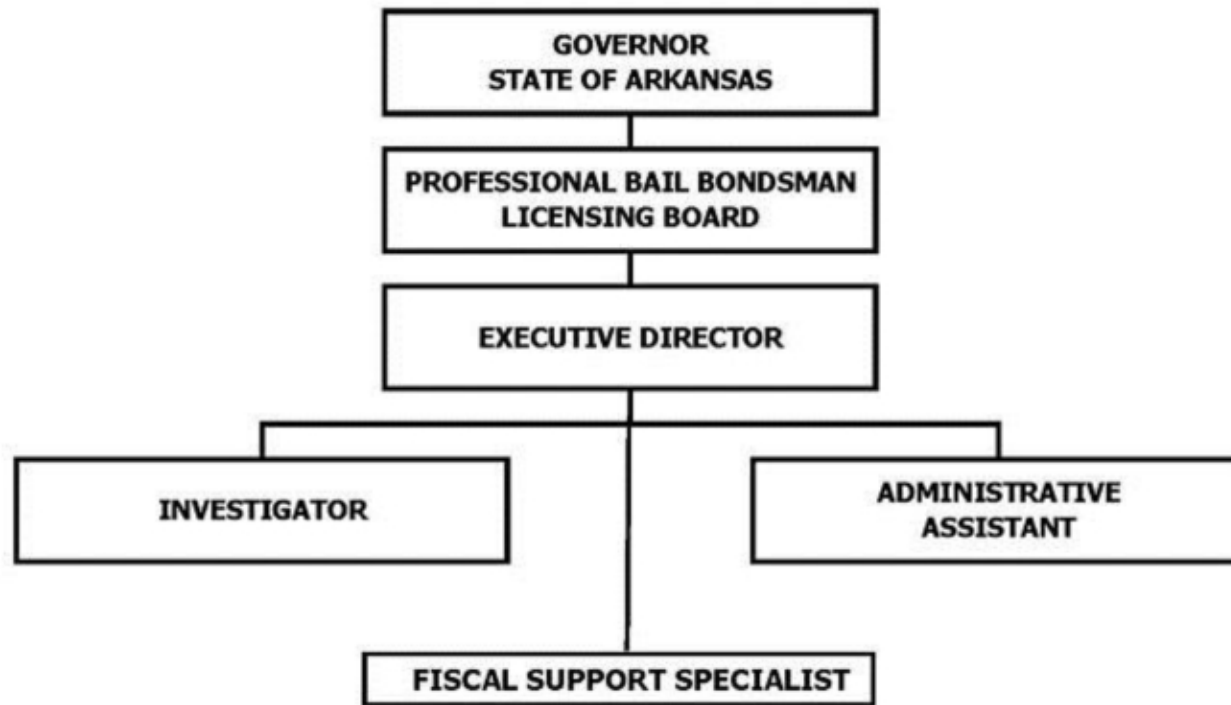
Enabling Laws

Act 251 of 2014
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 currently employs an investigator, an administrative assistant, and a Fiscal Support Specialist.



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 an increase of \$44,982 in Regular Salaries and Personal Services Matching for restoration of a Fiscal Support Specialist Growth Pool position approved in July of 2013. This position is responsible for support on monitoring of revenues to agency under new statutory authority.

The Board requests an increase in Capital Outlay of \$24,500 for each fiscal year. This increase will be used to replace the two (2) agency vehicles. The 2012 Impala for investigator use currently has approximately 50,000 miles and at current rate will exceed 85,000 miles by the end of FY2015. The 2013 Impala currently has approximately 30,000 miles and will exceed 85,000 miles by the FY2016. Past state bids have been used to estimate replacement and fees.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
PROFESSIONAL BAIL BONDSMAN LICENSING BOARD
FOR THE YEAR ENDED JUNE 30, 2012

Findings

Recommendations

None

None

State Contracts Over \$50,000 Awarded To Minority Owned Businesses Fiscal Year 2014

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. 25-1-201 et seq.

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution	Unbound Black & White Copies Produced During the Last Two Years	Cost of Unbound Copies Produced During the Last Two Years
		Governor	General Assembly				
Bail Bonds Company and Bail Bondsman Licensing Board	A.C.A. §17-19-206 (f)	N	N	75	Required by law. Public Use.	150	60.00

Department Appropriation Summary

Historical Data

Agency Request and Executive Recommendation

Appropriation	2013-2014		2014-2015		2014-2015		2015-2016					2016-2017						
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
1DV Bail Bondsman-Operations	321,880	4	368,407	4	321,276	3	325,932	3	395,414	4	395,414	4	325,932	3	395,536	4	395,536	4
4HD Treasury Cash Reimbursement	87,751	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
F67 Bail Bond Recovery	0	0	3,500,000	0	3,500,000	0	3,500,000	0	3,500,000	0	3,500,000	0	3,500,000	0	3,500,000	0	3,500,000	0
Total	409,631	4	4,368,407	4	4,321,276	3	4,325,932	3	4,395,414	4	4,395,414	4	4,325,932	3	4,395,536	4	4,395,536	4

Funding Sources		%		%		%		%		%		%		%		%	
Fund Balance	4000005	334,704	27.2	822,822	15.9	822,393	15.8	822,393	15.8	822,393	15.8	878,825	16.7	809,343	15.6	809,343	15.6
Special Revenue	4000030	137,697	11.2	3,500,000	67.4	3,500,000	67.2	3,500,000	67.2	3,500,000	67.2	3,500,000	66.5	3,500,000	67.4	3,500,000	67.4
Cash Fund	4000045	659,038	53.5	1,231,950	23.7	1,231,950	23.7	1,231,950	23.7	1,231,950	23.7	1,231,950	23.4	1,231,950	23.7	1,231,950	23.7
AR Insurance Fund	4000100	484,887	39.3	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Transfer to General Revenue	4000635	(152,725)	(12.4)	(107,379)	(2.1)	(120,000)	(2.3)	(120,000)	(2.3)	(120,000)	(2.3)	(120,000)	(2.3)	(120,000)	(2.3)	(120,000)	(2.3)
Transfers (to) / from Agencies	4000693	(231,148)	(18.8)	(256,593)	(4.9)	(229,586)	(4.4)	(229,586)	(4.4)	(229,586)	(4.4)	(229,464)	(4.4)	(229,464)	(4.4)	(229,464)	(4.4)
Total Funds		1,232,453	100.0	5,190,800	100.0	5,204,757	100.0	5,204,757	100.0	5,204,757	100.0	5,261,311	100.0	5,191,829	100.0	5,191,829	100.0
Excess Appropriation/(Funding)		(822,822)		(822,393)		(878,825)		(809,343)		(809,343)		(935,379)		(796,293)		(796,293)	
Grand Total		409,631		4,368,407		4,325,932		4,395,414		4,395,414		4,325,932		4,395,536		4,395,536	

FY15 Budget and positions for Bail Bondsman-Operations (1DV) exceeds the authorized amount due to transfers from the Agency Growth Pool and Payplan Holding Account during the 2013-2015 Biennium.

Transfers (to)/from Agencies is a transfer to the Domestic Peace Fund.

Agency Position Usage Report

FY2012 - 2013						FY2013 - 2014						FY2014 - 2015					
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	4	0	4	-1	-33.33 %	3	4	0	4	-1	-33.33 %

Total Budgeted positions in FY14 and FY15 exceed Authorized amount due to positions authorized from the Central Growth Pool.

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 for personal services and operating expenses to administer and enforce the law pertaining to licensing and regulating professional bail bond companies and bondsmen. The Board collects \$10 per bond written and by statute funds the Board to provide for the personal services and operating expenses; and the remainder directly into the Domestic Peace Fund administered by the Arkansas Child Abuse/Rape/Domestic Violence Commission. The Board is required 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 include the continuation of the previously authorized 2015 1% Cost of Living Adjustment and Career Service payments for eligible employees. Personal Services Matching also includes a \$10 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base level salaries and matching do not include appropriation for Merit Pay Increases. The Base Level request for Regular Salaries includes board member stipend payments.

The Board requests a Change Level increase of \$69,482 for FY16 and \$69,604 for FY17 for the following:

- Regular Salaries and Personal Services Matching of \$44,982 in FY16 and \$45,104 in FY17 to continue a Growth Pool Position, a Fiscal Support Specialist (C112). This position is responsible for daily operations including auditing reports of over 40 bail bond companies, 75 counties sheriff's departments, and act as liaison to 75 counties treasurers in implementation of new state laws.
- Capital Outlay of \$24,500 each year for vehicle purchase. It will be used to replace one (1) car each year of the two (2) cars the agency owns. The 2012 vehicle has approximately 50,000 miles and at current use will exceed 85,000 miles at the end of FY15. The 2013 vehicle has approximately 30,000 miles and at current use will exceed 85,000 miles at the end of FY16.

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		
		2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	2015-2016			2016-2017		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	147,640	170,648	136,639	139,611	172,224	172,224	139,611	172,324	172,324
#Positions		4	4	3	3	4	4	3	4	4
Personal Services Matching	5010003	47,470	56,373	43,251	44,935	57,304	57,304	44,935	57,326	57,326
Operating Expenses	5020002	100,088	103,386	103,386	103,386	103,386	103,386	103,386	103,386	103,386
Conference & Travel Expenses	5050009	2,872	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Professional Fees	5060010	23,810	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	0	0	0	0	24,500	24,500	0	24,500	24,500
Total		321,880	368,407	321,276	325,932	395,414	395,414	325,932	395,536	395,536

Funding Sources										
Fund Balance	4000005	204,134	546,066		545,637	545,637	545,637	602,069	532,587	532,587
Cash Fund	4000045	562,798	731,950		731,950	731,950	731,950	731,950	731,950	731,950
AR Insurance Fund	4000100	484,887	0		0	0	0	0	0	0
Transfer to General Revenue	4000635	(152,725)	(107,379)		(120,000)	(120,000)	(120,000)	(120,000)	(120,000)	(120,000)
Transfers (to) / from Agencies	4000693	(231,148)	(256,593)		(229,586)	(229,586)	(229,586)	(229,464)	(229,464)	(229,464)
Total Funding		867,946	914,044		928,001	928,001	928,001	984,555	915,073	915,073
Excess Appropriation/(Funding)		(546,066)	(545,637)		(602,069)	(532,587)	(532,587)	(658,623)	(519,537)	(519,537)
Grand Total		321,880	368,407		325,932	395,414	395,414	325,932	395,536	395,536

FY15 Budget amounts in Regular Salaries and Personal Services Matching and positions exceed the authorized amounts due to transfers from the Agency Growth Pool and Payplan Holding Account during the 2013-2015 Biennium.

Transfers (to)/from Agencies is a transfer to the Domestic Peace Fund.

Change Level by Appropriation

Appropriation: 1DV - Bail Bondsman-Operations
Funding Sources: MBB - Professional Bail Bondsman Licensing Board

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	325,932	3	325,932	100.0	325,932	3	325,932	100.0
C01	Existing Program	24,500	0	350,432	107.5	24,500	0	350,432	107.5
C06	Restore Position/Approp	44,982	1	395,414	121.3	45,104	1	395,536	121.4

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	325,932	3	325,932	100.0	325,932	3	325,932	100.0
C01	Existing Program	24,500	0	350,432	107.5	24,500	0	350,432	107.5
C06	Restore Position/Approp	44,982	1	395,414	121.3	45,104	1	395,536	121.4

Justification

C01	The Board requests an increase in Capital Outlay of \$24,500 each year of the biennium. It will be used to replace one (1) car each year of the two (2) cars the Board owns. The 2012 car has ~50,000 miles and at current use will exceed 85,000 miles at the end of FY15. The 2013 car has ~30,000 miles and will exceed 85,000 miles at the end of FY16. Previous state bids are used to estimate replacement and fees.
C06	The Board requests an increase of \$44,982 for FY16 and \$45,104 for FY17 in Regular Salaries and Personal Services Matching for restoration of a Fiscal Support Specialist position. The Growth Pool position was approved in July of 2013. This position is responsible for daily operation of in house auditing reports of over 40 bail bond companies, 75 counties Sheriff's Departments, and act as liaison to 75 counties Treasurers in the implementation of new state laws. The position will also coordinate transfer of reports and funds to the Arkansas Public Defender Commission for staff funding and the Arkansas Sheriff's Association for alcohol and drug prevention programs as required by law. The Domestic Peace Fund administered by the Arkansas Child Abuse/Rape/Domestic Violence Commission is also funded under the new law.

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 appropriation for the 2015-2017 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			2015-2016			2016-2017		
	2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Refunds/Reimbursements 5110014	87,751	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Total	87,751	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Funding Sources									
Fund Balance 4000005	130,570	139,059		139,059	139,059	139,059	139,059	139,059	139,059
Cash Fund 4000045	96,240	500,000		500,000	500,000	500,000	500,000	500,000	500,000
Total Funding	226,810	639,059		639,059	639,059	639,059	639,059	639,059	639,059
Excess Appropriation/(Funding)	(139,059)	(139,059)		(139,059)	(139,059)	(139,059)	(139,059)	(139,059)	(139,059)
Grand Total	87,751	500,000		500,000	500,000	500,000	500,000	500,000	500,000

Analysis of Budget Request

Appropriation: F67 - Bail Bond Recovery

Funding Sources: SBL - Special Revenue

This appropriation will be used for personal services and operating expenses for recovery of forfeited professional bonds. The Bail Bond Recovery Fund is funded through a \$4 nonrefundable administrative fee for each bond issued.

The Board requests Base Level appropriation for the 2015-2017 Biennium.

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

Appropriation Summary

Appropriation: F67 - Bail Bond Recovery

Funding Sources: SBL - Special Revenue

Historical Data

Agency Request and Executive Recommendation

Commitment Item	Historical Data			2015-2016			2016-2017		
	2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Pers. Svs. & Op. Exp. Bond Recr 5900046	0	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000
Total	0	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000
Funding Sources									
Fund Balance 4000005	0	137,697		137,697	137,697	137,697	137,697	137,697	137,697
Special Revenue 4000030	137,697	3,500,000		3,500,000	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000
Total Funding	137,697	3,637,697		3,637,697	3,637,697	3,637,697	3,637,697	3,637,697	3,637,697
Excess Appropriation/(Funding)	(137,697)	(137,697)		(137,697)	(137,697)	(137,697)	(137,697)	(137,697)	(137,697)
Grand Total	0	3,500,000		3,500,000	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000

STATE BANK DEPARTMENT

Enabling Laws

Act 179 of 2014
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.

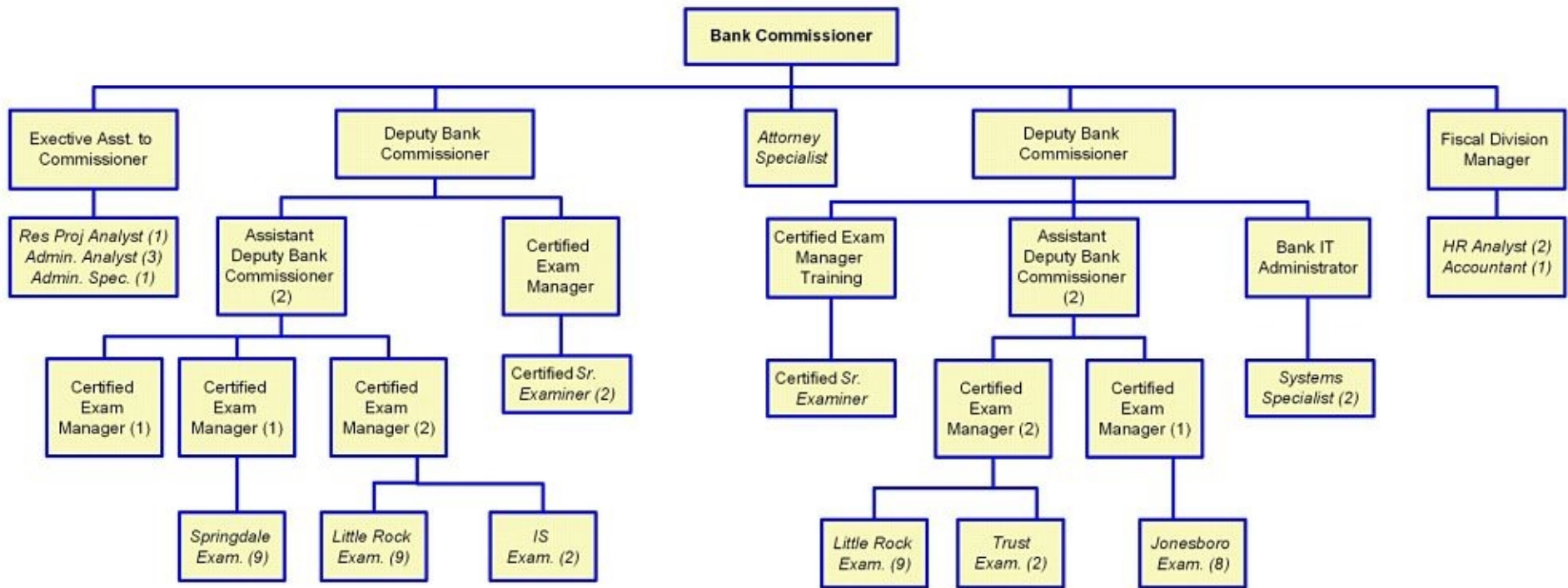
These examinations are accomplished by on-site evaluation of assets and liabilities, adequacy of internal routines and controls, the competency of management, the adequacy of capital of the institution, and other evaluations as performed by examiners.

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, 2014, this included 88 state-chartered banks, 83 bank holding companies, one regional industrial development corporation, one trust company, 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 and to promote public confidence in our banking system. 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.

Through reallocation of funds, the Bank Department has not found it necessary to request an increase in operating costs since 2004. For general operations this biennium, we are requesting an increase of \$91,070 in FY16 and \$143,085 in FY17. This increase is to cover the increasing costs of travel expenses associated with examining our state-wide chartered banks. In addition, our Arkansas banks are continually acquiring banks located out-of-state and due diligence must be done on these acquisitions which has significantly increased our travel costs from general operations. The increase also includes the continually rising prices of rents, utilities, fuel, vehicle upkeep, low value equipment, office supplies, etc. The increase in operations will also allow us to maintain our routine hardware replacement schedule (3 - 5 year life cycle) and upgrades and or maintenance of our software systems. The IT Plan includes upgrades to our existing telephone system and our existing off-sight disaster recovery location. The telephone system upgrade will move us from the more costly Centrex system to a Voice-over-Internet-Protocol (VoIP) system resulting in operating savings that, over time, will pay for the outlay for the new system. Our offsite disaster recovery location, housed at our Springdale office, will be upgraded to match the configuration of our Little Rock main office allowing for a more efficient and timely continuity of operation in the event of a disaster affecting our main office. The Department's IT plan has been filed with the DFA - Office of State Technology Planning per its instructions for the 2015-2017 Biennium.

An increase of \$20,880 in Conference & Travel expenses for FY16 and an additional \$32,225 in FY17 is also being requested. With the ever changing environment of the banking industry and regulatory compliance put on our banks through Dodd Frank, training of our examination staff is crucial to the State of Arkansas and our Department. Airline tickets and costs associated with travel for training purposes have increased significantly and will continue to do so. There are several schools required during the first three years of an examiner's career. In addition, our career path allows for each examiner to reach the level of Certified Bank Senior Examiner through the national organization of Conference of State Bank Supervisors. In order to maintain certification, each examiner must successfully complete a minimum of 63 continuing education hours (CEH) over a three year period.

The Department is requesting Capital Outlay appropriation of \$100,000 each year to replace state vehicles according to the State's mileage and time of service policy. An additional \$20,000 each year for technology equipment and \$10,000 to replace fully depreciated equipment over \$5,000 per item is also being requested.

Since the 2009-2011 biennial budget process, the Bank Department has voluntarily surrendered five (5) positions reducing our staff from 77 to the current 72. As these positions were surrendered, other employees have absorbed additional duties. In addition, we have not replaced the last two administrative staff that have resigned but split the work among our current staff. This has resulted in misclassification for three (3) current employees who we are requesting be reclassified.

We are also requesting reclassification of our Attorney Specialist position to that of Bank Chief Counsel. The Department has only one attorney position who handles all legal areas of bank litigation, personnel, accounting and any other issues that develop. The attorney is also required to attend Graduate Banking School and know all areas of the examination process. The job duties as our sole attorney are more in line with those of Chief Counsel.

Reclassification request is also made on two (2) Bank Examiner positions to be reclassified as Certified Bank Senior Examiner positions. This will allow the Bank Department to utilize these two positions all the way through our Career Path.

Labor Market Rates show that Arkansas State Bank Department salaries are not comparable with those paid by adjacent state and federal regulators. Upgrades of our current 49 examiner positions are being requested in order to provide a framework within the pay plan for the retention of examiners to ensure that the Department has the personnel resources to continue providing the best services possible to the banking industry and safeguard the general public and to return Arkansas examiners' salaries to at least the mid-salary range of our surrounding states. While the initial cost is minimal, it is our belief that the approval and implementation of these upgrades will assist us in retaining our examiners through the pay grid.

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 constantly 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, 2012

Findings

Recommendations

None

None

State Contracts Over \$50,000 Awarded To Minority Owned Businesses Fiscal Year 2014

None

Employment Summary

	Male	Female	Total	%
White Employees	45	14	59	92 %
Black Employees	3	1	4	6 %
Other Racial Minorities	1	0	1	2 %
Total Minorities			5	8 %
Total Employees			64	100 %

Publications

A.C.A. 25-1-201 et seq.

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution	Unbound Black & White Copies Produced During the Last Two Years	Cost of Unbound Copies Produced During the Last Two Years
		Governor	General Assembly				
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.	200	812.97

Agency Position Usage Report

FY2012 - 2013						FY2013 - 2014						FY2014 - 2015					
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	66	8	74	0	10.81 %	72	64	8	72	0	11.11 %	72	64	8	72	0	11.11 %

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 Regular Salaries and Personal Services Matching include continuation of the previously authorized 2015 1% Cost of Living Adjustment and Career Service Payments for eligible employees. Personal Services Matching also includes a \$10 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for Merit Pay Increases. The Base Level salary of unclassified positions reflects the FY2015 line item maximum plus the previously authorized 2015 1% Cost of Living Adjustment.

Base Level request is \$9,019,965 in FY2016 and \$9,020,859 in FY2017.

The Agency Request provides for \$292,917 in FY2016 and \$356,389 in FY2017 and is summarized as follows:

- Regular Salaries and Personal Service Matching of \$50,967 in FY2016 and \$51,079 in FY2017 to support an Upgrade Request of forty nine (49) positions and a Reclassification Request of six (6) positions.

The forty nine (49) Upgrade Requests include: Nine (9) Certified Examiner Managers from C128 to C129, thirty nine (39) Certified Bank Senior Examiners from C126 to C127, and one (1) Bank Examiner from C119 to C121.

The six (6) Reclassification Requests include: an Attorney Specialist grade C126 to Bank Chief Counsel C129, a Human Resource Analyst C117 to Payroll Services Coordinator C119, a Human Resource Analyst C117 to Procurement Coordinator C119, an Accountant I C116 to Research Project Analyst C117, and two (2) Bank Examiners C119 to two (2) Certified Bank Senior Examiners C127.

- Operating Expenses totaling \$91,070 in FY2016 and \$143,085 in FY2017 for rent, vehicle maintenance, utilities, travel cost associated with examining state charter banks, software upgrades as enumerated in the Department's Information Technology Plan submitted to the DFA and upgrading the department's phone system from Centrex System to a Voice-over-Internet-Protocol (VoIP) system.
- Conference & Travel Expenses totaling \$20,880 in FY2016 and \$32,225 in FY2017 for increases in mileages, meals, lodging, carrier, ground transportation, parking fees, conference & seminar fees and other travel expenses.
- Capital Outlay of \$130,000 is requested in each year of the biennium to replace vehicles, fully depreciated non-technology equipment, and fully depreciated technology equipment as outlined in the Department's Information Technology Plan.

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			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	2015-2016			2016-2017		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	5,015,046	5,500,532	5,500,532	5,581,690	5,619,287	5,619,287	5,582,190	5,619,787	5,619,787
#Positions		68	72	72	72	72	72	72	72	72
Extra Help	5010001	0	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
#Extra Help		0	1	1	1	1	1	1	1	1
Personal Services Matching	5010003	1,480,394	1,585,664	1,560,570	1,616,167	1,629,537	1,629,537	1,616,561	1,630,043	1,630,043
Operating Expenses	5020002	1,253,936	1,347,108	1,347,108	1,347,108	1,438,178	1,438,178	1,347,108	1,490,193	1,490,193
Conference & Travel Expenses	5050009	299,136	300,000	300,000	300,000	320,880	320,880	300,000	332,225	332,225
Professional Fees	5060010	75,947	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	91,354	130,000	130,000	0	130,000	130,000	0	130,000	130,000
Total		8,215,813	9,038,304	9,013,210	9,019,965	9,312,882	9,312,882	9,020,859	9,377,248	9,377,248

Funding Sources										
Fund Balance	4000005	6,066,898	6,403,503		5,548,276	5,548,276	5,548,276	5,278,311	4,985,394	4,985,394
Special Revenue	4000030	8,552,418	8,183,077		8,750,000	8,750,000	8,750,000	8,850,000	8,850,000	8,850,000
Total Funding		14,619,316	14,586,580		14,298,276	14,298,276	14,298,276	14,128,311	13,835,394	13,835,394
Excess Appropriation/(Funding)		(6,403,503)	(5,548,276)		(5,278,311)	(4,985,394)	(4,985,394)	(5,107,452)	(4,458,146)	(4,458,146)
Grand Total		8,215,813	9,038,304		9,019,965	9,312,882	9,312,882	9,020,859	9,377,248	9,377,248

FY15 Budget amount in Personal Services Matching exceeds the authorized amount due to matching rate adjustments during the 2013-2015 Biennium.

Change Level by Appropriation

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

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	9,019,965	72	9,019,965	100.0	9,020,859	72	9,020,859	100.0
C01	Existing Program	201,400	0	9,221,365	102.2	246,900	0	9,267,759	102.7
C04	Reallocation	0	0	9,221,365	102.2	0	0	9,267,759	102.7
C08	Technology	40,550	0	9,261,915	102.7	58,410	0	9,326,169	103.4
C10	Reclass	35,456	0	9,297,371	103.1	35,456	0	9,361,625	103.8
C11	Upgrade/Downgrade	15,511	0	9,312,882	103.2	15,623	0	9,377,248	104.0

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	9,019,965	72	9,019,965	100.0	9,020,859	72	9,020,859	100.0
C01	Existing Program	201,400	0	9,221,365	102.2	246,900	0	9,267,759	102.7
C04	Reallocation	0	0	9,221,365	102.2	0	0	9,267,759	102.7
C08	Technology	40,550	0	9,261,915	102.7	58,410	0	9,326,169	103.4
C10	Reclass	35,456	0	9,297,371	103.1	35,456	0	9,361,625	103.8
C11	Upgrade/Downgrade	15,511	0	9,312,882	103.2	15,623	0	9,377,248	104.0

Justification

C01	Increase is being requested for General Operations expense in the amount of \$70,520 for FY16 and \$104,675 for FY17 to cover the rising travel costs associated with examining our state chartered banks; general increases in rents, utilities, fuel, vehicle upkeep and to purchase low value equipment. Conference and Travel expense increase of \$20,880 in FY16 and \$32,225 in FY17 is requested to cover training and travel expenses for examination staff to maintain certifications and attend regulatory compliance schools. Capital Outlay appropriation of \$100,000 each fiscal year is requested to replace state vehicles according to the State's mileage and time of service policy, to purchase additional vehicles if needed, and an additional \$10,000 to replace fully depreciated equipment at costs above \$5,000.
C04	Reallocating funds from Board Member Travel Meals/Lodging to Board Member Travel Other.
C08	Operation expenses above Base Level totaling \$20,550 the first year and \$38,410 the second year are being requested to maintain routine hardware replacement schedule (3 - 5 year life cycle), upgrades and or maintenance of our software systems. The IT Plan includes upgrades to our existing telephone system and our existing off-site disaster recovery location. The telephone system upgrade will move us from the more costly Centrex system to a Voice-over-Internet-Protocol (VoIP) system resulting in operating savings that, over time, will pay for the new system. Our offsite disaster recovery location, housed at our Springdale office, will be upgraded to match the configuration of our Little Rock main office allowing for a more efficient and timely continuity of operation in the event of a disaster affecting our main office. Our plan includes the request of \$20,000 in Capital Outlay each year for technology equipment over \$5,000 per item. This request is compliant with the Agency's IT Plan on file with the Office of State Technology Planning.
C10	Workload restructuring has resulted in misclassification for four (4) positions that we are requesting be reclassified. Reclassification request is also made on two (2) Bank Examiner positions to be reclassified as Certified Bank Senior Examiner positions. The department requests an additional \$35,456 each year in salary and matching to cover the reclassification on the two examiner positions. No increase in salary appropriation will be incurred for the other reclassifications.

Change Level by Appropriation

Justification	
C11	Labor Market Rates show that Arkansas State Bank Department salaries are not comparable with those paid by adjacent state and federal regulators. Upgrades of our current 49 examiner positions are being requested in order to provide a framework within the pay plan for the retention of examiners to ensure that the Department has the personnel resources to continue providing the best services possible to the banking industry and safeguard the general public and to return Arkansas examiners' salaries to at least the mid-salary range of our surrounding states. An increase of \$15,511 for FY16 and \$15,623 for FY17 is requested for salary and personnel matching for these upgrades. While the initial cost is minimal, it is our belief that the approval and implementation of these upgrades will assist us in retaining our examiners through the pay grid.

STATE BOARD OF BARBER EXAMINERS

Enabling Laws

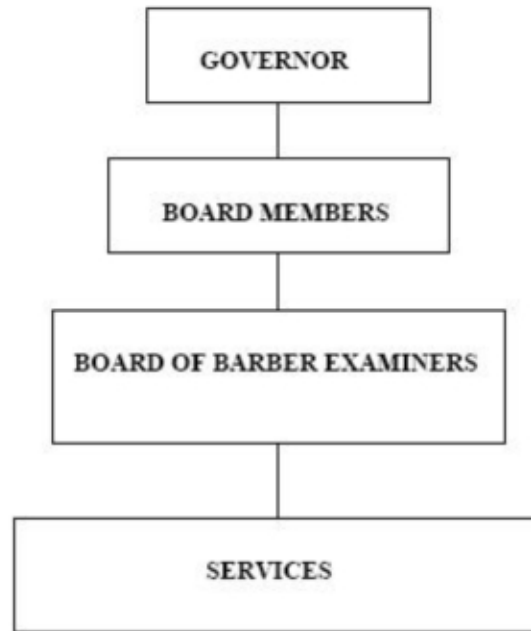
Act 132 of 2014
A.C.A. §17-20-101 et seq. (Act 313 of 1937 as amended)

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.

The Board requests Base Level appropriation for the 2015-2017 Biennium.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
ARKANSAS STATE BOARD OF BARBER EXAMINERS
FOR THE YEAR ENDED JUNE 30, 2012

Findings

Recommendations

None

None

State Contracts Over \$50,000 Awarded To Minority Owned Businesses Fiscal Year 2014

None

Employment Summary

	Male	Female	Total	%
White Employees	2	2	4	80 %
Black Employees	1	0	1	20 %
Other Racial Minorities	0	0	0	0 %
Total Minorities			1	20 %
Total Employees			5	100 %

Publications

A.C.A. 25-1-201 et seq.

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution	Unbound Black & White Copies Produced During the Last Two Years	Cost of Unbound Copies Produced During the Last Two Years
		Governor	General Assembly				
Annual Letter with Financial Report	A.C.A. 17-20-207	Y	N	2,700	Required by A.C.A. 17-20-207.	5600	468.00

Agency Position Usage Report

FY2012 - 2013						FY2013 - 2014						FY2014 - 2015					
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 %	4	4	0	4	0	0.00 %	4	4	0	4	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 include the continuation of the previously authorized 2015 1% Cost of Living Adjustment and Career Service payments for eligible employees. Personal Services Matching also includes a \$10 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for Merit Pay Increases. The Base Level request for Regular Salaries includes board member stipend payments.

The Board requests Base Level appropriation for the 2015-2017 Biennium.

The Executive Recommendation provides for the Agency Request. 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		
		2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	2015-2016			2016-2017		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	133,667	157,425	168,678	158,939	158,939	158,939	158,939	158,939	158,939
#Positions		4	4	4	4	4	4	4	4	4
Extra Help	5010001	10,622	10,802	10,802	10,802	10,802	10,802	10,802	10,802	10,802
#Extra Help		1	1	1	1	1	1	1	1	1
Personal Services Matching	5010003	49,806	55,165	56,938	56,084	56,084	56,084	56,084	56,084	56,084
Operating Expenses	5020002	37,009	45,150	45,150	45,150	45,150	45,150	45,150	45,150	45,150
Conference & Travel Expenses	5050009	2,226	3,550	3,550	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
Total		233,330	272,592	285,618	275,025	275,025	275,025	275,025	275,025	275,025
Funding Sources										
Fund Balance	4000005	226,688	204,746		142,154	142,154	142,154	81,129	81,129	81,129
Cash Fund	4000045	211,388	210,000		214,000	214,000	214,000	217,000	217,000	217,000
Total Funding		438,076	414,746		356,154	356,154	356,154	298,129	298,129	298,129
Excess Appropriation/(Funding)		(204,746)	(142,154)		(81,129)	(81,129)	(81,129)	(23,104)	(23,104)	(23,104)
Grand Total		233,330	272,592		275,025	275,025	275,025	275,025	275,025	275,025

CAPITOL ZONING DISTRICT COMMISSION

Enabling Laws

Act 71 of 2014
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 Master Plan. The nine (9) member Commission meets monthly to review and act on applications for various development permits. Three advisory committees 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 an increase of approximately \$13,000 for each fiscal year of the 2015-2017 Biennium to:

1. Upgrade obsolete computers & software;
2. Provide an online application process for constituents via the agency web site;
3. Provide training to Commissioners and staff;
4. Utilize an intern for documenting and researching historic properties; and
5. Allow for mileage reimbursement for employee travel within the District, to assist property owners and to monitor ongoing implementation of the Capitol Zoning Master Plan.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
 AUDIT OF :
 CAPITOL ZONING DISTRICT COMMISSION
 FOR THE YEAR ENDED JUNE 30, 2013

Findings	Recommendations
None	None

State Contracts Over \$50,000 Awarded To Minority Owned Businesses Fiscal Year 2014

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. 25-1-201 et seq.

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution	Unbound Black & White Copies Produced During the Last Two Years	Cost of Unbound Copies Produced During the Last Two Years
		Governor	General Assembly				
Capitol Zoning District Commission Minutes of Meetings	N/A	N	Y	4	Required by Legislative Council	0	0.00
Monthly Activity Report	N/A	N	Y	1	Required by Legislative Council	0	0.00

Agency Position Usage Report

FY2012 - 2013						FY2013 - 2014						FY2014 - 2015					
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 include the continuation of the previously authorized 2015 1% Cost of Living Adjustment and Career Service Payments for eligible employees. Personal Services Matching also includes a \$10 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for Merit Pay Increases.

The Agency's Change Level Request of \$13,275 in appropriation and \$13,075 in general revenue funding each year reflects the following:

- Extra Help increase of \$1,175 in appropriation and general revenue funding in each year for salaries and matching for an intern to document and research historic properties.
- Operating Expense increase of \$9,100 in appropriation and \$8,900 in general revenue funding in each year to address multiple needs of the Board. \$400 for a 3% increase in rent, \$1,000 for mileage reimbursement for employees traveling the District to monitor properties, \$3,000 for conference fees and travel expenses for Commission Board members to attend training, and \$4,500 for technology related improvements. In FY16, \$4,500 for the purchase of four new computers. In FY17, \$4,500 for costs associated with upgrading the Commission's website to improve workability. \$200 in unfunded appropriation is requested in each year to allow utilization of rebates the Commission earns through use of their Purchase Card. Technology related requests are in compliance with the Commission's Technology Plan.
- Professional Fees increase of \$3,000 in appropriation and general revenue funding for conference fees and travel expenses to allow Commission staff to attend training.

The Executive Recommendation provides for Base Level, as well as an additional \$3,350 in FY16 and \$7,850 in FY17 in appropriation and \$3,150 each year in general revenue funding for the following:

- Appropriation and funding each year of \$400 for rent increases, \$500 for mileage and \$2,250 for two new computers each year.
- Appropriation only of \$200 each year for utilization of rebates earned with Purchase-Card purchases and \$4,500 in FY17 to allow the Board to apply for a grant with the Information Network of Arkansas to be utilized for upgrading the website.

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		
	2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	2015-2016			2016-2017		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	140,818	159,921	137,022	160,926	160,926	160,926	161,026	161,026	161,026
#Positions	3	3	3	3	3	3	3	3	3
Extra Help 5010001	888	938	938	938	2,000	938	938	2,000	938
#Extra Help	1	1	1	1	1	1	1	1	1
Personal Services Matching 5010003	46,013	54,729	44,291	55,391	55,504	55,391	55,416	55,529	55,416
Operating Expenses 5020002	22,473	22,473	22,473	22,473	31,573	25,823	22,473	31,573	30,323
Conference & Travel Expenses 5050009	0	0	0	0	3,000	0	0	3,000	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
Total	210,192	238,061	204,724	239,728	253,003	243,078	239,853	253,128	247,703
Funding Sources									
General Revenue 4000010	204,724	204,724		239,728	252,803	242,878	239,853	252,928	243,003
Merit Adjustment Fund 4000055	5,468	33,337		0	0	0	0	0	0
Total Funding	210,192	238,061		239,728	252,803	242,878	239,853	252,928	243,003
Excess Appropriation/(Funding)	0	0		0	200	200	0	200	4,700
Grand Total	210,192	238,061		239,728	253,003	243,078	239,853	253,128	247,703

FY15 Budget amounts in Regular Salaries and Personal Services Matching exceed the authorized amounts and are supported by Merit Adjustment Funds due to salary and matching rate adjustments during the 2013-2015 Biennium.

Change Level by Appropriation

Appropriation: 676 - Capitol Zoning District-State Operations
Funding Sources: HUA - Miscellaneous Agencies Fund

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	239,728	3	239,728	100.0	239,853	3	239,853	100.0
C01	Existing Program	2,575	0	242,303	101.1	2,575	0	242,428	101.1
C02	New Program	6,000	0	248,303	103.6	6,000	0	248,428	103.6
C05	Unfunded Appropriation	200	0	248,503	103.7	200	0	248,628	103.7
C08	Technology	4,500	0	253,003	105.5	4,500	0	253,128	105.5

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	239,728	3	239,728	100.0	239,853	3	239,853	100.0
C01	Existing Program	2,075	0	241,803	100.9	2,075	0	241,928	100.9
C02	New Program	0	0	241,803	100.9	0	0	241,928	100.9
C05	Unfunded Appropriation	200	0	242,003	100.9	200	0	242,128	100.9
C08	Technology	2,250	0	244,253	101.9	6,750	0	248,878	103.8
C19	Executive Changes	(1,175)	0	243,078	101.4	(1,175)	0	247,703	103.3

Justification

C01	Appropriation and funding increase of \$2,575 in each year. The request includes: \$1,175 each year for an increase in Extra Help salaries and matching, \$400 each year due to a 3% increase in rent and \$1000 each year for mileage reimbursement for employees traveling the Capitol Zoning District to ensure properties are within regulations.
C02	Appropriation and funding increase of \$6,000 in each year. The request includes: \$3,000 each year in conference fees and travel expenses to allow Commission staff to attend training on planning and preservation and \$3,000 each year in conference fees and travel expenses to allow Commission board members to attend training on planning and preservation.
C05	\$200 in each year in unfunded appropriation to allow the Commission to utilize rebates earned through use of the P-Card throughout the year.
C08	Appropriation and funding increase of \$4,500 in each year. In FY16, the request is for \$4,500 for the purchase of four new computers and associated costs. Currently, two of the four computers the Commission uses to perform daily duties are on loan from the Department of Information Systems because existing Commission computers are nonfunctioning due to age. The agency's current operating systems are no longer supported by Microsoft or DIS, putting agency records at significant risk of viruses, hackers, and/or system failure. In FY17, the request is for \$4,500 for costs associated with major upgrades to the existing Commission website, which would allow citizens to access historic information on properties and fill out applications and forms online. These items are addressed in the Commission's IT plan, p. 10-15.
C19	Executive Recommendation is for Base Level in Extra Help.

STATE BOARD OF COLLECTION AGENCIES

Enabling Laws

Act 100 of 2014

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

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

History and Organization

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

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



Agency Commentary

The Arkansas State Board of Collection Agencies (ASBCA) was created by Act 145 of 1965. The 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 2015-2017 Biennium.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
ARKANSAS STATE BOARD OF COLLECTION AGENCIES
FOR THE YEAR ENDED JUNE 30, 2012

Findings

Recommendations

None

None

State Contracts Over \$50,000 Awarded To Minority Owned Businesses Fiscal Year 2014

None

Employment Summary

	Male	Female	Total	%	
White Employees	1	2	3	75 %	
Black Employees	0	1	1	25 %	
Other Racial Minorities	0	0	0	0 %	
			Total Minorities	1	25 %
			Total Employees	4	100 %

Cash Fund Balance Description as of June 30, 2014

Fund Account	Balance	Type	Location
3100000	\$2,397,807	Checking	Simmons National Bank - Little Rock

Statutory/Other Restrictions on use:

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

Statutory Provisions for Fees, Fines, Penalties:

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

Revenue Receipts Cycle:

Funds are deposited in bank account as received.

Fund Balance Utilization:

Funds are collected throughout the year and used for expenses.

Fund Account	Balance	Type	Location
3100000	\$3,027,744	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.

Publications

A.C.A. 25-1-201 et seq.

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution	Unbound Black & White Copies Produced During the Last Two Years	Cost of Unbound Copies Produced During the Last Two Years
		Governor	General Assembly				
None	N/A	N	N	0	N/A	0	0.00

Agency Position Usage Report

FY2012 - 2013						FY2013 - 2014						FY2014 - 2015					
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: A56 - Division of Collections - Cash Operations

Funding Sources: 310 - Collection Agencies Board - Cash

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

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

Base Level Regular Salaries and Personal Services Matching include the continuation of the previously authorized 2015 1% Cost of Living Adjustment and Career Service payments for eligible employees. Personal Services Matching also includes a \$10 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base level salaries and matching do not include appropriation for Merit Pay Increases. The Base Level request for Regular Salaries includes board member stipend payments.

The Board requests Base Level appropriation for the 2015-2017 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		
		2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	2015-2016			2016-2017		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	170,014	186,874	195,027	209,541	209,541	209,541	209,541	209,541	209,541
#Positions		4	4	4	4	4	4	4	4	4
Extra Help	5010001	4,859	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
#Extra Help		1	1	1	1	1	1	1	1	1
Personal Services Matching	5010003	59,045	61,719	62,660	67,407	67,407	67,407	67,407	67,407	67,407
Operating Expenses	5020002	58,946	91,700	91,700	91,700	91,700	91,700	91,700	91,700	91,700
Conference & Travel Expenses	5050009	4,165	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500
Professional Fees	5060010	8,208	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	1,150,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000
Claims	5110015	0	24,642	24,642	24,642	24,642	24,642	24,642	24,642	24,642
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Total		1,455,237	1,695,435	1,704,529	1,723,790	1,723,790	1,723,790	1,723,790	1,723,790	1,723,790
Funding Sources										
Fund Balance	4000005	5,067,198	5,425,551		4,909,384	4,909,384	4,909,284	4,365,594	4,365,594	4,365,494
Cash Fund	4000045	1,813,590	1,179,168		1,180,000	1,180,000	1,180,000	1,180,000	1,180,000	1,180,000
Total Funding		6,880,788	6,604,719		6,089,384	6,089,384	6,089,284	5,545,594	5,545,594	5,545,494
Excess Appropriation/(Funding)		(5,425,551)	(4,909,284)		(4,365,594)	(4,365,594)	(4,365,494)	(3,821,804)	(3,821,804)	(3,821,704)
Grand Total		1,455,237	1,695,435		1,723,790	1,723,790	1,723,790	1,723,790	1,723,790	1,723,790

AR DEVELOPMENT FINANCE AUTHORITY

Enabling Laws

Act 138 of 2014
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. Other than for the Arkansas Housing Trust Fund, ADFA receives no direct fund appropriations from the State, and it imposes no taxes and has no taxing authority. When requested, ADFA through interagency agreement, has administered appropriations, fees and other cash revenue of other state agencies. Those include the Arkansas Department of Corrections, the Arkansas Science and Technology Authority, the Arkansas Economic Development Commission and the Arkansas Natural Resource Commission. ADFA 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 perpetuate its operations, but build a capital base that has enabled the Authority (without any draws on the State's general appropriations) to create new loan funds, investment capital and implement 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 primary 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. In 2003, a new

mission of venture capital investment evolved. ADFA administers the Arkansas Venture Capital Investment Trust (AVCIT), a public trust formed by then Governor Mike Huckabee. The AVCIT is the vehicle that allows for venture capital investments in equity investment funds and for direct investments in Arkansas emerging technology based companies.

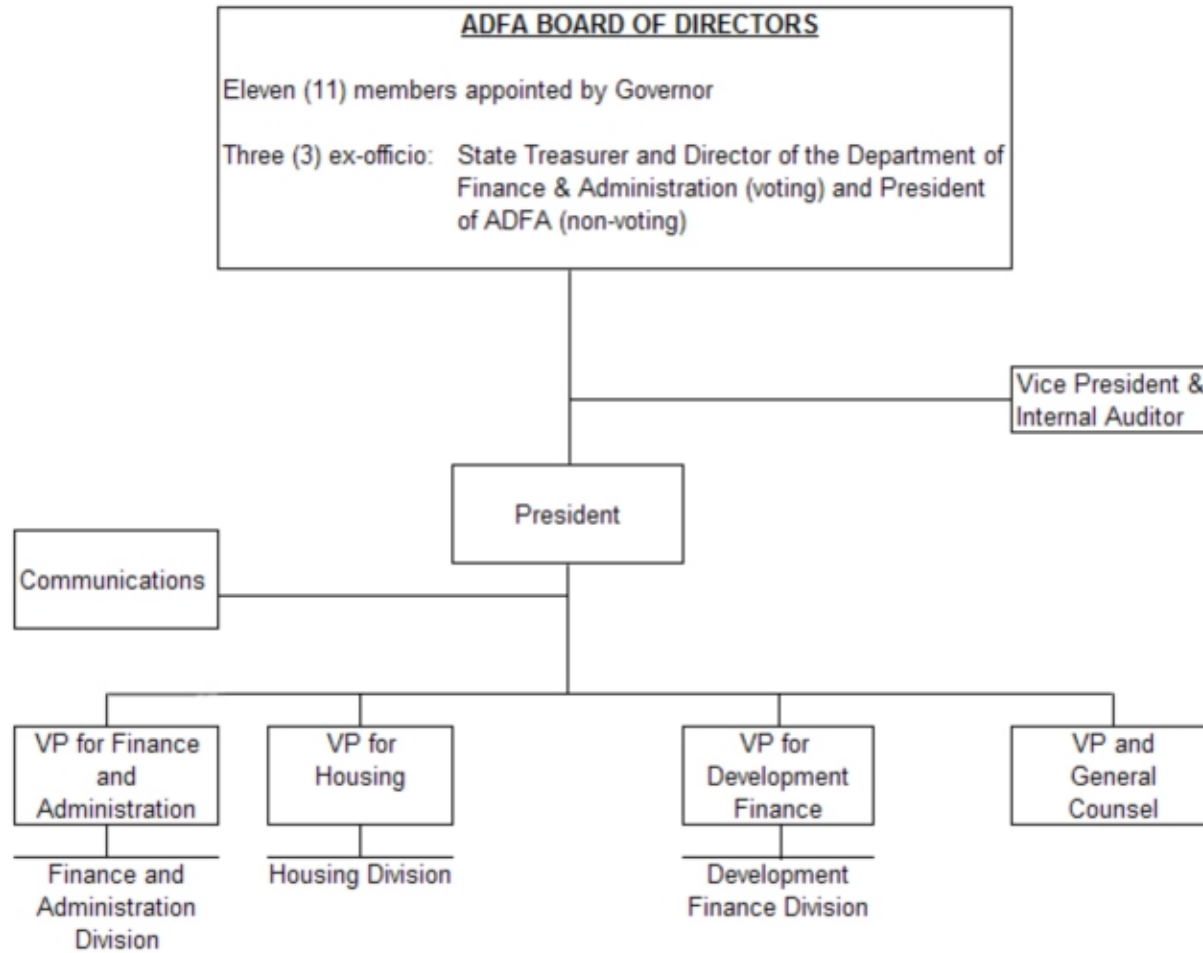
ADFA administers several different programs in each of these activity areas that further the cause of each goal. With the business-like flexibility afforded ADFA by its statutory charge and, under the guidance of a very active and professional Board of Directors, ADFA has added and discontinued programs 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:

- 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.
- 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.
- 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.
- 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.

- 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 selected for auditing.
- As with all other state agencies that 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.
- In the Development Finance Division, the agency has received one allocation of U.S. Department of Treasury funding for the State Small Business Credit Initiative (SSBCI). This allocation is subject to audit by the Federal Office of the Inspector General (OIG).



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 also requests to restore \$23,000 of appropriation to the Capital Outlay line item each year. This 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 Agency also requests an increase in Professional Fees and Services (Commitment 10) line item each year. The cost associated with ADFA's annual financial audit performed by BKD has increased over the years. The increase in cost is due to normal inflation along with additional audit work performed for new and existing programs.

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

The Grants and Aid Programs, 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 reimbursements 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.

Act 1519 of the 2013 Regular Session, cited as the "General Improvement Distribution Act of 2013" created and established the "89th Session Projects Account" within the "General Improvement Fund". There was an initial transfer of \$500,000 from the Special Projects Account to the Arkansas Housing Trust Fund. Future funding will be determined if monies are made available from the General Improvement Fund.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
ARKANSAS DEVELOPMENT FINANCE AUTHORITY
FOR THE YEAR ENDED JUNE 30, 2013

Findings

The Authority did not comply with a requirement of a federal award program and failed to file the four quarterly federal financial reports on a timely basis. Policies and procedures appear to not be in place to ensure that reporting requirements are identified and met.

Recommendations

Policies be implemented to ensure compliance with federal requirements and documented control activities be put in place to ensure policies are being followed.

Agency Response:

Management agrees with the finding, and subsequent to year-end, the Authority filed all federal financial reports for the year. Management will implement policies and control activities to ensure compliance.

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
ARKANSAS DEVELOPMENT FINANCE AUTHORITY
FOR THE YEAR ENDED JUNE 30, 2013

Findings

Recommendations

Findings Covering Programs Audited by Other External Auditors

U.S. Department of Agriculture

Finding Number: 13-395-01
State/Educational Agency(s): Arkansas Development Finance Authority
CFDA Number(s) and Program Title(s): 10.415 - Rural Rental Housing Loans
Federal Award Number(s): Unknown
Federal Award Year(s): Unknown
Compliance Requirement(s) Affected: Reporting
Type of Finding: Material Noncompliance and Material Weakness

Criteria:

Management is responsible for establishing policies and procedures to ensure that reporting requirements for grants are met in a timely and accurate manner.

Condition and Context:

The Authority was unaware of their reporting requirement and failed to file the four quarterly federal financial reports on a timely basis.

Questioned Costs:

None

Cause:

Policies and procedures appear to not be in place to ensure the reporting requirements are identified and met.

Effect:

The Authority did not comply with a requirement of a federal award program.

Recommendation:

We recommend policies be implemented to ensure compliance with federal requirements and documented control activities be put in place to ensure policies are being followed.

Views of Responsible Officials and Planned Corrective Action:

As reported to other external auditors: Management agrees with the finding, and subsequent to year-end the Authority filed all federal financial reports for the year. Management will implement policies and control activities to ensure compliance.

Additional comments: Management made the Housing Department responsible for filing future federal financial reports. The Housing Department entered the reports in its tickler system. The Accounting Department serves as backup to the Housing Department. Therefore, the reports are also on Accounting's tickler system. Internal Audit was informed of the program and has included it on the Risk & Assessment for Annual Audit Plan. In addition, the program is audited by an external public accounting firm. Management is in the process of the annual review of policies and procedures for all housing programs.

Anticipated Completion Date:

1. Past due federal financial reports were filed on September 17, 2013.
2. The Semi-Annual report was timely filed on January 27, 2014.
3. The next report is due July 30, 2014.

Contact Person:

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State Contracts Over \$50,000 Awarded To Minority Owned Businesses Fiscal Year 2014

None

Employment Summary

	Male	Female	Total	%
White Employees	13	30	43	77 %
Black Employees	3	10	13	23 %
Other Racial Minorities	0	0	0	0 %
	Total Minorities		13	23 %
	Total Employees		56	100 %

Cash Fund Balance Description as of June 30, 2014

Fund Account	Balance	Type	Location
1230200	\$81,792	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. 25-1-201 et seq.

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution	Unbound Black & White Copies Produced During the Last Two Years	Cost of Unbound Copies Produced During the Last Two Years
		Governor	General Assembly				
Annual Audit Report	A.C.A. 15-5-210	N	Y	2	Reporting of audited agency financials.	0	0.00
Bond Issuance Report	Act 36 of 1989	N	Y	1	Provides summary of bond transactions when executed	0	0.00
Bond Issues/Outstanding Report	Act 222 of 1987	N	N	0	Provides comprehensive list of bonds issued and outstanding.	0	0.00

Department Appropriation Summary

Historical Data

Agency Request and Executive Recommendation

Appropriation	2013-2014		2014-2015		2014-2015		2015-2016					2016-2017						
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
A57 ADFA-Cash Operations	18,354,839	61	30,330,043	62	48,572,989	62	30,279,528	62	30,308,143	62	30,308,143	62	30,283,240	62	30,317,750	62	30,317,750	62
C57 AR Housing Trust Advisory Comm	2,281	0	45,977	0	49,000	0	45,718	0	45,718	0	45,718	0	45,718	0	45,718	0	45,718	0
Total	18,357,120	61	30,376,020	62	48,621,989	62	30,325,246	62	30,353,861	62	30,353,861	62	30,328,958	62	30,363,468	62	30,363,468	62

Funding Sources		%		%		%		%		%		%		%		%		%
Fund Balance	4000005	80,423	0.4	81,792	0.3		124,738	0.4	124,738	0.4	124,738	0.4	153,353	0.5	124,738	0.4	124,738	0.4
Federal Revenue	4000020	12,990,248	70.5	24,341,215	79.8		24,341,215	79.9	24,341,215	79.9	24,341,215	79.9	24,341,215	79.8	24,341,215	79.8	24,341,215	79.8
Cash Fund	4000045	5,368,241	29.1	6,077,751	19.9		6,012,646	19.7	6,012,646	19.7	6,012,646	19.7	6,022,253	19.7	6,022,253	19.8	6,022,253	19.8
Total Funds		18,438,912	100.0	30,500,758	100.0		30,478,599	100.0	30,478,599	100.0	30,478,599	100.0	30,516,821	100.0	30,488,206	100.0	30,488,206	100.0
Excess Appropriation/(Funding)		(81,792)		(124,738)			(153,353)		(124,738)		(124,738)		(187,863)		(124,738)		(124,738)	
Grand Total		18,357,120		30,376,020			30,325,246		30,353,861		30,353,861		30,328,958		30,363,468		30,363,468	

Agency Position Usage Report

FY2012 - 2013						FY2013 - 2014						FY2014 - 2015					
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	57	5	62	0	8.06 %

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 include the continuation of the previously authorized 2015 1% Cost of Living Adjustment and Career Service Payments for eligible employees. Personal Services Matching also includes a \$10 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for Merit Pay Increases.

The Agency requests Base Level in addition to the following requests:

- Professional Fees of \$5,615 in FY16 and \$11,510 in FY17 and increased costs associated with ADFA's annual financial audit.
- Capital Outlay of \$23,000 to replace an existing vehicle in each fiscal year of the biennium due to excessive mileage and/or the age of the vehicle.

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	2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	3,394,208	3,543,282	3,591,634	3,512,730	3,512,730	3,512,730	3,515,530	3,515,530	3,515,530
#Positions	61	62	62	62	62	62	62	62	62
Extra Help 5010001	2,715	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
#Extra Help	2	5	5	5	5	5	5	5	5
Personal Services Matching 5010003	1,066,618	1,098,561	1,093,155	1,101,598	1,101,598	1,101,598	1,102,510	1,102,510	1,102,510
Operating Expenses 5020002	588,495	825,458	825,458	825,458	825,458	825,458	825,458	825,458	825,458
Conference & Travel Expenses 5050009	67,179	81,715	81,715	81,715	81,715	81,715	81,715	81,715	81,715
Professional Fees 5060010	112,288	112,300	112,300	112,300	117,915	117,915	112,300	123,810	123,810
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	133,088	264,512	264,512	264,512	264,512	264,512	264,512	264,512	264,512
Hud Home Program 5900046	12,571,297	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	418,951	1,400,000	19,600,000	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000
Total	18,354,839	30,330,043	48,572,989	30,279,528	30,308,143	30,308,143	30,283,240	30,317,750	30,317,750
Funding Sources									
Fund Balance 4000005	80,423	81,792		124,738	124,738	124,738	153,353	124,738	124,738
Federal Revenue 4000020	12,990,248	24,341,215		24,341,215	24,341,215	24,341,215	24,341,215	24,341,215	24,341,215
Cash Fund 4000045	5,365,960	6,031,774		5,966,928	5,966,928	5,966,928	5,976,535	5,976,535	5,976,535
Total Funding	18,436,631	30,454,781		30,432,881	30,432,881	30,432,881	30,471,103	30,442,488	30,442,488
Excess Appropriation/(Funding)	(81,792)	(124,738)		(153,353)	(124,738)	(124,738)	(187,863)	(124,738)	(124,738)
Grand Total	18,354,839	30,330,043		30,279,528	30,308,143	30,308,143	30,283,240	30,317,750	30,317,750

FY15 Budget amount in Personal Services Matching exceeds the authorized amount due to matching rate adjustments during 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		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	30,279,528	62	30,279,528	100.0	30,283,240	62	30,283,240	100.0
C01	Existing Program	28,615	0	30,308,143	100.1	34,510	0	30,317,750	100.1

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	30,279,528	62	30,279,528	100.0	30,283,240	62	30,283,240	100.0
C01	Existing Program	28,615	0	30,308,143	100.1	34,510	0	30,317,750	100.1

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. The Agency also requests an increase in Professional Fees and Services - Commitment 10. The cost associated with ADFA's annual financial audit performed by BKD has increased over the years. The increase in cost is due to normal inflation along with additional audit work performed for new and existing programs.
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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 \$45,718 each year of the 2015-2017 Biennium.

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	2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
AR Housing Trust Fund Advisory 5900046	2,281	45,977	49,000	45,718	45,718	45,718	45,718	45,718	45,718
Total	2,281	45,977	49,000	45,718	45,718	45,718	45,718	45,718	45,718
Funding Sources									
Cash Fund 4000045	2,281	45,977		45,718	45,718	45,718	45,718	45,718	45,718
Total Funding	2,281	45,977		45,718	45,718	45,718	45,718	45,718	45,718
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	2,281	45,977		45,718	45,718	45,718	45,718	45,718	45,718

DISABILITY DETERMINATION

Enabling Laws

Act 141 of 2014
A.C.A. §20-76-301 et seq.
Titles II and XVI of the Social Security Act

History and Organization

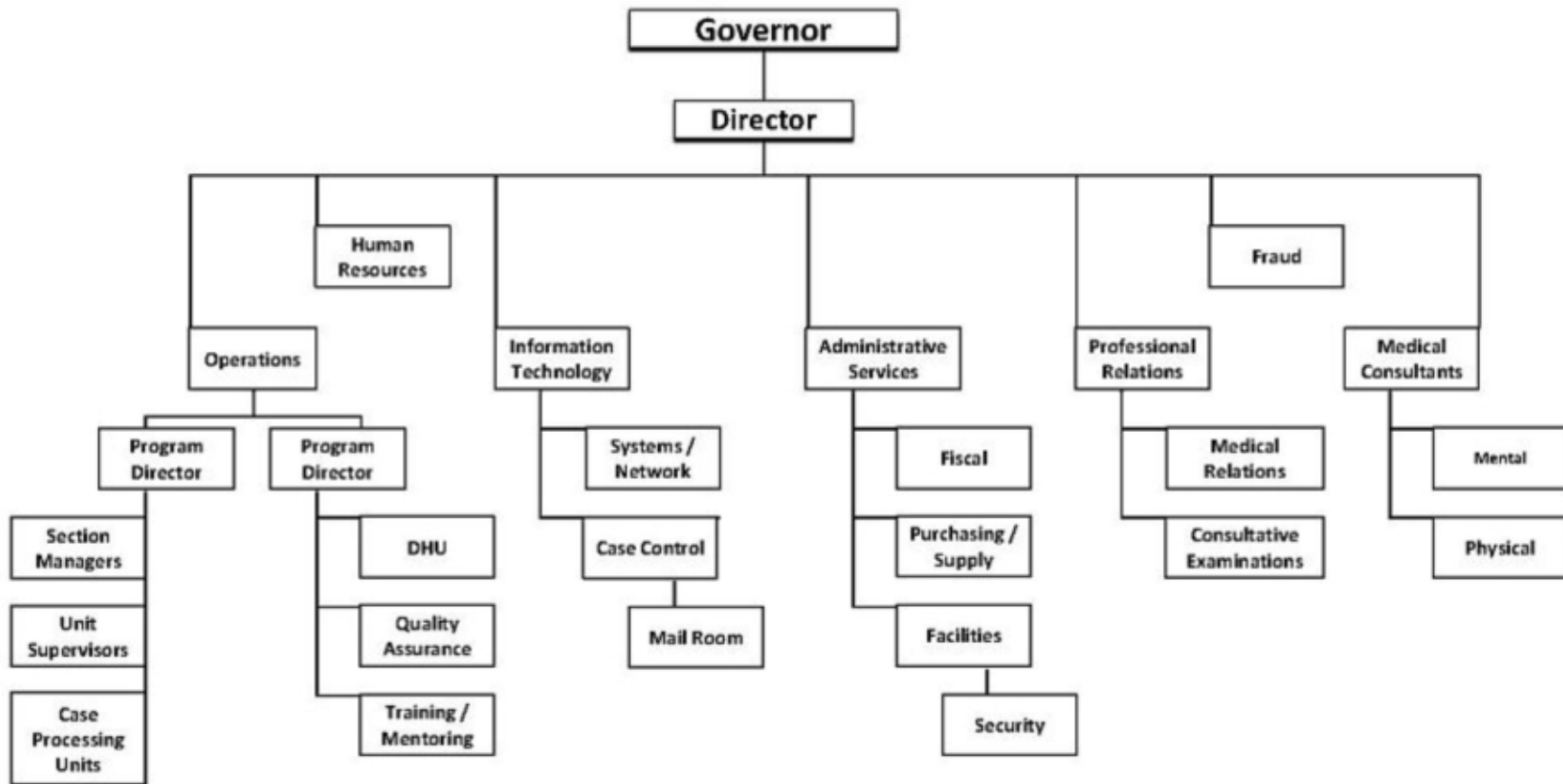
The State Department for Social Security Administration Disability Determination was created by Act 14 of the Second Extraordinary Session of the 1961 Arkansas General Assembly and codified in State law under A.C.A. §20-76-301 et seq. Act 177 of the 1965 Arkansas General Assembly changed the agency title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

As of October 2010, the Arkansas Disability Determination for Social Security Administration has been adjudicating disability claims for other states in the Union. The Social Security Administration chose Arkansas to work these claims due to proven efficiency and accuracy in disability claims adjudication.



Agency Commentary

The mission of the Arkansas Disability Determination for Social Security Administration (DDSSA) 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.

Requests for fiscal years 2016 and 2017 include an increase in appropriation above Base Level to restore 13 positions which were unbudgeted in FY15 due to a federal hiring freeze. The hiring freeze that the agency had been under for four years has since been lifted. DDSSA will need these positions going forward to keep adequate staffing levels. The agency also requests the reclassification of 44 positions to better align

with current job duties. Additional appropriation is also needed for Professional Fees. In the last five years, the DDS has had an increase of disability receipts of over 15% with this trend expected to continue going forward. With each new application, additional medical records and/or examinations are required. These are mission critical costs to the agency. The final appropriation request is in capital outlay for anticipated equipment expenses in both years of the biennium. Funding for appropriation for the Arkansas Disability Determination for Social Security Administration is 100% federal funds from the Social Security Administration.

In summary and in addition to Base Level, the agency is requesting the following:

- Restoration of 13 positions. These positions were unbudgeted in FY15 due to a prolonged federal hiring freeze.
- Reclassification of 44 positions to better align with current needs within the agency.
- Professional Fees of \$2,000,000 in FY16 and FY17. The agency has an increased caseload, which in turn requires additional medical evidence.
- Capital Outlay of \$100,000 in FY16 and FY17 for anticipated equipment expenses.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
STATE OF ARKANSAS DISABILITY DETERMINATION FOR SOCIAL SECURITY ADMINISTRATION
FOR THE YEAR ENDED JUNE 30, 2013

Findings

Recommendations

None

None

State Contracts Over \$50,000 Awarded To Minority Owned Businesses Fiscal Year 2014

None

Employment Summary

	Male	Female	Total	%
White Employees	107	183	290	71 %
Black Employees	19	84	103	25 %
Other Racial Minorities	6	7	13	4 %
Total Minorities			116	29 %
Total Employees			406	100 %

Publications

A.C.A. 25-1-201 et seq.

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution	Unbound Black & White Copies Produced During the Last Two Years	Cost of Unbound Copies Produced During the Last Two Years
		Governor	General Assembly				
None	N/A	N	N	0	N/A	0	0.00

Agency Position Usage Report

FY2012 - 2013						FY2013 - 2014						FY2014 - 2015					
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		
538	347	191	538	0	35.50 %	483	379	75	454	29	21.53 %	483	424	42	466	17	12.22 %

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 include continuation of the previously authorized 2015 1% Cost of Living Adjustment and Career Service Payments for eligible employees. Personal Services Matching also includes a \$10 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for Merit Pay Increases.

The Base Level request is \$51,753,338 in FY16 and \$51,772,231 in FY17.

The Change Level request is \$3,255,446 each year of the biennium. Funding for the increase appropriation is 100% federally funded. The Agency's request reflects the following:

- Regular Salaries in the amount of \$888,067 and Personal Services Matching in the amount of \$267,379 each year of the biennium due to 13 restored positions that were not budgeted in FY15 and 44 re-classed positions.
- Professional Fees in the amount of \$2,000,000 each year of the biennium to cover additional medical fees due to the agency's increased medical case-loads.
- Capital Outlay in the amount of \$100,000 each year 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		
		2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	2015-2016			2016-2017		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	19,586,663	24,922,829	25,747,957	25,142,969	26,031,036	26,031,036	25,149,369	26,037,436	26,037,436
#Positions		417	466	483	466	479	479	466	479	479
Extra Help	5010001	236,566	390,000	390,000	390,000	390,000	390,000	390,000	390,000	390,000
#Extra Help		7	20	20	20	20	20	20	20	20
Personal Services Matching	5010003	6,560,328	8,076,212	8,288,474	8,204,269	8,471,648	8,471,648	8,216,762	8,484,141	8,484,141
Overtime	5010006	640,861	860,000	860,000	860,000	860,000	860,000	860,000	860,000	860,000
Operating Expenses	5020002	3,014,588	3,984,400	3,984,400	3,984,400	3,984,400	3,984,400	3,984,400	3,984,400	3,984,400
Conference & Travel Expenses	5050009	0	26,500	26,500	26,500	26,500	26,500	26,500	26,500	26,500
Professional Fees	5060010	12,424,325	13,145,200	13,145,200	13,145,200	15,145,200	15,145,200	13,145,200	15,145,200	15,145,200
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Grants and Aid	5100004	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
Total		42,463,331	51,505,141	52,542,531	51,753,338	55,008,784	55,008,784	51,772,231	55,027,677	55,027,677
Funding Sources										
Federal Revenue	4000020	42,463,331	51,505,141		51,753,338	55,008,784	55,008,784	51,772,231	55,027,677	55,027,677
Total Funding		42,463,331	51,505,141		51,753,338	55,008,784	55,008,784	51,772,231	55,027,677	55,027,677
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		42,463,331	51,505,141		51,753,338	55,008,784	55,008,784	51,772,231	55,027,677	55,027,677

Change Level by Appropriation

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

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	51,753,338	466	51,753,338	100.0	51,772,231	466	51,772,231	100.0
C01	Existing Program	3,119,794	12	54,873,132	106.0	3,119,794	12	54,892,025	106.0
C06	Restore Position/Approp	55,554	1	54,928,686	106.1	55,554	1	54,947,579	106.1
C10	Reclass	80,098	0	55,008,784	106.3	80,098	0	55,027,677	106.3

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	51,753,338	466	51,753,338	100.0	51,772,231	466	51,772,231	100.0
C01	Existing Program	3,119,794	12	54,873,132	106.0	3,119,794	12	54,892,025	106.0
C06	Restore Position/Approp	55,554	1	54,928,686	106.1	55,554	1	54,947,579	106.1
C10	Reclass	80,098	0	55,008,784	106.3	80,098	0	55,027,677	106.3

Justification

C01	Reflects \$781,645 increase in Regular Salaries and \$238,149 in Personal Services Matching to restore 12 positions; \$2,000,000 increase in Professional Fees to cover additional medical fees; \$100,000 increase in Capital Outlay for anticipated equipment expenses.
C06	Reflects \$41,159 increase in Regular Salaries and \$14,395 in Personal Services Matching to restore 1 position.
C10	Reflects \$65,263 increase in Regular Salaries and \$14,835 in Personal Services matching to reclass 44 positions.

ARKANSAS FAIR HOUSING COMMISSION

Enabling Laws

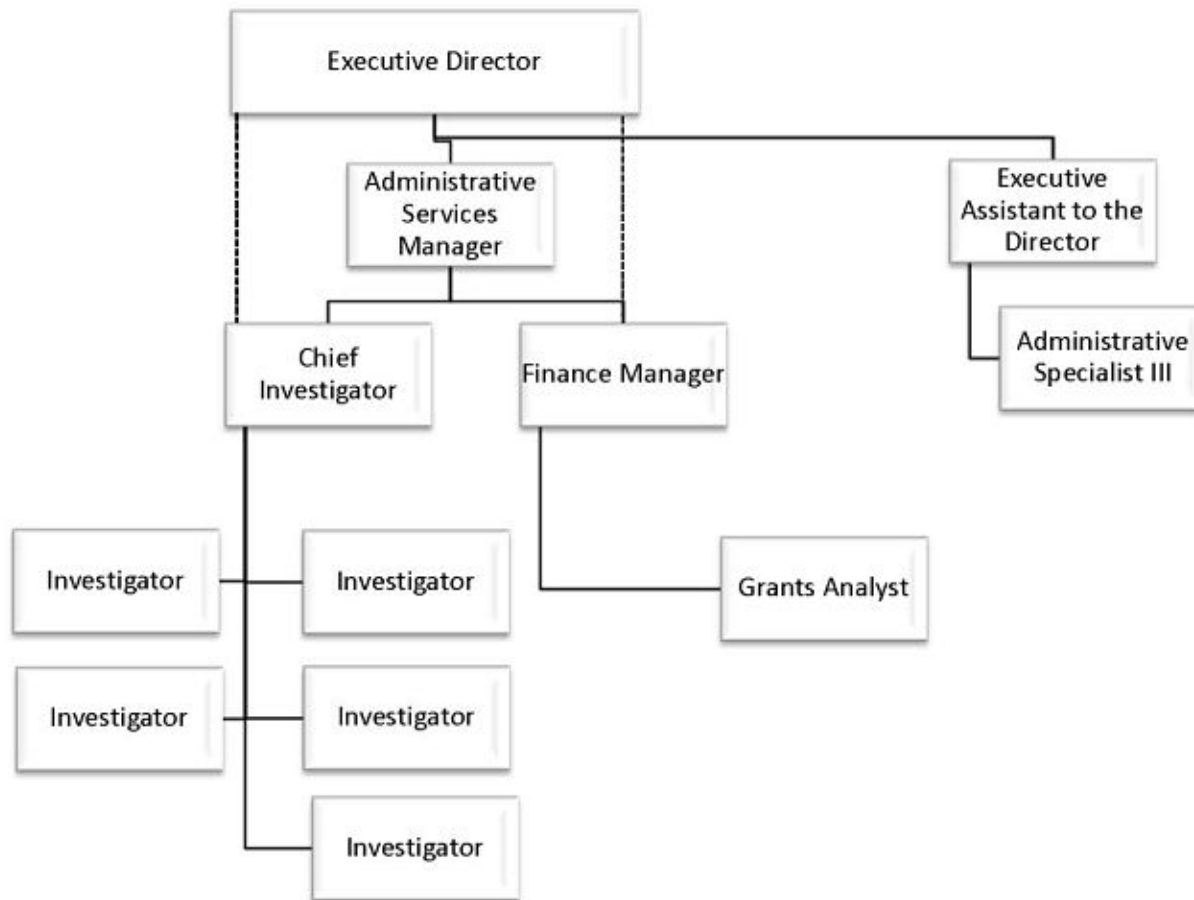
Act 117 of 2014
A.C.A. §16-123-301 et seq.

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 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 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 either administrative or judicial hearings.

The Agency seeks continuation of the approved FY15 federally funded MFG in the amount of \$411,295 to support operation of Agency programs as required by state and federal statutes and as funded by a HUD Partnership Grant. The Agency also is requesting continuation of the associated federal MFG position to accomplish its goals and objectives: Public Information Specialist.

Fund Center: 1NH (State Operations)

The Agency requests Base Level appropriation - increases fully supported by federal fund balance and additional supporting federal revenue.

The Agency requests Change Levels as follows:

00-Regular Salaries:

Increase in appropriation in the amount of \$30,713 for an additional position of Public Information Specialist. This federally funded MFG position was approved at the end of FY14 for FY15 and is necessary to fulfill the education and outreach components of the HUD Continuation of the MFG position of Public Information Specialist is necessary to assist in implementation of the fully federally funded HUD Partnership grant. The Public Information Specialist is responsible for implementing the Fair Housing Commission Four Corners Tour; conducting statewide fair housing and fair lending educational seminars, trainings and participating in fair housing outreach activities; acting as a liaison between public/elected officials, municipalities and public entities which are formulating fair housing practices; providing technical assistance to complainants, respondents and the public concerning the Fair Housing Act and the Fair Housing Commission's role in enforcement of the Act; responding to inquiries regarding federal and state fair housing laws and regulations; and drafting press releases, brochures and documents related to fair housing/fair lending initiatives and efforts.

This position is 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 issues and enforce the fair housing 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 our own fair housing law within our borders without 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 FY2014, this Agency received nearly 200 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.

03-Matching:

Increase in Federal Revenue appropriation in the amount of \$12,853 for personal services/matching costs associated with the continuation of the FY15 MFG Public Information Specialist position.

02-Operating Expenses:

Increase in Federal Revenue appropriation in the amount of \$201,243 for the continued FY15 MFG federally funded grant which requires the implementation of the Four Corners Tour. This state-wide tour will include town hall meeting and focus groups in key cities throughout the state and will focus on gathering and sharing information on fair housing/fair lending issues. Discussions will be conducted on how better to promote housing opportunities statewide and to provide technical information and resource on HUD's new Affirmatively Furthering Fair Housing rule will impact municipalities now receiving federal HUD funds and how the new rule will affect the state as a whole.

Additional operating expenses include increase 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 Public Information Specialist position (such as a computer, a desk/chair, additional telephone line, general office supplies and mileage allowance for necessary travel).

Lastly, the requested increase will fund a 3% statewide increase assessed by Arkansas Building Authority for office space rental funded from General Revenue.

09-Conference & Travel Expenses:

Increase in Federal Revenue appropriation in the amount of \$33,000 for additional travel associated with the implementation of the state-wide media campaign per the approved FY15 MFG. As part of the state-wide tour the agency will travel to twenty key cities throughout Arkansas to conduct town hall meetings and focus groups.

10- Professional Fees:

Increase in Federal Revenue appropriation in the amount of \$119,998 for vendor services needed to complete requirements associated with the approved FY15 MFG. These services include contracts for videographers, translators, GIS consulting and focus group consulting/analysis.

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

The Agency requests appropriation in the amount of \$60,000 each biennial year to satisfy statutory mandates for the Commission's Education Trust Fund. The growth of the Agency is imminent due to the increase in investigative caseloads and the number of administrative hearings before the Commission. This request is justified due to the current and anticipated 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 in the amount of \$30,000 each biennial year for education outreach and operation of the Commission. This graduated increase will allow for potential receipts of administrative fees, fines and civil penalties and conciliated amounts as provided for and codified at Ark. Code Ann. §16-123-321,32. The appropriation is necessary to utilize administrative and civil penalties and fees levied and collected pursuant to the Arkansas Fair Housing Act to provide fair housing education of the public and for operational expenses of the Commission as mandated by the Legislature.

The Commission anticipates the establishment of 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 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. It will include expenditures in advertising, conferences and seminars and educational and promotions materials.

09-Conference & Travel Expenses:

Increase in appropriation in the amount of \$30,000 each biennial year for the training and development associated with implementation of the Agency's statewide media campaign designed to heighten awareness of fair housing/fair lending issues.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
ARKANSAS FAIR HOUSING COMMISSION
FOR THE YEAR ENDED JUNE 30, 2011

Findings

DLA staff noted 11 separate instances in which receipts were not recorded in the pre-numbered receipt book.

According to Department of Finance and Administration (DFA) regulation R4-19-4-501, controls must be maintained when processing cash receipts to ensure they are properly accounted for. "Cash" includes currency, coins, checks, money orders, and credit card charges. For payments received in person, a prenumbered receipt must be issued, and a duplicate copy of the receipt must be maintained in numerical order in the receipt book. For payments received through the mail, checks must be endorsed, and a cash log, including sufficient detail to allow an audit trail of an individual receipt, must be prepared.

Recommendations

Follow DFA regulations for recording and issuing all receipts consistently and timely.

Agency Response:

Cash receipts not recorded in a prenumbered receipt book as noted above included activities that generally accepted financial management procedures would not typically require the issuance of a prenumbered receipt, such as inter-agency payments from other state agencies; intra-agency reimbursements from Agency employees; and Agency rebates received from state vendors.

The Agency maintained a detailed record of all receipts (specially including the noted inter-agency receipts, intra-agency reimbursements and rebates) with the appropriate backup documentation. Additionally, the Agency properly and timely deposited and recorded in ASSIS all of the noted receivables and will continue to do so pursuant to DFA guidelines.

DIVISION OF LEGISLATIVE AUDIT
 AUDIT OF :
 ARKANSAS FAIR HOUSING COMMISSION
 FOR THE YEAR ENDED JUNE 30, 2011

Findings

Recommendations

The Agency will receipt inter-agency receipts, intra-agency reimbursements and rebates from state vendors in the same manner as other Agency receivables in accordance with DFA guidelines.

State Contracts Over \$50,000 Awarded To Minority Owned Businesses Fiscal Year 2014

None

Employment Summary

	Male	Female	Total	%
White Employees	0	2	2	22 %
Black Employees	1	4	5	56 %
Other Racial Minorities	2	0	2	22 %
Total Minorities			7	78 %
Total Employees			9	100 %

Publications

A.C.A. 25-1-201 et seq.

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution	Unbound Black & White Copies Produced During the Last Two Years	Cost of Unbound Copies Produced During the Last Two Years
		Governor	General Assembly				
None	N/A	N	N	0	N/A	0	0.00

Department Appropriation Summary

Historical Data

Agency Request and Executive Recommendation

Appropriation	2013-2014		2014-2015		2014-2015		2015-2016						2016-2017					
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
1NH State Operations	739,875	12	1,460,827	13	1,031,372	12	1,033,214	12	1,431,561	13	1,431,561	13	1,033,214	12	1,431,561	13	1,431,561	13
53L Education-Trust	52,808	0	140,000	0	140,000	0	140,000	0	200,000	0	170,000	0	140,000	0	200,000	0	170,000	0
Total	792,683	12	1,600,827	13	1,171,372	12	1,173,214	12	1,631,561	13	1,601,561	13	1,173,214	12	1,631,561	13	1,601,561	13

Funding Sources		%		%		%		%		%		%		%		%	
Fund Balance	4000005	1,067,734	53.7	1,194,544	47.4	921,180	49.6	921,180	40.8	921,180	40.8	685,813	42.1	626,353	31.8	655,813	32.9
General Revenue	4000010	286,240	14.4	286,240	11.3	288,971	15.5	289,511	12.8	288,971	12.8	288,971	17.8	289,511	14.7	288,971	14.5
Federal Revenue	4000020	539,064	27.1	949,223	37.6	550,876	29.6	949,223	42.0	949,223	42.0	550,876	33.8	949,223	48.3	949,223	47.6
Trust Fund	4000050	94,189	4.7	92,000	3.6	98,000	5.3	98,000	4.3	98,000	4.3	102,000	6.3	102,000	5.2	102,000	5.1
Total Funds		1,987,227	100.0	2,522,007	100.0	1,859,027	100.0	2,257,914	100.0	2,257,374	100.0	1,627,660	100.0	1,967,087	100.0	1,996,007	100.0
Excess Appropriation/(Funding)		(1,194,544)		(921,180)		(685,813)		(626,353)		(655,813)		(454,446)		(335,526)		(394,446)	
Grand Total		792,683		1,600,827		1,173,214		1,631,561		1,601,561		1,173,214		1,631,561		1,601,561	

FY15 Budget and Positions exceeds Authorized Appropriation due to the approval of a Miscellaneous Federal Grant.

Agency Position Usage Report

FY2012 - 2013						FY2013 - 2014						FY2014 - 2015					
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	4	11	-1	30.00 %	12	8	4	12	0	33.33 %	12	8	5	13	-1	33.33 %

FY13 & FY15 Total Budgeted Positions exceed the Authorized amount due to one added Miscellaneous Federal Grant position.

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 include continuation of the previously authorized 2015 1% Cost of Living Adjustment and Career Service Payments for eligible employees. Personal Services Matching also includes a \$10 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for Merit Pay Increases. The Base Level request for Regular Salaries and Personal Services Matching includes board member stipend payments.

The Base Level request is \$1,033,214 each year of the biennium.

The Change Level request is \$398,347 each year of the biennium. Funding for the increase appropriation of \$397,807 each year of the biennium is 100% federally funded through the continued request of an MFG approved in FY15. The Agency's request reflects the following:

- One new position - Public Information Specialist with Regular Salaries and Personal Services Matching totaling \$43,566 in both years of the biennium.
- Operating Expenses in the amount of \$201,783. \$540 of this amount is requested in general revenue and provides for a 3% increase in rent. \$201,243 will provide for legal and case processing fees, court reporting fees for administrative case processing and offices supplies to support the new Public Information Specialist position.
- Conference & Travel Expenses in the amount of \$33,000. This will provide for the increase in travel via implementation of the state-wide media campaign conducting town hall meetings and focus groups associated with the Four Corners Tour.
- Professional Fees in the amount of \$119,998. This will provide for the increase in vendor services such as videographers, translators, GIS consulting and focus group consulting needed to complete requirements associated with the Four Corners Tour.

The Executive Recommendation provides for the Agency Request for appropriation only.

Appropriation Summary

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

Historical Data

Agency Request and Executive Recommendation

Commitment Item		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	350,496	577,830	535,444	520,679	551,392	551,392	520,679	551,392	551,392
#Positions		12	13	12	12	13	13	12	13	13
Extra Help	5010001	13,186	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
#Extra Help		1	2	2	2	2	2	2	2	2
Personal Services Matching	5010003	147,822	211,170	178,342	194,949	207,802	207,802	194,949	207,802	207,802
Operating Expenses	5020002	183,282	388,930	187,687	187,687	389,470	389,470	187,687	389,470	389,470
Conference & Travel Expenses	5050009	21,724	108,000	75,000	75,000	108,000	108,000	75,000	108,000	108,000
Professional Fees	5060010	14,000	133,998	14,000	14,000	133,998	133,998	14,000	133,998	133,998
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	9,342	0	0	0	0	0	0	0	0
Public Education	5900046	23	899	899	899	899	899	899	899	899
Total		739,875	1,460,827	1,031,372	1,033,214	1,431,561	1,431,561	1,033,214	1,431,561	1,431,561
Funding Sources										
Fund Balance	4000005	836,044	921,473		696,109	696,109	696,109	502,742	503,282	502,742
General Revenue	4000010	286,240	286,240		288,971	289,511	288,971	288,971	289,511	288,971
Federal Revenue	4000020	539,064	949,223		550,876	949,223	949,223	550,876	949,223	949,223
Total Funding		1,661,348	2,156,936		1,535,956	1,934,843	1,934,303	1,342,589	1,742,016	1,740,936
Excess Appropriation/(Funding)		(921,473)	(696,109)		(502,742)	(503,282)	(502,742)	(309,375)	(310,455)	(309,375)
Grand Total		739,875	1,460,827		1,033,214	1,431,561	1,431,561	1,033,214	1,431,561	1,431,561

FY15 Budget exceeds Authorized Appropriation due to the approval of a Miscellaneous Federal Grant.

Change Level by Appropriation

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

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	1,033,214	12	1,033,214	100.0	1,033,214	12	1,033,214	100.0
C01	Existing Program	540	0	1,033,754	100.1	540	0	1,033,754	100.1
C02	New Program	362,991	0	1,396,745	135.2	362,991	0	1,396,745	135.2
C03	Discontinue Program	(8,750)	0	1,387,995	134.3	(8,750)	0	1,387,995	134.3
C06	Restore Position/Approp	43,566	1	1,431,561	138.6	43,566	1	1,431,561	138.6

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	1,033,214	12	1,033,214	100.0	1,033,214	12	1,033,214	100.0
C01	Existing Program	540	0	1,033,754	100.1	540	0	1,033,754	100.1
C02	New Program	362,991	0	1,396,745	135.2	362,991	0	1,396,745	135.2
C03	Discontinue Program	(8,750)	0	1,387,995	134.3	(8,750)	0	1,387,995	134.3
C06	Restore Position/Approp	43,566	1	1,431,561	138.6	43,566	1	1,431,561	138.6

Justification

C01	Reflects an increase of \$540 in Operating Expenses due to a 3% statewide increase in rent to ABA.
C02	Reflects increases in Operating Expenses, Conference & Travel Expenses and Professional Fees associated with the agencies request for continuation of their Miscellaneous Federal Grant approved for FY15 in the amount of \$354,241. \$8,750 reflects the amount of excess appropriation that was discontinued and reallocated to Operating Expense and Conference & Travel GL line items where items were underbudgeted.
C03	\$8,750 reflects the amount of excess appropriation that was discontinued and reallocated to Operating Expense and Conference & Travel GL line items where items were underbudgeted.
C06	Represents the increase in Regular Salaries and Personal Services Matching resulting from the continuation of the MFG Public Information Specialist position that was approved for FY15.

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 include continuation of the previously authorized 2015 1% Cost of Living Adjustment and Career Service Payments for eligible employees. Personal Services Matching also includes a \$10 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for Merit Pay Increases.

The Base Level request is \$140,000 each year of the biennium.

The Change Level request is \$60,000 each year of the biennium and reflects the following:

- Operating Expenses in the amount of \$30,000. This will provide for the increase in investigative case loads and the number of Administrative hearings before the Commission.
- Conference & Travel Expenses in the amount of \$30,000. This will provide for the increase in investigative case loads and the number of Administrative hearings before the Commission.

The Executive Recommendation provides for an Operating Expense increase of \$30,000 each year of the biennium.

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		
		2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	2015-2016			2016-2017		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	52,808	140,000	140,000	140,000	170,000	170,000	140,000	170,000	170,000
Conference & Travel Expenses	5050009	0	0	0	0	30,000	0	0	30,000	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
Total		52,808	140,000	140,000	140,000	200,000	170,000	140,000	200,000	170,000
Funding Sources										
Fund Balance	4000005	231,690	273,071		225,071	225,071	225,071	183,071	123,071	153,071
Trust Fund	4000050	94,189	92,000		98,000	98,000	98,000	102,000	102,000	102,000
Total Funding		325,879	365,071		323,071	323,071	323,071	285,071	225,071	255,071
Excess Appropriation/(Funding)		(273,071)	(225,071)		(183,071)	(123,071)	(153,071)	(145,071)	(25,071)	(85,071)
Grand Total		52,808	140,000		140,000	200,000	170,000	140,000	200,000	170,000

Change Level by Appropriation

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

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	140,000	0	140,000	100.0	140,000	0	140,000	100.0
C01	Existing Program	60,000	0	200,000	142.9	60,000	0	200,000	142.9

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	140,000	0	140,000	100.0	140,000	0	140,000	100.0
C01	Existing Program	30,000	0	170,000	121.4	30,000	0	170,000	121.4

Justification

C01	Reflects increases in Operating Expenses and Conference & Travel Expenses due to the increase in investigative caseloads and the number of Administrative hearings before the Commission.
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ARKANSAS GEOGRAPHIC INFORMATION OFFICE

Enabling Laws

Act 68 of 2014

A.C.A. §15-21-501 - A.C.A. §15-21-505

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.

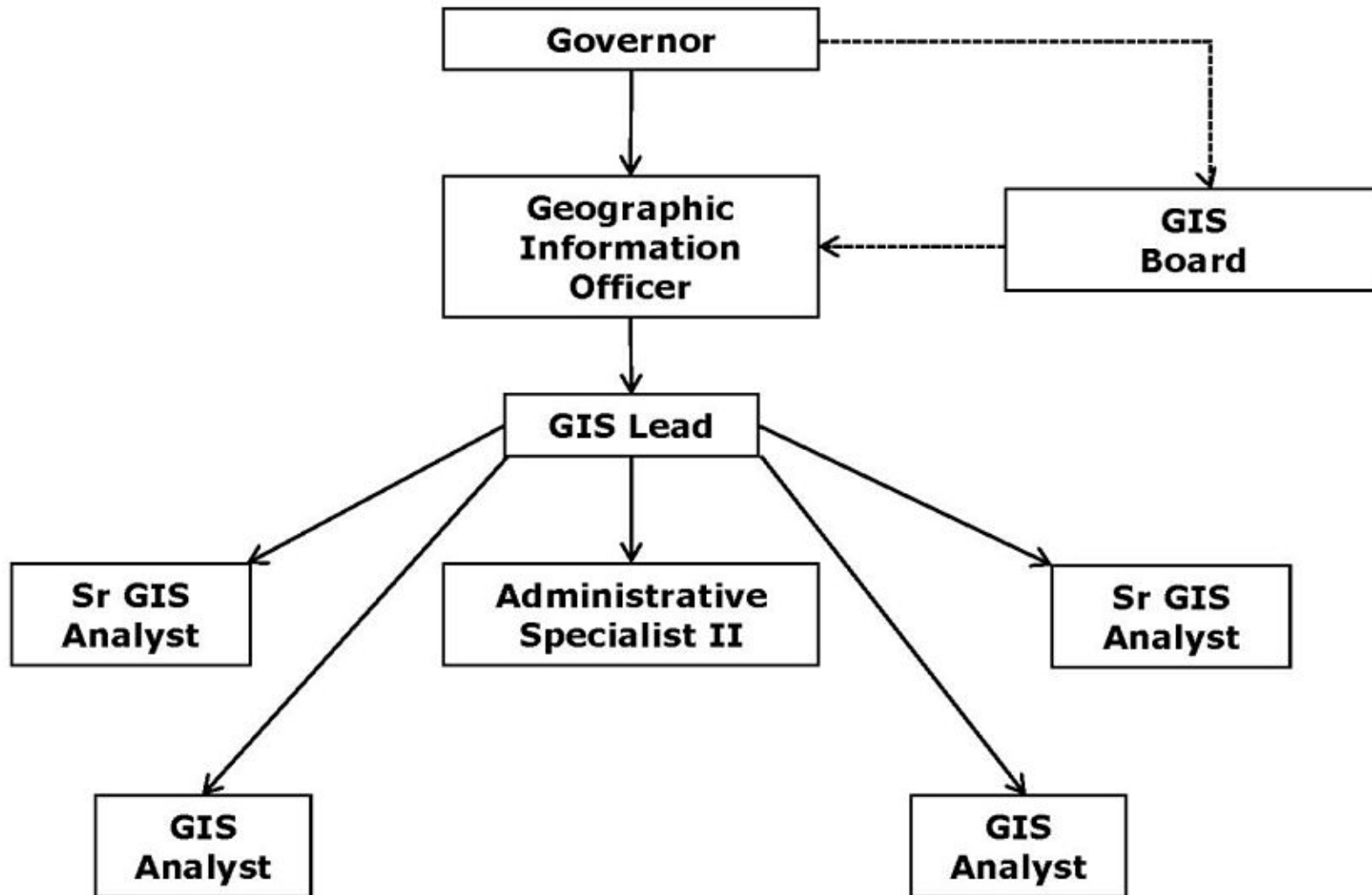
The parcel mapping focuses on the development of tax parcels that are listed in the counties' computer-assisted mass appraisal system. Parcel mapping improves the efficiency of the Assessor reappraisal process. The data aids the Assessors in discovering taxable real estate. The data is used by the banking 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 an increase of \$55,757 each year of the biennium. The increase includes \$46,509 in Regular Salaries and Personal Services Matching for a new Surveyor position, \$6,463 restoration of the Extra Help and Personal Services Matching, and \$2,785 in Operating Expenses.

The Surveyor position is requested to assist cities with legal description, map and platting technical service prior to the city annexation process. City boundaries would then be updated in the state database. City boundaries usage includes but not limited to the Census population, property tax jurisdictions, voter districting, legislative representation, and utility franchise tax collection. The Agency anticipates a number of cities will annex areas to increase their population beginning in 2016 and through 2018 for the 2020 Census. Beginning in 2008, the U.S. Census Bureau implemented a single point of contact process for the boundary and annexation survey process. This allows a single entity representing the state to file digital city boundaries with the Census instead of the 500 individual cities. To participate, the single point of contact is required to enforce local laws where boundary changes are reported to the state jurisdiction.

The Extra Help restoration is requested to improve the accuracy and quality of the Section Township and Range corner database. The Extra Help would perform data entry on corner records from information gathered by the State Surveyor of the Division of Land Surveys. These records include latitude and longitude of corners recovered.

The increase in Operating Expenses includes an increase of \$1,084 for office rent, and \$1,701 for expenses related to the new Surveyor position which includes \$1,500 in travel related expenses and \$201 for cell phone and usage.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
ARKANSAS GEOGRAPHIC INFORMATION OFFICE
FOR THE YEAR ENDED JUNE 30, 2013

Findings

Recommendations

None

None

State Contracts Over \$50,000 Awarded To Minority Owned Businesses Fiscal Year 2014

None

Employment Summary

	Male	Female	Total	%
White Employees	5	1	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. 25-1-201 et seq.

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution	Unbound Black & White Copies Produced During the Last Two Years	Cost of Unbound Copies Produced During the Last Two Years
		Governor	General Assembly				
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)	20	48.00

Department Appropriation Summary

Historical Data

Agency Request and Executive Recommendation

Appropriation	2013-2014		2014-2015		2014-2015		2015-2016						2016-2017					
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
56X GeoStor & Framework	20,696	0	633,651	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	799,754	7	812,833	7	812,833	7	819,515	7	875,272	8	866,024	8	819,515	7	875,272	8	866,024	8
86X Parcel Mapping Grant	245,862	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
M91 Moving Ahead for Progress-21st Century	0	0	500,000	0	0	0	0	0	500,000	0	500,000	0	0	0	500,000	0	500,000	0
NOT REQUESTED FOR THE BIENNIUM																		
86J Point Mapping ARRA	278,775	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	1,345,087	7	3,279,784	7	2,396,133	7	2,402,815	7	2,958,572	8	2,949,324	8	2,402,815	7	2,958,572	8	2,949,324	8

Funding Sources		%		%		%		%		%		%		%		%
Fund Balance	4000005	589,302	35.1	331,878	10.1		363	0.0	363	0.0	363	0.0	363	0.0	363	0.0
General Revenue	4000010	799,754	47.7	812,833	24.8		819,515	34.1	875,272	29.6	819,515	28.2	819,515	34.1	875,272	29.6
Federal Revenue	4000020	278,775	16.6	883,651	26.9		0	0.0	500,000	16.9	500,000	17.2	0	0.0	500,000	16.9
Trust Fund	4000050	9,134	0.5	1,251,785	38.2		1,583,300	65.9	1,583,300	53.5	1,583,300	54.5	1,583,300	65.9	1,583,300	53.5
Total Funds		1,676,965	100.0	3,280,147	100.0		2,403,178	100.0	2,958,935	100.0	2,903,178	100.0	2,403,178	100.0	2,958,935	100.0
Excess Appropriation/(Funding)		(331,878)		(363)			(363)		(363)		46,146		(363)		(363)	
Grand Total		1,345,087		3,279,784			2,402,815		2,958,572		2,949,324		2,402,815		2,958,572	

FY15 Budget for GeoStor & Framework (56X) exceeds authorized due to a transfer from the Miscellaneous Federal Grant Holding Account.

Moving Ahead for Progress-21st Century (M91) appropriation established through the authority of the Miscellaneous Federal Program Act.

Variance in Fund Balance is due to unfunded appropriation.

Agency Position Usage Report

FY2012 - 2013						FY2013 - 2014						FY2014 - 2015					
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	6	0	6	0	0.00 %	7	6	1	7	0	14.29 %	7	7	0	7	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 the 2015-2017 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	2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	2015-2016			2016-2017		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Geostor & Framework 5900047	20,696	633,651	250,000	250,000	250,000	250,000	250,000	250,000	250,000
Total	20,696	633,651	250,000	250,000	250,000	250,000	250,000	250,000	250,000
Funding Sources									
Fund Balance 4000005	203,089	191,527		363	363	363	363	363	363
Federal Revenue 4000020	0	383,651		0	0	0	0	0	0
Trust Fund 4000050	9,134	58,836		250,000	250,000	250,000	250,000	250,000	250,000
Total Funding	212,223	634,014		250,363	250,363	250,363	250,363	250,363	250,363
Excess Appropriation/(Funding)	(191,527)	(363)		(363)	(363)	(363)	(363)	(363)	(363)
Grand Total	20,696	633,651		250,000	250,000	250,000	250,000	250,000	250,000

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

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 include the continuation of the previously authorized 2015 1% Cost of Living Adjustment and Career Service payments for eligible employees. Personal Services Matching also includes a \$10 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for Merit Pay Increases.

The Agency requests a Change Level increase of \$55,757 each year as follows:

- Regular Salaries and Personal Services Matching of \$46,509 for a new Surveyor Grade C118 position. The position is needed to assist cities with legal description, map, and platting technical service prior to city annexation process. The city boundaries are then updated on the state database. City boundaries are used in Census population, property tax jurisdictions, voter districting, legislative representation, and utility franchise tax collection. The Agency anticipates a number of cities will annex areas to increase their population for the 2020 Census. Beginning in 2008, the U.S. Census Bureau implemented a single point of contact process for the boundary and annexation survey process. This allows a single entity representing the state to file digital city boundaries with the Census.
- Extra Help and Personal Services Matching of \$6,463 for restoration of the Extra Help positions. The Extra Help will be necessary to improve the accuracy and quality of the Section Township and Range System corner database. The Extra Help will perform data entry on corner records from information gathered by the State Surveyor of the Division of Land Surveys. The records include latitude and longitude of corners recovered.

- Operating Expenses of \$2,785; including \$1,084 for office rent increase, and \$1,701 for the new Surveyor travel related expenses and telecommunications wireless expenses.

The Executive Recommendation provides for Base Level funding and \$46,509 of appropriation only for Regular Salaries and Personal Services Matching for the Surveyor position.

Appropriation Summary

Appropriation: 56Y - Geographic Information Systems

Funding Sources: HUA - Miscellaneous Agencies Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	444,136	455,826	445,781	460,373	494,234	494,234	460,373	494,234	494,234
#Positions	7	7	7	7	8	8	7	8	8
Extra Help 5010001	0	0	6,000	0	6,000	0	0	6,000	0
#Extra Help	0	0	2	0	2	0	0	2	0
Personal Services Matching 5010003	133,757	136,591	132,752	138,726	151,837	151,374	138,726	151,837	151,374
Operating Expenses 5020002	218,099	210,416	218,300	210,416	213,201	210,416	210,416	213,201	210,416
Conference & Travel Expenses 5050009	3,762	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
Total	799,754	812,833	812,833	819,515	875,272	866,024	819,515	875,272	866,024
Funding Sources									
General Revenue 4000010	799,754	812,833		819,515	875,272	819,515	819,515	875,272	819,515
Total Funding	799,754	812,833		819,515	875,272	819,515	819,515	875,272	819,515
Excess Appropriation/(Funding)	0	0		0	0	46,509	0	0	46,509
Grand Total	799,754	812,833		819,515	875,272	866,024	819,515	875,272	866,024

FY15 Budget amount in Regular Salaries and Personal Services Matching exceeds the authorized amount due to salary and matching rate adjustments during the 2013-2015 Biennium.

Change Level by Appropriation

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

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	819,515	7	819,515	100.0	819,515	7	819,515	100.0
C01	Existing Program	9,047	0	828,562	101.1	9,047	0	828,562	101.1
C02	New Program	46,509	1	875,071	106.8	46,509	1	875,071	106.8
C08	Technology	201	0	875,272	106.8	201	0	875,272	106.8

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	819,515	7	819,515	100.0	819,515	7	819,515	100.0
C01	Existing Program	463	0	819,978	100.1	463	0	819,978	100.1
C02	New Program	46,509	1	866,487	105.7	46,509	1	866,487	105.7
C08	Technology	0	0	866,487	105.7	0	0	866,487	105.7
C13	Not Recommended	(463)	0	866,024	105.7	(463)	0	866,024	105.7

Justification

C01	The agency requests \$6,463 in Extra Help and Personal Services Matching for restoration of the Extra Help positions and appropriation. The Extra Help will be necessary to improve the accuracy and quality of the Section Township and Range System corner database. The position would perform data entry on corner records from information gathered by the State Surveyor of the Division of Land Surveys. These records include latitude and longitude of corners recovered. The agency requests an increase of \$2,584 in Operating Expenses for office rent increase of \$1,084, and \$1,500 in travel related expenses for the new Surveyor including mileage, common carrier, and gas purchases.
C02	The agency requests a Change Level increase of \$46,509 in Regular Salaries and Personal Services Matching for a new Surveyor C118 position. This position is needed to assist cities with legal description, map, and platting technical service prior to the city annexation process. The city boundaries would then be updated in the state database. City boundaries usage includes but is not limited to the Census population, property tax jurisdictions, voter districting, legislative representation, and utility franchise fee collection. The agency anticipates a number of cities will annex areas to increase their population beginning in 2016 and through 2018 for the 2020 Census. Beginning in 2008, the U.S. Census Bureau implemented a single point of contact process for the boundary and annexation survey process. This allows a single entity representing the state to file digital city boundaries with the Census instead of the 500 individual cities. To participate, the single point of contact is required to enforce local laws where boundary changes are reported to the state jurisdiction.
C08	The agency requests an increase of \$201 in Operating Expenses for Telecommunications Wireless for cell phone and usage by the new Surveyor position.

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 for the 2015-2017 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	2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Statewide Parcel Map Grant Prog 5900046	245,862	1,333,300	1,333,300	1,333,300	1,333,300	1,333,300	1,333,300	1,333,300	1,333,300
Total	245,862	1,333,300	1,333,300	1,333,300	1,333,300	1,333,300	1,333,300	1,333,300	1,333,300
Funding Sources									
Fund Balance 4000005	386,213	140,351		0	0	0	0	0	0
Trust Fund 4000050	0	1,192,949		1,333,300	1,333,300	1,333,300	1,333,300	1,333,300	1,333,300
Total Funding	386,213	1,333,300		1,333,300	1,333,300	1,333,300	1,333,300	1,333,300	1,333,300
Excess Appropriation/(Funding)	(140,351)	0		0	0	0	0	0	0
Grand Total	245,862	1,333,300		1,333,300	1,333,300	1,333,300	1,333,300	1,333,300	1,333,300

Analysis of Budget Request

Appropriation: M91 - Moving Ahead for Progress-21st Century

Funding Sources: FNM - AGIO Federal Programs

This appropriation was established through the authority of the Miscellaneous Federal Program Act. The Arkansas State Highway and Transportation Department sub-granted \$500,000 to the Arkansas Geographic Information Office (AGIO) to implement a referencing system including road class, road design, and surface type. The AGIO will coordinate or modify these features in the countywide road centerline file to meet the Federal Highway Administration requirements of the Moving Ahead for Progress in the 21st Century Act (MAP-21).

The Agency requests Base Level appropriation for the 2015-2017 Biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: M91 - Moving Ahead for Progress-21st Century

Funding Sources: FNM - AGIO Federal Programs

Historical Data

Agency Request and Executive Recommendation

Commitment Item	Historical Data			2015-2016			2016-2017		
	2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses 5020002	0	500,000	0	0	500,000	500,000	0	500,000	500,000
Total	0	500,000	0	0	500,000	500,000	0	500,000	500,000
Funding Sources									
Federal Revenue 4000020	0	500,000		0	500,000	500,000	0	500,000	500,000
Total Funding	0	500,000		0	500,000	500,000	0	500,000	500,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	0	500,000		0	500,000	500,000	0	500,000	500,000

Appropriation was established through the authority of the Miscellaneous Federal Program Act.

Change Level by Appropriation

Appropriation: M91 - Moving Ahead for Progress-21st Century
Funding Sources: FNM - AGIO Federal Programs

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	0	0	0	0.0	0	0	0	0.0
C01	Existing Program	500,000	0	500,000	100.0	500,000	0	500,000	100.0

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	0	0	0	0.0	0	0	0	0.0
C01	Existing Program	500,000	0	500,000	100.0	500,000	0	500,000	100.0

Justification

C01	The agency received a \$500,000 federal grant from the State Highway and Transportation Department. The grant will allow the agency to work with county personnel to implement common database fields to store information about road class, road design, and surface type of local roads. The agency will coordinate adding or modifying these features in the countywide road centerline dataset and deliver the file to the State Highway Department for the federal requirements of the Moving Ahead for Progress in the 21st Century Act (MAP-21). The agency requests continuation of the MAP-21 project for the 2015-2017 biennium.								
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Appropriation Summary

Appropriation: 86J - Point Mapping ARRA

Funding Sources: FNM - AGIO Federal Programs

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	2015-2016			2016-2017		
				Base Level	Agency	Executive	Base Level	Agency	Executive
ARRA of 2009 5900052	278,775	0	0	0	0	0	0	0	0
Total	278,775	0	0	0	0	0	0	0	0
Funding Sources									
Federal Revenue 4000020	278,775	0		0	0	0	0	0	0
Total Funding	278,775	0		0	0	0	0	0	0
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	278,775	0		0	0	0	0	0	0

APPROPRIATION NOT REQUESTED FOR THE 2015-2017 BIENNIUM.

OFFICE OF HEALTH INFORMATION TECHNOLOGY

Enabling Laws

Act 180 of 2014
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 88th 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:

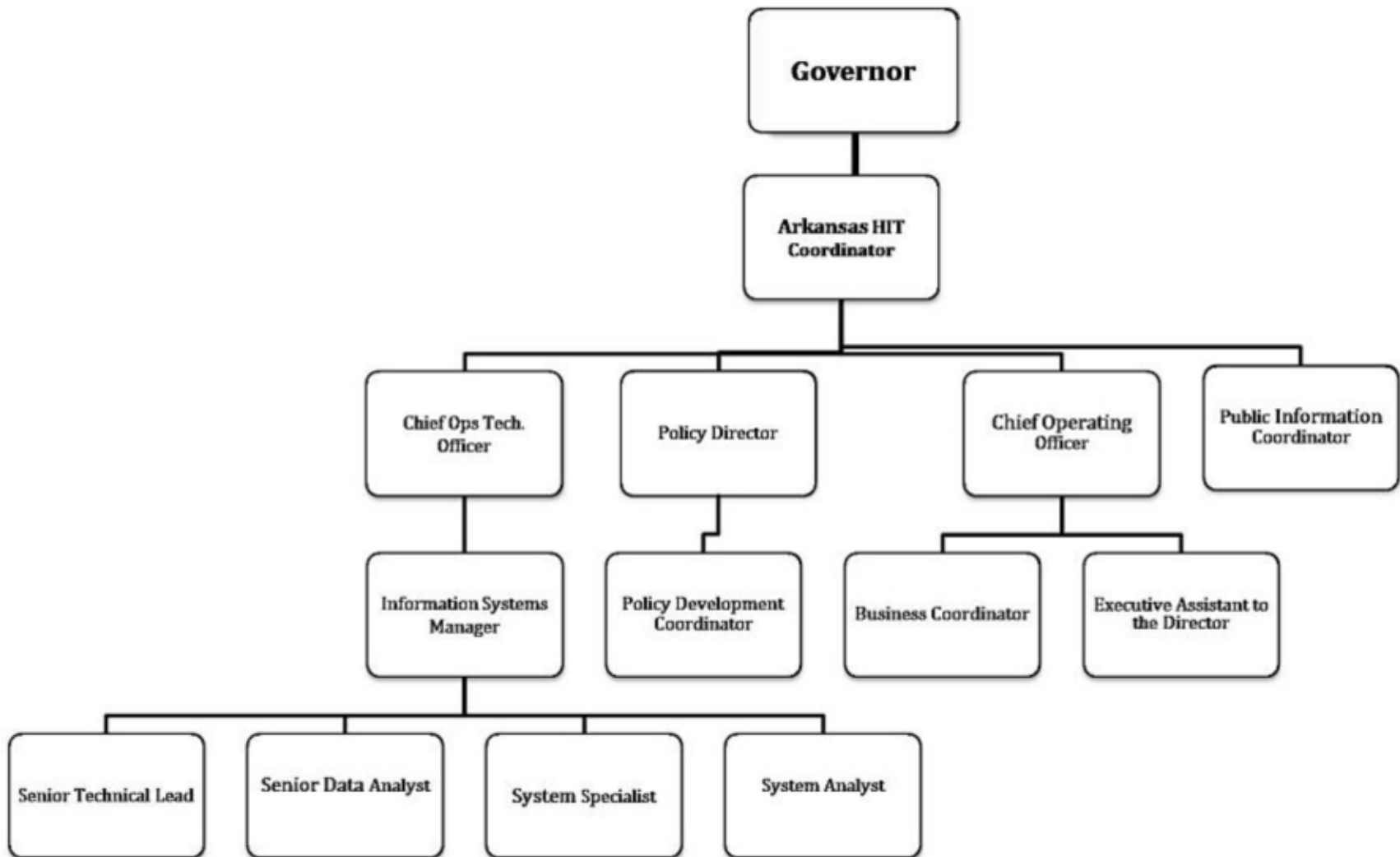
- The Office of Health Information Technology, provided the initial governance structure of the State Health Alliance for Records Exchange (SHARE), and authorized the Office to form a non-profit corporation at the proper time,
- The policies creating the Office and SHARE,
 - Details privacy and security 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.

As of July, 2014, OHIT has connected 18 hospitals and almost 200 physician practices to SHARE, the statewide health information exchange. This effort has involved building electronic interfaces with a variety of brands of hospital information systems (HIS) and many different electronic medical record (EMR) systems. In addition, SHARE also has approximately 3,000 users of the Secure Messaging, encrypted email system that enables health care providers to exchange messages and patient specific clinical information in a private, secure email system.

OHIT has coordinated health information technology development activities with the Arkansas Department of Health, Arkansas Department of Human Services-Division of Medical Services, the Arkansas Insurance Department, the Arkansas Center for Health Improvement, and the Arkansas Foundation for Medical Care (AFMC)/Regional Extension Center.



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 launched the health information exchange in the fall of 2012.

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.

For the State Operations appropriation funded by special revenue (MHI0100), the agency requests a change level increase of \$29,172 in Regular Salaries and Personal Services Matching for reclassification of the Systems Analyst position to a Database Administrator position, the Information Systems Coordination Specialist position to a new Health Information Technical Senior Systems Specialist (HIE Senior Systems Specialist), and the Health Information Technology Operations and Technical Officer to a HIE Senior Systems Specialist. The reclassification from the Systems Analyst to Database Administrator is necessary due to the growth in the number of SHARE users and the need to create, configure, and install Structured Query Language (SQL) server databases, the Database Administrator is required to have knowledge of complex computer database systems and the ability to maintain relational database systems using interactive programming language such as SQL. The reclassification of this position will ensure efficient and effective use of staff resources as SHARE continues to evolve. Growth in SHARE users also requires the reclassification of the Information Systems Coordinator to a HIE Senior Systems Specialist to manage and align system services such as data exchanges, data architecture, user access, and security performance statistics to ensure efficient use of the system and application. SHARE is now fully operational and the HIE Senior Systems Specialist is responsible for developing and maintaining the overall services of SHARE and providing technical solutions related to managing and aligning system services. Reclassification of this position will align the job responsibilities to the specific skilled-based resources necessary for SHARE to continue to advance and grow.

The Agency requests Base Level for the State Operations appropriation (HUA7100) funded by General Revenue for the 2015-2017 Biennium.

The Agency requests a Change Level increase of \$9,442,800 for each year of the 2015-2017 Biennium for the federal State Health Alliance for Records Exchange Implementation Advance Planning Document HIE Information Exchange (SHARE-IAPD HIE). This program will be used for onboarding service activities that will enable Medicaid providers to exchange health information through SHARE for all hospitals and primary care providers participating in the Patient Centered Medical Home program (PCHM). The IAPD provides funding through performance based standards and it is anticipated funding will continue through FY17. This appropriation was established through the authority of the Miscellaneous Federal Program Act.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
OFFICE OF HEALTH INFORMATION TECHNOLOGY

Findings

Recommendations

The most recent audit report was not available at the time of printing.

State Contracts Over \$50,000 Awarded To Minority Owned Businesses Fiscal Year 2014

None

Employment Summary

	Male	Female	Total	%
White Employees	1	4	5	62 %
Black Employees	0	3	3	38 %
Other Racial Minorities	0	0	0	0 %
Total Minorities			3	38 %
Total Employees			8	100 %

Publications

A.C.A. 25-1-201 et seq.

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution	Unbound Black & White Copies Produced During the Last Two Years	Cost of Unbound Copies Produced During the Last Two Years
		Governor	General Assembly				
N/A	N/A	N	N	0	N/A	0	0.00

Department Appropriation Summary

Historical Data

Agency Request and Executive Recommendation

Appropriation	2013-2014		2014-2015		2014-2015		2015-2016						2016-2017					
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
F04 OHIT-State Match	977,942	11	6,060,314	12	6,046,977	12	6,065,096	12	6,094,268	12	6,071,961	12	6,065,379	12	6,094,551	12	6,072,244	12
M64 OHIT - State Operations	0	0	2,200,000	0	2,200,000	0	2,200,000	0	2,200,000	0	2,200,000	0	2,200,000	0	2,200,000	0	2,200,000	0
M90 SHARE-IAPD HIE PCMH Program	0	0	9,442,800	0	0	0	0	0	9,442,800	0	9,442,800	0	0	0	9,442,800	0	9,442,800	0
NOT REQUESTED FOR THE BIENNIUM																		
F05 OHIT Federal	0	0	115,320	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	977,942	11	17,818,434	12	8,246,977	12	8,265,096	12	17,737,068	12	17,714,761	12	8,265,379	12	17,737,351	12	17,715,044	12

Funding Sources		%		%		%		%		%		%		%		%	
Fund Balance 4000005	411,464	29.6	411,670	2.3		0	0.0	0	0.0	0	0.0	29,172	0.4	0	0.0	22,307	0.1
General Revenue 4000010	0	0.0	2,200,000	12.3		2,200,000	26.5	2,200,000	12.4	2,200,000	12.4	2,200,000	26.4	2,200,000	12.4	2,200,000	12.4
Federal Revenue 4000020	0	0.0	9,558,120	53.6		0	0.0	9,442,800	53.2	9,442,800	53.2	0	0.0	9,442,800	53.2	9,442,800	53.2
Special Revenue 4000030	978,148	70.4	5,648,644	31.7		6,094,268	73.5	6,094,268	34.4	6,094,268	34.4	6,094,551	73.2	6,094,551	34.4	6,094,551	34.3
Total Funds	1,389,612	100.0	17,818,434	100.0		8,294,268	100.0	17,737,068	100.0	17,737,068	100.0	8,323,723	100.0	17,737,351	100.0	17,759,658	100.0
Excess Appropriation/(Funding)	(411,670)		0			(29,172)		0		(22,307)		(58,344)		0		(44,614)	
Grand Total	977,942		17,818,434			8,265,096		17,737,068		17,714,761		8,265,379		17,737,351		17,715,044	

FY15 Budget for OHIT-State Match (F04) exceeds authorized due to salary and matching rate adjustments during the 2013-2015 Biennium.
 SHARE-IAPD HIE PCMH Program (M90) appropriation established through the authority of the Miscellaneous Federal Program Act.

Agency Position Usage Report

FY2012 - 2013						FY2013 - 2014						FY2014 - 2015					
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	
11	7	4	11	0	36.36 %	12	9	3	12	0	25.00 %	12	9	3	12	0	25.00 %

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.

Base Level Regular Salaries and Personal Services Matching include the continuation of the previously authorized 2015 1% Cost of Living Adjustment and Career Service payments for eligible employees. Personal Services Matching also includes a \$10 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base level salaries will not include Merit Pay Increases. The Base Level salary of unclassified positions reflects the FY15 line item maximum plus the previously authorized 1% Cost of Living Adjustment.

The Agency requests a Change Level increase of \$29,172 for each year as follows:

- Reclassification of three (3) positions, the Health Information Technology Operations & Technical Officer to a new Health Information Technical Senior Systems Specialist (HIT Senior Systems Specialist), the Systems Analyst to a Database Administrator, and the Information Systems Coordination Specialist to a new HIT Senior Systems Specialist. The reclassification from Systems Analyst to Database Administrator is requested due to the growth in the number of State Health Alliance for Records Exchange (SHARE) users and the need to create, configure, and install Structured Query Language (SQL) server databases. Knowledge of complex database systems and ability to maintain relational databases using interactive programming language such as SQL is a requirement of a Database Administrator. This reclassification will ensure efficient and effective use of staff resources as SHARE evolves. SHARE growth requires the reclassification of the Information Systems Coordinator to a HIT Senior Systems Specialist to manage and align system services such as data exchanges, data architecture, user access, and security performance statistics to ensure efficient use of the system and application. This position is responsible for development and maintenance the overall SHARE services and provide technical assistance and solutions.

The Executive Recommendation provides for two reclassifications, the Health Information Technology Operations & Technical Officer to a new HIT Senior Systems Specialist and the Information Coordination Specialist to a Systems Analyst.

Appropriation Summary

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

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	328,808	725,011	716,641	727,115	750,935	732,720	727,115	750,935	732,720
#Positions	11	12	12	12	12	12	12	12	12
Personal Services Matching 5010003	109,812	220,663	215,696	223,341	228,693	224,601	223,624	228,976	224,884
St Health Info Exch, Personal Se 5900046	539,322	5,114,640	5,114,640	5,114,640	5,114,640	5,114,640	5,114,640	5,114,640	5,114,640
Total	977,942	6,060,314	6,046,977	6,065,096	6,094,268	6,071,961	6,065,379	6,094,551	6,072,244
Funding Sources									
Fund Balance 4000005	411,464	411,670		0	0	0	29,172	0	22,307
Special Revenue 4000030	978,148	5,648,644		6,094,268	6,094,268	6,094,268	6,094,551	6,094,551	6,094,551
Total Funding	1,389,612	6,060,314		6,094,268	6,094,268	6,094,268	6,123,723	6,094,551	6,116,858
Excess Appropriation/(Funding)	(411,670)	0		(29,172)	0	(22,307)	(58,344)	0	(44,614)
Grand Total	977,942	6,060,314		6,065,096	6,094,268	6,071,961	6,065,379	6,094,551	6,072,244

FY15 Budget amounts in Regular Salaries and Personal Services Matching exceeds the authorized amount due to salary and rate adjustments during the 2013-2015 Biennium.

Change Level by Appropriation

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

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	6,065,096	12	6,065,096	100.0	6,065,379	12	6,065,379	100.0
C10	Reclass	29,172	0	6,094,268	100.5	29,172	0	6,094,551	100.5

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	6,065,096	12	6,065,096	100.0	6,065,379	12	6,065,379	100.0
C10	Reclass	6,865	0	6,071,961	100.1	6,865	0	6,072,244	100.1

Justification

C10	Agency requests a change level of \$29,172 for FY16 and FY17 for Regular Salaries and Personal Services Matching. This includes reclassification of the Systems Analyst position to a Database Administrator position and the Information Systems Coordinator Specialist position to a new Health Information Technical Senior Systems Specialist (HIT Senior Systems Specialist). The reclassification from the Systems Analyst to a Database Administrator is necessary due to the growth in the number of State Health Alliance for Records Exchange (SHARE) users and the need to create, configure, and install Structured Query Language (SQL) server databases, the Database Administrator position is required to have knowledge of complex computer data base systems and the ability to maintain relational data base systems using interactive programming language such as SQL. The reclassification of this position will ensure efficient and effective use of staff resources as SHARE continues to evolve. Growth in SHARE users requires the reclassification of the Information Systems Coordinator Specialist position to a Health Information Technical Senior Systems Specialist to manage and align system services such as data exchanges, data architecture, user access, and security performance statistics to ensure efficient use of the system and application. SHARE is now fully operational and the HIT Senior Systems Specialist position is responsible for developing and maintaining the overall services of SHARE and providing technical solutions related to managing and aligning system services. The reclassification of this position will align the job responsibilities to the specific skilled-based resources necessary for SHARE to continue to advance and grow.
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Analysis of Budget Request

Appropriation: M64 - OHIT - State Operations

Funding Sources: HUA - Miscellaneous Agencies Fund

This appropriation was authorized during the 2014 Fiscal Session. It provides for personal services, and operating expenses of the State Health Alliance for Records Exchange (SHARE) and the Office of Health Information Technology.

Funding is derived from General Revenue.

The Agency requests Base Level appropriation for the 2015-2017 Biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: M64 - OHIT - State Operations

Funding Sources: HUA - Miscellaneous Agencies Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item	Historical Data			2015-2016			2016-2017		
	2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
St Hlth Info Exch Pers svcs & Op. 5900046	0	2,200,000	2,200,000	2,200,000	2,200,000	2,200,000	2,200,000	2,200,000	2,200,000
Total	0	2,200,000	2,200,000	2,200,000	2,200,000	2,200,000	2,200,000	2,200,000	2,200,000
Funding Sources									
General Revenue 4000010	0	2,200,000		2,200,000	2,200,000	2,200,000	2,200,000	2,200,000	2,200,000
Total Funding	0	2,200,000		2,200,000	2,200,000	2,200,000	2,200,000	2,200,000	2,200,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	0	2,200,000		2,200,000	2,200,000	2,200,000	2,200,000	2,200,000	2,200,000

Appropriation was established during the 2014 Fiscal Session.

Analysis of Budget Request

Appropriation: M90 - SHARE-IAPD HIE PCMH Program

Funding Sources: FHT - Federal

This appropriation was established through the authority of the Miscellaneous Federal Grant Holding Account during the 2013-2015 biennium. The agency received funding from the Centers for Medicare and Medicaid Services (CMS). The Health Information Exchange (HIE) through the Office of Health Information Technology, will assist to ensure a successful implementation of the State Health Alliance for Records Exchange (SHARE) for all hospitals and primary care providers participating in the Patient Centered Medical Home (PCMH) program.

The agency requests a Change Level increase of \$9,442,800 each year as follows:

- increase in Professional Fees of \$9,442,800 each year for implementation of the State Health Alliance for Records Exchange (SHARE) for all hospitals and primary care providers participating in the Patient Centered Medical Home (PCMH) program.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: M90 - SHARE-IAPD HIE PCMH Program

Funding Sources: FHT - Federal

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2015-2016			2016-2017		
		2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	0	0	0	0	0	0	0	0	0
Conference & Travel Expenses	5050009	0	0	0	0	0	0	0	0	0
Professional Fees	5060010	0	9,442,800	0	0	9,442,800	9,442,800	0	9,442,800	9,442,800
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Total		0	9,442,800	0	0	9,442,800	9,442,800	0	9,442,800	9,442,800
Funding Sources										
Federal Revenue	4000020	0	9,442,800		0	9,442,800	9,442,800	0	9,442,800	9,442,800
Total Funding		0	9,442,800		0	9,442,800	9,442,800	0	9,442,800	9,442,800
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		0	9,442,800		0	9,442,800	9,442,800	0	9,442,800	9,442,800

Appropriation was established through the authority of the Miscellaneous Federal Program Act.

Change Level by Appropriation

Appropriation: M90 - SHARE-IAPD HIE PCMH Program
Funding Sources: FHT - Federal

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	0	0	0	0.0	0	0	0	0.0
C01	Existing Program	9,442,800	0	9,442,800	100.0	9,442,800	0	9,442,800	100.0

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	0	0	0	0.0	0	0	0	0.0
C01	Existing Program	9,442,800	0	9,442,800	100.0	9,442,800	0	9,442,800	100.0

Justification

C01	The Office of Health Information (OHIT) and the Arkansas Department of Human Services (DHS) received approval of Arkansas' Health Information Technology (HIT) Implementation Advance Planning Document (IAPD) from the Department of Health & Human Services Centers for Medicare and Medicaid Services (CMS). These federal funds will be used to assist in Health Information Exchange (HIE) onboarding service activities that will enable Medicaid providers to exchange health information through SHARE for all hospitals and primary care providers participating in the Patient Centered Medical Home program (PCMH). The IAPD provides funding through performance based standards and it is anticipated that funding will continue through fiscal year 2017.
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Appropriation Summary

Appropriation: F05 - OHIT Federal

Funding Sources: FHT - Federal

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Grants and Aid 5100004	0	115,320	0	0	0	0	0	0	0
Capital Outlay 5120011	0	0	0	0	0	0	0	0	0
HIT Expenses & Grants 5900046	0	0	0	0	0	0	0	0	0
Total	0	115,320	0	0	0	0	0	0	0
Funding Sources									
Federal Revenue 4000020	0	115,320		0	0	0	0	0	0
Total Funding	0	115,320		0	0	0	0	0	0
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	0	115,320		0	0	0	0	0	0

Appropriation was established through the authority of the Miscellaneous Federal Program Act.

APPROPRIATION NOT REQUESTED FOR THE 2015-2017 BIENNIUM.

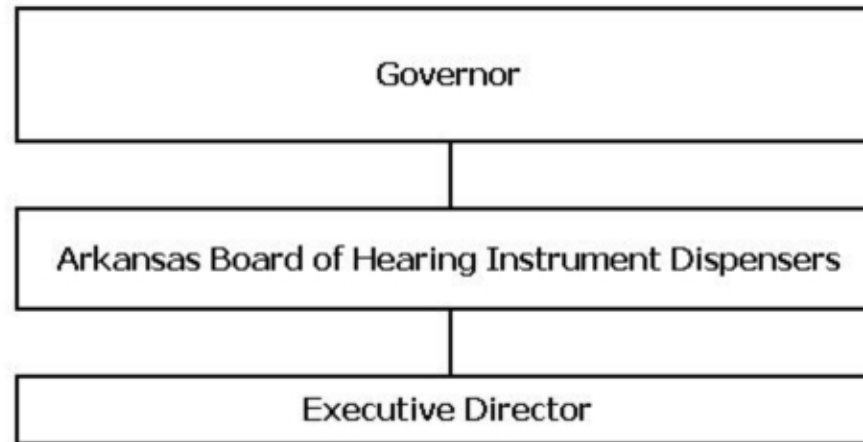
AR BOARD OF HEARING INSTRUMENT DISPENSERS

Enabling Laws

Act 63 of 2014
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 2015-2017 Biennium. 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, 2012

Findings	Recommendations
None	None

State Contracts Over \$50,000 Awarded To Minority Owned Businesses Fiscal Year 2014

None

Cash Fund Balance Description as of June 30, 2014

Fund Account	Balance	Type	Location
3160000	\$56,906	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 June and September.

Fund Balance Utilization:

Fund balance each year is carried forward to support the Board's operating budget.

Fund Account	Balance	Type	Location
PHA0000	\$9,859	Payroll	State Treasury

Statutory/Other Restrictions on use:

None

Statutory Provisions for Fees, Fines, Penalties:

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

Revenue Receipts Cycle:

Funds transferred from Operating Account - 3160000 as required to process payroll obligations.

Fund Balance Utilization:

Fund balance is carried forward to process payroll related expenses for the following year.

Publications

A.C.A. 25-1-201 et seq.

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution	Unbound Black & White Copies Produced During the Last Two Years	Cost of Unbound Copies Produced During the Last Two Years
		Governor	General Assembly				
Rules & Regulations	A.C.A. §17-84-203	N	N	1	Required to distribute to licensees when changes occur.	0	0.00

Agency Position Usage Report

FY2012 - 2013						FY2013 - 2014					FY2014 - 2015						
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 %	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.

The Board is requesting Base Level of \$27,594 each year.

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		
	2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	2015-2016			2016-2017		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Extra Help 5010001	9,690	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000
#Extra Help	1	1	1	1	1	1	1	1	1
Personal Services Matching 5010003	745	1,071	1,071	1,079	1,079	1,079	1,079	1,079	1,079
Operating Expenses 5020002	8,148	12,165	12,165	12,165	12,165	12,165	12,165	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
Total	18,583	27,586	27,586	27,594	27,594	27,594	27,594	27,594	27,594
Funding Sources									
Fund Balance 4000005	60,076	66,765		66,280	66,280	66,280	66,280	66,280	66,280
Cash Fund 4000045	25,272	27,101		27,594	27,594	27,594	27,594	27,594	27,594
Total Funding	85,348	93,866		93,874	93,874	93,874	93,874	93,874	93,874
Excess Appropriation/(Funding)	(66,765)	(66,280)		(66,280)	(66,280)	(66,280)	(66,280)	(66,280)	(66,280)
Grand Total	18,583	27,586		27,594	27,594	27,594	27,594	27,594	27,594

STATE INSURANCE DEPARTMENT

Enabling Laws

Act 276 of 2014
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.

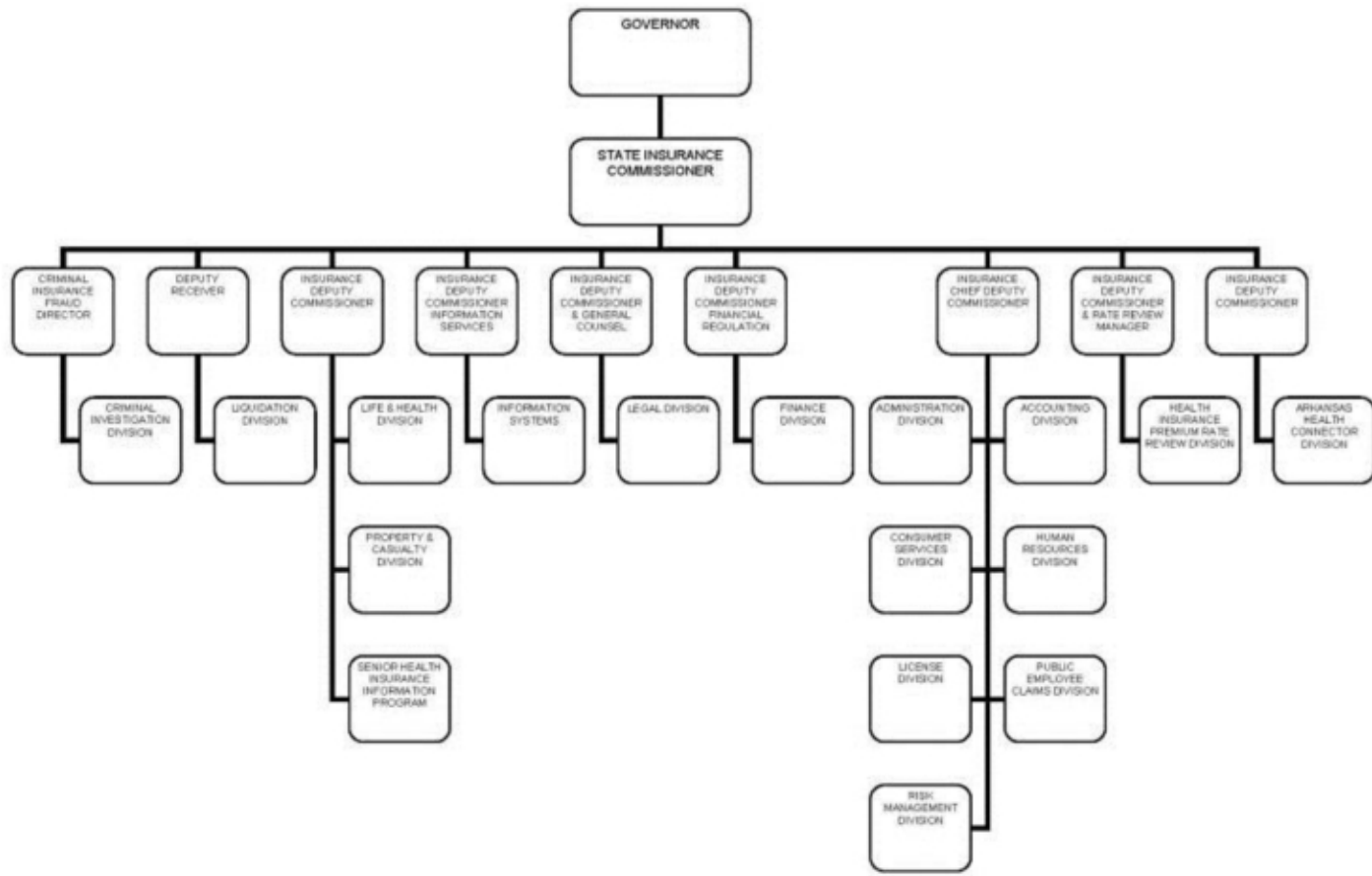
History and Organization

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 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 nine federal grants Health Information Counseling and MIPPA-2 for senior citizens on Medicare, Health Insurance Premium Rate Review Cycle II and Cycle III and Cooperative Agreement Level One and Level One "B" thru Level One "E".

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. \$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. \$187,278 in FY16 and \$216,356 in FY17 is to cover increase in office space rent. Rent throughout the term of lease escalates but department did not request increase in rent during the last two biennium budget cycles. \$200,000 for FY16 in Capital Outlay is requested to purchase two generators and an additional \$4,000 each year for annual maintenance of generators. During the last 24 months AID lost power six times. The backup battery lasts 45 minutes. Once exhausted, the system will have a hard shutdown. Restoration for a hard shutdown ranges from 4 to 6 hours. Additional \$27,600 each year is for network services to establish off-site backup support for data. \$30,000 each year is needed for annual maintenance on Department's new imaging system. \$228,000 is requested to provide for technology and data processing services for IT operations to assist in rewrite of 70+ in-house applications that is indicated in the Department's IT plan that has been submitted to DFA - Office of State Technology Planning.

The Department is requesting the reclassification of one (1) position: Attorney Specialist, Grade C126 to Managing Attorney, Grade C129.

The Fraud Investigation Unit requests the addition of \$29,438 in FY16 and \$32,421 in FY17 to cover increase in office space rent.

The Prepaid Funeral Benefits Division is requesting one (1) new position of Audit Coordinator, Grade C122, to monitor funeral homes and to assist in financial audits.

The Public Employee Claims Section requests an additional \$17,400 in FY16 and \$18,722 in FY17 to cover increase in office space rent.

In the appropriation for State Employee Claims, an additional \$500,000 each year is requested to assure sufficient resources are available to process all workers' compensation claims for State employees.

The establishment of a Level One Cooperative Agreement-Federal appropriation combining various federal grants (Level One "B", Level One "C", Level One "D" and Level One "E") and their supporting operations with a restoration of twenty-one (21) positions and appropriation approved by Miscellaneous Federal Grant June of 2014.

The establishment of a Health Insurance Premium Rate Review-Federal appropriation combining federal grants approved by Miscellaneous Federal Grant for Cycle III Rate Review in June 2014 and their supporting operations.

The restoration of appropriation approved by Miscellaneous Federal Grant in June of 2014 for the MIPPA-2 Medicare - Federal appropriation.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
STATE INSURANCE DEPARTMENT
FOR THE YEAR ENDED JUNE 30, 2012

Findings

Recommendations

None

None

State Contracts Over \$50,000 Awarded To Minority Owned Businesses Fiscal Year 2014

None

Employment Summary

	Male	Female	Total	%
White Employees	55	86	141	75 %
Black Employees	7	35	42	22 %
Other Racial Minorities	0	5	5	3 %
Total Minorities			47	25 %
Total Employees			188	100 %

Publications

A.C.A. 25-1-201 et seq.

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution	Unbound Black & White Copies Produced During the Last Two Years	Cost of Unbound Copies Produced During the Last Two Years
		Governor	General Assembly				
Annual Report	A.C.A. 23-61-112	Y	N	120	Required for the Governor and provided to others upon request. (Also available online.)	150	20.00

Department Appropriation Summary

Historical Data

Agency Request and Executive Recommendation

Appropriation	2013-2014		2014-2015		2014-2015		2015-2016					2016-2017						
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
1QA AMAIT - Operations	6,669,817	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	11,015,658	128	12,186,716	134	12,452,948	136	12,311,384	136	13,143,262	136	12,633,662	136	12,314,531	136	12,975,487	136	12,665,887	136
2SX Fraud Investigation Unit	343,355	4	365,426	4	363,969	4	368,322	4	397,760	4	397,760	4	368,322	4	400,743	4	400,743	4
2SY Insurance Fraud Investigation Division	892,265	11	1,015,689	11	1,028,363	11	1,023,740	11	1,023,740	11	1,023,740	11	1,023,740	11	1,023,740	11	1,023,740	11
2SZ Prepaid Funeral Benefits Division	275,215	4	341,531	4	379,720	4	343,794	4	399,394	5	399,394	5	343,918	4	399,518	5	399,518	5
2TA Continuing Education Program	4,920	0	35,960	1	35,764	1	36,080	1	36,080	1	36,080	1	36,080	1	36,080	1	36,080	1
2TB State Employee Claims	14,843,808	0	16,000,000	0	16,000,000	0	16,000,000	0	16,500,000	0	16,500,000	0	16,000,000	0	16,500,000	0	16,500,000	0
2TC Governmental Bonding Board Operations	522,042	0	4,104,855	0	4,104,855	0	4,104,855	0	4,104,855	0	4,104,855	0	4,104,855	0	4,104,855	0	4,104,855	0
2TD Public Employees Claims Section	1,565,613	23	1,582,122	23	1,559,352	23	1,597,391	23	1,614,791	23	1,614,791	23	1,597,636	23	1,616,358	23	1,616,358	23
2TE Health Information Counseling	536,037	6	918,344	6	921,647	6	920,836	6	920,836	6	920,836	6	921,572	6	921,572	6	921,572	6
2TF Refunds of Overpayments	2,419,574	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	135,268	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	19,499	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	26,805	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	8,676	0	79,005	0	97,546	0	79,005	0	79,005	0	79,005	0	79,005	0	79,005	0	79,005	0
2TM Travel & Subsistence-Cash	35,235	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	10,918	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	133,782	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	6,353,934	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
8SP Rate Review-Federal*	539,333	5	5,842,852	3	3,246,738	5	3,109,699	3	5,845,413	3	5,845,413	3	3,109,699	3	5,845,413	3	5,845,413	3
F08 Level One Cooperative Agreement*	25,812,395	25	39,781,606	31	7,581,430	7	7,595,584	7	39,589,489	28	39,589,489	28	7,595,584	7	39,590,227	28	39,590,227	28
M52 Medicare - MIPPA - 2	131,065	0	320,850	0	0	0	0	0	320,850	0	320,850	0	0	0	320,850	0	320,850	0
NOT REQUESTED FOR THE BIENNIIUM																		
F51 Consumer Assistance Program B	149,764	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	72,444,978	207	119,549,956	217	84,747,332	197	84,465,690	195	120,950,475	217	120,440,875	217	84,469,942	195	120,788,848	217	120,479,248	217

Funding Sources		%		%		%		%		%		%		%		%		%
Fund Balance	4000005	76,142,708	47.3	88,383,845	44.4	61,977,774	41.6	61,977,774	33.6	61,977,774	33.6	64,514,757	42.6	63,597,841	34.2	64,107,441	34.4	
Federal Revenue	4000020	27,168,594	16.9	46,863,652	23.5	11,626,119	7.8	46,676,588	25.3	46,676,588	25.3	11,626,855	7.7	46,678,062	25.1	46,678,062	25.0	
Special Revenue	4000030	24,757,258	15.4	18,395,399	9.2	18,665,713	12.5	18,683,113	10.1	18,683,113	10.1	18,665,958	12.3	18,684,680	10.0	18,684,680	10.0	
Cash Fund	4000045	170,408	0.1	208,056	0.1	225,000	0.2	225,000	0.1	225,000	0.1	225,000	0.1	225,000	0.1	225,000	0.1	
Trust Fund	4000050	15,144,901	9.4	17,000,000	8.5	28,104,855	18.9	28,104,855	15.2	28,104,855	15.2	28,104,855	18.6	28,104,855	15.1	28,104,855	15.1	
Miscellaneous Revolving	4000350	2,601,146	1.6	12,250,000	6.2	12,250,000	8.2	12,250,000	6.6	12,250,000	6.6	12,250,000	8.1	12,250,000	6.6	12,250,000	6.6	

Funding Sources		%		%		%		%		%		%		%		%		
Workers' Comp Revolving	4000735	14,843,808	9.2	16,000,000	8.0		16,000,000	10.7	16,500,000	8.9	16,500,000	8.9	16,000,000	10.6	16,500,000	8.9	16,500,000	8.8
Total Funds		160,828,823	100.0	199,100,952	100.0		148,849,461	100.0	184,417,330	100.0	184,417,330	100.0	151,387,425	100.0	186,040,438	100.0	186,550,038	100.0
Excess Appropriation/(Funding)		(88,383,845)		(79,550,996)			(64,383,771)		(63,466,855)		(63,976,455)		(66,917,483)		(65,251,590)		(66,070,790)	
Grand Total		72,444,978		119,549,956			84,465,690		120,950,475		120,440,875		84,469,942		120,788,848		120,479,248	

Beginning Fund Balance for 2SW in 2015-2016 is reduced to \$38,426,208, which is the total of 3 previous years' budgets, as specified in A.C.A 23-61-710(c).

Variances in fund balance due to unfunded appropriation in 2TK and 2SY.

FY15 Budget amounts for 2SX, 2TA and 2TD exceeds the Authorized amount due to salary and matching rate adjustments during the 2013-2015 Biennium.

FY15 Budget amounts for 85P, F08, and M52 exceeds Authorized amount due to the addition of Appropriations established through the authority of the Miscellaneous Federal Program Act.

*Level One Cooperative Agreement-Federal (F08), combines Phases B-E approved as Miscellaneous Federal Grant into Level One Cooperative Agreement A.

*Rate Review – Federal (85P) combines Federal and Health Insurance Rate Review Cycle III approved as a Miscellaneous Federal Grant into Health Insurance Premium Rate Review – Federal.

Agency Position Usage Report

FY2012 - 2013						FY2013 - 2014						FY2014 - 2015					
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	
194	177	23	200	-6	8.76 %	198	191	26	217	-19	3.54 %	198	193	24	217	-19	2.53 %

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.

Agency Request provides for Base Level of \$10,000,000 each year of the biennium.

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		Historical Data			2015-2016			2016-2017		
		2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
AMAIT	5900046	6,669,817	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		6,669,817	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	15,847,010	16,241,961		14,741,961	14,741,961	14,741,961	14,741,961	14,741,961	14,741,961
Trust Fund	4000050	7,064,768	8,500,000		10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000
Total Funding		22,911,778	24,741,961		24,741,961	24,741,961	24,741,961	24,741,961	24,741,961	24,741,961
Excess Appropriation/(Funding)		(16,241,961)	(14,741,961)		(14,741,961)	(14,741,961)	(14,741,961)	(14,741,961)	(14,741,961)	(14,741,961)
Grand Total		6,669,817	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 Regular Salaries and Personal Services Matching include continuation of the previously authorized 2015 1% Cost of Living Adjustment and Career Service Payments for eligible employees. Personal Services Matching also includes a \$10 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for Merit Pay Increases. The Base Level salary of unclassified positions reflects the FY2015 line item maximum plus the previously authorized 2015 1% Cost of Living Adjustment.

Base Level is \$12,311,384 in FY2016 and \$12,314,531 in FY2017.

Agency Request totals \$831,878 in FY2016 and \$660,956 in FY2017, and include the following:

- Reclassification request of one (1) position, an Attorney Specialist (C126) to Managing Attorney (C129). This reclassification results in no additional cost in salary and personal services matching for the biennium.
- Operating Expenses of \$394,878 in FY2016 and \$423,956 in FY2017 is requested for rent increases, to contract a Database administrator to engineer a new database integrating 70+ in-house application rewrites, for maintenance of the Department's new imaging system, additional data backup support at State Data Center-West and annual maintenance on requested generators.
- Professional Fees of \$82,000 each year of the biennium to contract a technical writer to assist IT programming staff rewrite more than seventy (70) in-house applications.
- Capital Outlay totaling \$355,000 in FY2016 and \$155,000 in FY2017 which includes the following: Purchase of two backup generators for the Department's IT Division, scheduled upgrades and replacement of IT equipment in accordance with the Departments IT plan submitted with the Office of State Technology Planning, and replacement of non-IT equipment.

The Executive Recommendation provides for Base Level with the addition of the following:

- Operating Expenses of \$187,278 in FY2016 and \$216,356 in FY2017 to cover rent increases.
- Capital Outlay of \$135,000 each year of the biennium to continue scheduled upgrades and replacement of IT equipment in accordance with the Department's IT plan.

Appropriation Summary

Appropriation: 2SW - Insurance-State Operations
Funding Sources: TSI - State Insurance Department Trust Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	2015-2016			2016-2017		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	6,251,191	6,727,726	6,976,293	6,933,543	6,933,543	6,933,543	6,935,643	6,935,643	6,935,643
#Positions		128	134	136	136	136	136	136	136	136
Extra Help	5010001	74,480	140,000	140,000	140,000	140,000	140,000	140,000	140,000	140,000
#Extra Help		8	19	19	19	19	19	19	19	19
Personal Services Matching	5010003	2,110,087	2,209,990	2,227,655	2,283,841	2,283,841	2,283,841	2,284,888	2,284,888	2,284,888
Overtime	5010006	2,606	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000
Operating Expenses	5020002	2,013,086	2,185,000	2,185,000	2,185,000	2,579,878	2,372,278	2,185,000	2,608,956	2,401,356
Conference & Travel Expenses	5050009	85,210	138,000	138,000	138,000	138,000	138,000	138,000	138,000	138,000
Professional Fees	5060010	15,676	60,000	60,000	60,000	142,000	60,000	60,000	142,000	60,000
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	244,399	155,000	155,000	0	355,000	135,000	0	155,000	135,000
Special Maintenance	5120032	1,069	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Professional Services	5900043	217,854	486,000	486,000	486,000	486,000	486,000	486,000	486,000	486,000
Total		11,015,658	12,186,716	12,452,948	12,311,384	13,143,262	12,633,662	12,314,531	12,975,487	12,665,887
Funding Sources										
Fund Balance	4000005	42,662,906	53,186,146		38,426,208	38,426,208	38,426,208	41,114,824	40,282,946	40,792,546
Special Revenue	4000030	21,538,898	15,000,000		15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000
Total Funding		64,201,804	68,186,146		53,426,208	53,426,208	53,426,208	56,114,824	55,282,946	55,792,546
Excess Appropriation/(Funding)		(53,186,146)	(55,999,430)		(41,114,824)	(40,282,946)	(40,792,546)	(43,800,293)	(42,307,459)	(43,126,659)
Grand Total		11,015,658	12,186,716		12,311,384	13,143,262	12,633,662	12,314,531	12,975,487	12,665,887

Beginning Fund Balance for 2015-2016 is reduced to \$38,426,208, 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		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	12,311,384	136	12,311,384	100.0	12,314,531	136	12,314,531	100.0
C01	Existing Program	207,278	0	12,518,662	101.7	236,356	0	12,550,887	101.9
C08	Technology	624,600	0	13,143,262	106.8	424,600	0	12,975,487	105.4
C10	Reclass	0	0	13,143,262	106.8	0	0	12,975,487	105.4

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	12,311,384	136	12,311,384	100.0	12,314,531	136	12,314,531	100.0
C01	Existing Program	187,278	0	12,498,662	101.5	216,356	0	12,530,887	101.8
C08	Technology	135,000	0	12,633,662	102.6	135,000	0	12,665,887	102.9
C10	Reclass	0	0	12,633,662	102.6	0	0	12,665,887	102.9

Justification

C01	Requesting Capital Outlay of \$20,000 each year for replacement of Non-IT equipment; an additional \$187,278 in FY16 and \$216,356 in FY17 to cover office space rent increase per ABA lease. We did not request increase in rent in the previous two biennium budgets.
C08	Requesting Capital Outlay \$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; Additional \$27,600 each year in network services provide for data backup support at State Data Center-West to address continuity inadequacies. Additional \$30,000 each year to purchase annual maintenance for Departments new imaging system. \$146,000 each year for miscellaneous technical services to hire a Database Administrator provided through Arkansas IT Staff Augmentation state contract with goal of architecting new databases migrating to 70+ application rewrites; \$82,000 each year for Data Processing Services to hire Technical Writer to assist IS programming staff with requirements gathering and documentation during rewrite of 70+ in-house applications as provided through the Arkansas IT Staff Augmentation State contract; Capital Outlay FY16 \$200,000 to purchase two backup generators for Department IT Division. Additional \$4,000 each year provide for annual maintenance for generators. During the last 24 months AID lost power six times. Backup battery last 45 minutes and once exhausted system will have a hard shutdown. Restoration for hard shutdowns range from 4-6 hours. During that time AID staff unable to communicate by computer with insurance industry and Arkansas insurance consumers. Backup generators would allow AID support systems to function with little to no interruptions.
C10	Reclassification requested for one (1) position of Attorney Specialist, Grade C126, to Managing Attorney, Grade C129.

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 continuation of the previously authorized 2015 1% Cost of Living Adjustment and Career Service Payments for eligible employees. Personal Services Matching also includes a \$10 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for Merit Pay Increases.

Base Level is \$368,322 in each year of the biennium.

The Agency Request provides for \$29,438 in FY2016 and \$32,421 in FY2017 for Operating Expenses to cover rent increases.

The Executive Recommendation provides for the Agency Request.

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			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	2015-2016			2016-2017		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	199,894	189,141	189,140	191,107	191,107	191,107	191,107	191,107	191,107
#Positions		4	4	4	4	4	4	4	4	4
Personal Services Matching	5010003	65,408	62,879	61,423	63,809	63,809	63,809	63,809	63,809	63,809
Operating Expenses	5020002	78,053	90,406	90,406	90,406	119,844	119,844	90,406	122,827	122,827
Conference & Travel Expenses	5050009	0	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
Total		343,355	365,426	363,969	368,322	397,760	397,760	368,322	400,743	400,743
Funding Sources										
Fund Balance	4000005	330,984	472,540		472,540	472,540	472,540	472,540	443,102	443,102
Special Revenue	4000030	484,911	365,426		368,322	368,322	368,322	368,322	368,322	368,322
Total Funding		815,895	837,966		840,862	840,862	840,862	840,862	811,424	811,424
Excess Appropriation/(Funding)		(472,540)	(472,540)		(472,540)	(443,102)	(443,102)	(472,540)	(410,681)	(410,681)
Grand Total		343,355	365,426		368,322	397,760	397,760	368,322	400,743	400,743

FY15 Budget amount in Regular Salaries and Personal Services Matching exceeds the authorized amount due to salary and matching rate adjustments during the 2013-2015 Biennium.

Change Level by Appropriation

Appropriation: 2SX - Fraud Investigation Unit
Funding Sources: TSI - State Insurance Department Trust Fund

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	368,322	4	368,322	100.0	368,322	4	368,322	100.0
C01	Existing Program	29,438	0	397,760	108.0	32,421	0	400,743	108.8

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	368,322	4	368,322	100.0	368,322	4	368,322	100.0
C01	Existing Program	29,438	0	397,760	108.0	32,421	0	400,743	108.8

Justification

C01	Requesting additional FY16 \$29,438 and FY17 \$32,421 to cover increase in office space rent per ABA lease.
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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 continuation of the previously authorized 2015 1% Cost of Living Adjustment and Career Service Payments for eligible employees. Personal Services Matching also includes a \$10 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for Merit Pay Increases.

Agency Request provides for Base Level of \$1,023,740 each year of the biennium.

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

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		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	2015-2016			2016-2017		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	591,337	589,331	603,431	594,810	594,810	594,810	594,810	594,810	594,810
#Positions		11	11	11	11	11	11	11	11	11
Personal Services Matching	5010003	194,436	188,723	187,297	191,295	191,295	191,295	191,295	191,295	191,295
Operating Expenses	5020002	101,503	191,635	191,635	191,635	191,635	191,635	191,635	191,635	191,635
Conference & Travel Expenses	5050009	4,798	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000
Professional Fees	5060010	191	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
Total		892,265	1,015,689	1,028,363	1,023,740	1,023,740	1,023,740	1,023,740	1,023,740	1,023,740
Funding Sources										
Fund Balance	4000005	838,669	612,448		221,759	221,759	221,759	0	0	0
Special Revenue	4000030	666,044	625,000		750,000	750,000	750,000	750,000	750,000	750,000
Total Funding		1,504,713	1,237,448		971,759	971,759	971,759	750,000	750,000	750,000
Excess Appropriation/(Funding)		(612,448)	(221,759)		51,981	51,981	51,981	273,740	273,740	273,740
Grand Total		892,265	1,015,689		1,023,740	1,023,740	1,023,740	1,023,740	1,023,740	1,023,740

FY15 Budget amount in Personal Services Matching exceeds the authorized amount due to matching rate adjustments during the 2013-2015 Biennium.

Expenditure of appropriation is contingent upon available funding.

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 Regular Salaries and Personal Services Matching include continuation of the previously authorized 2015 1% Cost of Living Adjustment and Career Service Payments for eligible employees. Personal Services Matching also includes a \$10 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for Merit Pay Increases.

Base Level Request is \$343,794 in FY2016 and \$343,918 in FY2017.

The Agency Request provides for Regular Salaries and Personal Service Matching of \$55,600 each year of the biennium for one (1) new position, Audit Coordinator (C122). The Audit Coordinator would assist two (2) existing Senior Auditors complete audits in a timely manner under the increasing monitoring requirements for funeral homes.

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			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	2015-2016			2016-2017		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	194,096	178,656	211,067	180,108	221,267	221,267	180,208	221,367	221,367
#Positions		4	4	4	4	5	5	4	5	5
Personal Services Matching	5010003	63,384	60,485	66,263	61,296	75,737	75,737	61,320	75,761	75,761
Operating Expenses	5020002	13,897	71,390	71,390	71,390	71,390	71,390	71,390	71,390	71,390
Conference & Travel Expenses	5050009	3,838	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
Total		275,215	341,531	379,720	343,794	399,394	399,394	343,918	399,518	399,518
Funding Sources										
Fund Balance	4000005	895,137	1,000,097		958,566	958,566	958,566	914,772	859,172	859,172
Special Revenue	4000030	380,175	300,000		300,000	300,000	300,000	300,000	300,000	300,000
Total Funding		1,275,312	1,300,097		1,258,566	1,258,566	1,258,566	1,214,772	1,159,172	1,159,172
Excess Appropriation/(Funding)		(1,000,097)	(958,566)		(914,772)	(859,172)	(859,172)	(870,854)	(759,654)	(759,654)
Grand Total		275,215	341,531		343,794	399,394	399,394	343,918	399,518	399,518

Change Level by Appropriation

Appropriation: 2SZ - Prepaid Funeral Benefits Division
Funding Sources: TIP - State Insurance Department Prepaid Trust Fund

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	343,794	4	343,794	100.0	343,918	4	343,918	100.0
C01	Existing Program	55,600	1	399,394	116.2	55,600	1	399,518	116.2

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	343,794	4	343,794	100.0	343,918	4	343,918	100.0
C01	Existing Program	55,600	1	399,394	116.2	55,600	1	399,518	116.2

Justification

C01	Requesting one (1) new position, Audit Coordinator, Grade C122, due to additional requirements in the monitoring of funeral homes and to assist two current Senior Auditors in completing audits in a timely manner.
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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 continuation of the previously authorized 2015 1% Cost of Living Adjustment and Career Service Payments for eligible employees. Personal Services Matching also includes a \$10 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for Merit Pay Increases.

Agency Request provides for Base Level of \$36,080 each year of the biennium.

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			2015-2016			2016-2017		
		2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	0	25,268	25,268	25,268	25,268	25,268	25,268	25,268	25,268
#Positions		0	1	1	1	1	1	1	1	1
Personal Services Matching	5010003	4,920	10,692	10,496	10,812	10,812	10,812	10,812	10,812	10,812
Total		4,920	35,960	35,764	36,080	36,080	36,080	36,080	36,080	36,080
Funding Sources										
Fund Balance	4000005	1,268,647	1,382,750		1,486,790	1,486,790	1,486,790	1,600,710	1,600,710	1,600,710
Special Revenue	4000030	119,023	140,000		150,000	150,000	150,000	150,000	150,000	150,000
Total Funding		1,387,670	1,522,750		1,636,790	1,636,790	1,636,790	1,750,710	1,750,710	1,750,710
Excess Appropriation/(Funding)		(1,382,750)	(1,486,790)		(1,600,710)	(1,600,710)	(1,600,710)	(1,714,630)	(1,714,630)	(1,714,630)
Grand Total		4,920	35,960		36,080	36,080	36,080	36,080	36,080	36,080

FY15 Budget amount in Personal Services Matching exceeds the authorized amount due to matching rate adjustments during the 2013-2015 Biennium.

Analysis of Budget Request

Appropriation: 2TB - State Employee Claims

Funding Sources: TUV - 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 \$16,000,000 each year of the biennium.

Agency Request provides \$500,000 each year of the biennium to ensure 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	2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Claims 5110015	14,843,808	16,000,000	16,000,000	16,000,000	16,500,000	16,500,000	16,000,000	16,500,000	16,500,000
Total	14,843,808	16,000,000	16,000,000	16,000,000	16,500,000	16,500,000	16,000,000	16,500,000	16,500,000
Funding Sources									
Workers' Comp Revolving 4000735	14,843,808	16,000,000		16,000,000	16,500,000	16,500,000	16,000,000	16,500,000	16,500,000
Total Funding	14,843,808	16,000,000		16,000,000	16,500,000	16,500,000	16,000,000	16,500,000	16,500,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	14,843,808	16,000,000		16,000,000	16,500,000	16,500,000	16,000,000	16,500,000	16,500,000

Change Level by Appropriation

Appropriation: 2TB - State Employee Claims
Funding Sources: TUV - Workers' Compensation Revolving Fund

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	16,000,000	0	16,000,000	100.0	16,000,000	0	16,000,000	100.0
C01	Existing Program	500,000	0	16,500,000	103.1	500,000	0	16,500,000	103.1

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	16,000,000	0	16,000,000	100.0	16,000,000	0	16,000,000	100.0
C01	Existing Program	500,000	0	16,500,000	103.1	500,000	0	16,500,000	103.1

Justification

C01	Requesting additional \$500,000 each year to ensure 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.

Agency Request provides for Base Level of \$4,104,855 each year of the biennium.

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		
	2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	2015-2016			2016-2017		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses 5020002	84	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	10,927	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
Claims 5110015	511,031	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	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
Total	522,042	4,104,855	4,104,855	4,104,855	4,104,855	4,104,855	4,104,855	4,104,855	4,104,855
Funding Sources									
Fund Balance 4000005	3,814,176	4,138,301		533,446	533,446	533,446	533,446	533,446	533,446
Trust Fund 4000050	846,167	500,000		4,104,855	4,104,855	4,104,855	4,104,855	4,104,855	4,104,855
Total Funding	4,660,343	4,638,301		4,638,301	4,638,301	4,638,301	4,638,301	4,638,301	4,638,301
Excess Appropriation/(Funding)	(4,138,301)	(533,446)		(533,446)	(533,446)	(533,446)	(533,446)	(533,446)	(533,446)
Grand Total	522,042	4,104,855		4,104,855	4,104,855	4,104,855	4,104,855	4,104,855	4,104,855

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 Regular Salaries and Personal Services Matching include continuation of the previously authorized 2015 1% Cost of Living Adjustment and Career Service Payments for eligible employees. Personal Services Matching also includes a \$10 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for Merit Pay Increases.

Base Level is \$1,597,391 in FY2016 and \$1,597,636 in FY2017

The Agency Request provides for Operating Expenses of \$17,400 in FY2016 and \$18,722 in FY2017 to cover rent increases.

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	2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	2015-2016			2016-2017		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	1,015,022	987,262	974,837	997,445	997,445	997,445	997,645	997,645	997,645
#Positions	23	23	23	23	23	23	23	23	23
Personal Services Matching 5010003	349,718	338,651	328,306	343,737	343,737	343,737	343,782	343,782	343,782
Operating Expenses 5020002	193,669	242,209	242,209	242,209	259,609	259,609	242,209	260,931	260,931
Conference & Travel Expenses 5050009	6,204	13,000	13,000	13,000	13,000	13,000	13,000	13,000	13,000
Professional Fees 5060010	1,000	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
Total	1,565,613	1,582,122	1,559,352	1,597,391	1,614,791	1,614,791	1,597,636	1,616,358	1,616,358
Funding Sources									
Special Revenue 4000030	1,565,613	1,582,122		1,597,391	1,614,791	1,614,791	1,597,636	1,616,358	1,616,358
Total Funding	1,565,613	1,582,122		1,597,391	1,614,791	1,614,791	1,597,636	1,616,358	1,616,358
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	1,565,613	1,582,122		1,597,391	1,614,791	1,614,791	1,597,636	1,616,358	1,616,358

FY15 Budget amount in Regular Salaries and Personal Services Matching exceeds the authorized amount due to salary and matching rate adjustments during the 2013-2015 Biennium.

Change Level by Appropriation

Appropriation: 2TD - Public Employees Claims Section
Funding Sources: HUA - Miscellaneous Agencies Fund

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	1,597,391	23	1,597,391	100.0	1,597,636	23	1,597,636	100.0
C01	Existing Program	17,400	0	1,614,791	101.1	18,722	0	1,616,358	101.2

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	1,597,391	23	1,597,391	100.0	1,597,636	23	1,597,636	100.0
C01	Existing Program	17,400	0	1,614,791	101.1	18,722	0	1,616,358	101.2

Justification

C01	Requesting additional FY16 \$17,400 and FY17 \$18,722 to cover increase in office space rent per ABA lease.
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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 continuation of the previously authorized 2015 1% Cost of Living Adjustment and Career Service Payments for eligible employees. Personal Services Matching also includes a \$10 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for Merit Pay Increases.

The Agency Request provides for Base Level of \$920,836 in FY2016 and \$921,572 in FY2017.

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		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	2015-2016			2016-2017		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	147,121	202,176	206,156	203,617	203,617	203,617	204,217	204,217	204,217
#Positions		6	6	6	6	6	6	6	6	6
Personal Services Matching	5010003	58,043	75,696	75,019	76,747	76,747	76,747	76,883	76,883	76,883
Operating Expenses	5020002	117,845	284,063	284,063	284,063	284,063	284,063	284,063	284,063	284,063
Conference & Travel Expenses	5050009	0	0	0	0	0	0	0	0	0
Professional Fees	5060010	213,028	356,409	356,409	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
Total		536,037	918,344	921,647	920,836	920,836	920,836	921,572	921,572	921,572
Funding Sources										
Federal Revenue	4000020	536,037	918,344		920,836	920,836	920,836	921,572	921,572	921,572
Total Funding		536,037	918,344		920,836	920,836	920,836	921,572	921,572	921,572
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		536,037	918,344		920,836	920,836	920,836	921,572	921,572	921,572

FY15 Budget amount in Personal Services Matching exceeds the authorized amount due to matching rate adjustments during the 2013-2015 Biennium.

Analysis of Budget Request

Appropriation: 2TF - Refunds of Overpayments

Funding Sources: MTA - Miscellaneous Revolving Fund

The Insurance Department's Refunds of Overpayments appropriation is used to return premium taxes paid to this State in error and to return amounts that are overpaid.

The Agency Request provides for Base Level of \$11,000,000 each year of the biennium.

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			2015-2016			2016-2017		
	2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Refunds/Reimbursements 5110014	2,419,574	11,000,000	11,000,000	11,000,000	11,000,000	11,000,000	11,000,000	11,000,000	11,000,000
Total	2,419,574	11,000,000	11,000,000	11,000,000	11,000,000	11,000,000	11,000,000	11,000,000	11,000,000
Funding Sources									
Miscellaneous Revolving 4000350	2,419,574	11,000,000		11,000,000	11,000,000	11,000,000	11,000,000	11,000,000	11,000,000
Total Funding	2,419,574	11,000,000		11,000,000	11,000,000	11,000,000	11,000,000	11,000,000	11,000,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	2,419,574	11,000,000		11,000,000	11,000,000	11,000,000	11,000,000	11,000,000	11,000,000

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 Agency Request provides for Base Level of \$450,000 each year of the biennium.

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	2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	2015-2016			2016-2017		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Claims 5110015	135,268	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000
Total	135,268	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000
Funding Sources									
Miscellaneous Revolving 4000350	135,268	450,000		450,000	450,000	450,000	450,000	450,000	450,000
Total Funding	135,268	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	135,268	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 Agency Request provides for Base Level of \$200,000 each year of the biennium.

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			2015-2016			2016-2017		
	2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Claims 5110015	19,499	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Total	19,499	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Funding Sources									
Miscellaneous Revolving 4000350	19,499	200,000		200,000	200,000	200,000	200,000	200,000	200,000
Total Funding	19,499	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	19,499	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 Agency Request provides for Base Level of \$600,000 each year of the biennium.

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	2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	2015-2016			2016-2017		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Claims 5110015	26,805	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000
Total	26,805	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000
Funding Sources									
Miscellaneous Revolving 4000350	26,805	600,000		600,000	600,000	600,000	600,000	600,000	600,000
Total Funding	26,805	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	26,805	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.

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 Agency Request provides for Base Level of \$79,005 each year of the biennium.

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

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			2015-2016			2016-2017		
		2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	8,676	79,005	97,546	79,005	79,005	79,005	79,005	79,005	79,005
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
Total		8,676	79,005	97,546	79,005	79,005	79,005	79,005	79,005	79,005
Funding Sources										
Fund Balance	4000005	86,789	79,005		0	0	0	0	0	0
Cash Fund	4000045	892	0		0	0	0	0	0	0
Total Funding		87,681	79,005		0	0	0	0	0	0
Excess Appropriation/(Funding)		(79,005)	0		79,005	79,005	79,005	79,005	79,005	79,005
Grand Total		8,676	79,005		79,005	79,005	79,005	79,005	79,005	79,005

Expenditure of appropriation is contingent upon available funding.

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 is passed through this account to reimburse individual examiners for their personal expenses incurred during the examination process.

The Agency Request provides for Base Level of \$100,000 each year of the biennium.

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

Appropriation Summary

Appropriation: 2TM - Travel & Subsistence-Cash

Funding Sources: NDD - Insurance Department - Cash in Treasury

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Travel & Subsistence Expenses 5900046	35,235	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Total	35,235	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Funding Sources									
Fund Balance 4000005	1,130	1,145		0	0	0	0	0	0
Cash Fund 4000045	35,250	98,855		100,000	100,000	100,000	100,000	100,000	100,000
Total Funding	36,380	100,000		100,000	100,000	100,000	100,000	100,000	100,000
Excess Appropriation/(Funding)	(1,145)	0		0	0	0	0	0	0
Grand Total	35,235	100,000		100,000	100,000	100,000	100,000	100,000	100,000

Expenditure of appropriation is contingent upon available funding.

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 pre-need 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 no 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 Agency Request provides for Base Level of \$500,000 each year of the biennium.

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	2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	2015-2016			2016-2017		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Expenses & Claims 5900046	10,918	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Total	10,918	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Funding Sources									
Fund Balance 4000005	125,473	117,149		0	0	0	0	0	0
Special Revenue 4000030	2,594	382,851		500,000	500,000	500,000	500,000	500,000	500,000
Total Funding	128,067	500,000		500,000	500,000	500,000	500,000	500,000	500,000
Excess Appropriation/(Funding)	(117,149)	0		0	0	0	0	0	0
Grand Total	10,918	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 FY2006 and FY2007. 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.

The Agency Request provides for Base Level of \$125,000 each year of the biennium.

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

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			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	2015-2016			2016-2017		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	133,782	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
Total		133,782	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000
Funding Sources										
Fund Balance	4000005	15,315	15,799		0	0	0	0	0	0
Cash Fund	4000045	134,266	109,201		125,000	125,000	125,000	125,000	125,000	125,000
Total Funding		149,581	125,000		125,000	125,000	125,000	125,000	125,000	125,000
Excess Appropriation/(Funding)		(15,799)	0		0	0	0	0	0	0
Grand Total		133,782	125,000		125,000	125,000	125,000	125,000	125,000	125,000

Expenditure of appropriation is contingent upon available funding.

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.

The Agency Request provides for Base Level of \$14,000,000 each year of the biennium.

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			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	2015-2016			2016-2017		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Expenses and Claims	5900046	6,353,934	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		6,353,934	14,000,000	14,000,000	14,000,000	14,000,000	14,000,000	14,000,000	14,000,000	14,000,000
Funding Sources										
Fund Balance	4000005	10,256,472	11,136,504		5,136,504	5,136,504	5,136,504	5,136,504	5,136,504	5,136,504
Trust Fund	4000050	7,233,966	8,000,000		14,000,000	14,000,000	14,000,000	14,000,000	14,000,000	14,000,000
Total Funding		17,490,438	19,136,504		19,136,504	19,136,504	19,136,504	19,136,504	19,136,504	19,136,504
Excess Appropriation/(Funding)		(11,136,504)	(5,136,504)		(5,136,504)	(5,136,504)	(5,136,504)	(5,136,504)	(5,136,504)	(5,136,504)
Grand Total		6,353,934	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 - 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 approved in October, 2010. Cycle II, the second phase of the program was approved as a miscellaneous federal grant in December, 2012, and was added to the appropriation in the 2013-2015 Biennium. *The Agency is now requesting the addition of Cycle III to the Health Insurance Premium Rate Review appropriation and to amend the appropriation name to "Rate Review-Federal."

Base Level Regular Salaries and Personal Services Matching include continuation of the previously authorized 2015 1% Cost of Living Adjustment and Career Service Payments for eligible employees. Personal Services Matching also includes a \$10 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for Merit Pay Increases.

Base Level for this program is \$3,109,699 each year of the biennium.

The Agency Request provides for \$2,735,714 each year of the biennium for the continuation of Cycle III, the third phase of this program which was approved as a Miscellaneous Federal Grant in June of 2014. The request is detailed as follows:

- \$129,032 in Operating Expenses associated with Cycle III of the program including office supplies, rent, postage, telecommunications, and software.
- \$25,775 in Conference & Travel Expenses including lodging, common carrier, and meals.
- \$2,580,907 in Professional Fees each year for contracts with organizations that aid in collecting and analyzing policy data, and delivering services for the Rate Review program.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 85P - Rate Review-Federal*

Funding Sources: FID - Insurance Department - Federal

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	2015-2016			2016-2017		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	213,464	197,692	305,239	199,667	199,667	199,667	199,667	199,667	199,667
#Positions		5	3	5	3	3	3	3	3	3
Personal Services Matching	5010003	71,745	59,913	91,966	60,725	60,725	60,725	60,725	60,725	60,725
Operating Expenses	5020002	43,037	1,013,525	884,493	884,493	1,013,525	1,013,525	884,493	1,013,525	1,013,525
Conference & Travel Expenses	5050009	2,755	191,416	165,641	165,641	191,416	191,416	165,641	191,416	191,416
Professional Fees	5060010	208,332	4,380,080	1,799,173	1,799,173	4,380,080	4,380,080	1,799,173	4,380,080	4,380,080
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	226	226	0	0	0	0	0	0
Total		539,333	5,842,852	3,246,738	3,109,699	5,845,413	5,845,413	3,109,699	5,845,413	5,845,413
Funding Sources										
Federal Revenue	4000020	539,333	5,842,852		3,109,699	5,845,413	5,845,413	3,109,699	5,845,413	5,845,413
Total Funding		539,333	5,842,852		3,109,699	5,845,413	5,845,413	3,109,699	5,845,413	5,845,413
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		539,333	5,842,852		3,109,699	5,845,413	5,845,413	3,109,699	5,845,413	5,845,413

Budget exceeds Authorized Appropriation in Operating Expenses, Conference & Travel Expenses, and Professional Fees due to addition of Appropriation established through the authority of the Miscellaneous Federal Program Act.

*Rate Review – Federal, Agency is requesting to combine Rate Review- Federal (85P) and Health Insurance Rate Review Cycle III (M57) into a single appropriation.

Change Level by Appropriation

Appropriation: 85P - Rate Review-Federal*
Funding Sources: FID - Insurance Department - Federal

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	3,109,699	3	3,109,699	100.0	3,109,699	3	3,109,699	100.0
C06	Restore Position/Approp	2,735,714	0	5,845,413	188.0	2,735,714	0	5,845,413	188.0

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	3,109,699	3	3,109,699	100.0	3,109,699	3	3,109,699	100.0
C06	Restore Position/Approp	2,735,714	0	5,845,413	188.0	2,735,714	0	5,845,413	188.0

Justification

C06	Requesting continuation of resources added to this federal program by Miscellaneous Federal Grant in June of 2014.								
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Analysis of Budget Request

Appropriation: F08 - Level One Cooperative Agreement*

Funding Sources: FID - Insurance Department - Federal

Level One Cooperative Agreement provides federal funding from the Department of Health and Human Services (HHS) to assist in the development and implementation of a Public Insurance Health Care Exchange within the time frame and requirements determined by the federal Affordable Care Act and subject to regulations established by HHS. Grants received under the Agreement are utilized to assist with the implementation and operation of the Arkansas Health Insurance Marketplace, as authorized in Arkansas Code §23-61-803.

Level One Cooperative Agreement A was established as a miscellaneous federal in April, 2012 and continued during the 2013-2015 Biennium. During the 2013-2015 Biennium the Insurance Department has, on behalf of the Arkansas Health Insurance Marketplace, received additional phases of the grant established as Miscellaneous Federal Grants. These grants including: Level One Cooperative Agreement B, Level One Cooperative Agreement C, Level One Cooperative Agreement D, and Level One Cooperative Agreement E. *The Agency is requesting to combine the appropriations for Phases A through E of the Cooperative Agreement into a single appropriation titled "Level One Cooperative Agreement."

Base Level Request is \$7,595,584 in each year of the biennium.

The Agency Request totals \$31,993,905 in FY2016 and \$31,994,643 in FY2017 associated with the continuation of Phases B through E of the Cooperative Agreement that were authorized as Miscellaneous Federal Grants in June of 2014. This request is detailed as follows:

The Agency's Request includes the following:

- \$1,295,027 in FY2016 and \$1,295,765 in FY2017 in salary and matching for the restoration of twenty one (21) positions.
- \$913,070 for Operating Expenses for offices supplies, rent, telecommunications, postage, software and other costs associated with phases B through E of the Cooperative Agreement.
- \$199,786 for Conference & Travel Expenses for meals, lodging, and common carrier.
- \$29,586,022 for Professional Fees for contracts with individuals and organization assisting in the planning and implementation of the Arkansas Health Care Exchange.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: F08 - Level One Cooperative Agreement*

Funding Sources: FID - Insurance Department - Federal

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2015-2016			2016-2017		
		2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	1,007,599	1,365,784	295,323	304,309	1,272,386	1,272,386	304,309	1,272,986	1,272,986
#Positions		25	31	7	7	28	28	7	28	28
Personal Services Matching	5010003	335,931	530,454	99,617	104,785	431,735	431,735	104,785	431,873	431,873
Operating Expenses	5020002	324,350	1,009,574	96,504	96,504	1,009,574	1,009,574	96,504	1,009,574	1,009,574
Conference & Travel Expenses	5050009	29,536	257,148	57,362	57,362	257,148	257,148	57,362	257,148	257,148
Professional Fees	5060010	24,114,979	36,618,646	7,032,624	7,032,624	36,618,646	36,618,646	7,032,624	36,618,646	36,618,646
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Total		25,812,395	39,781,606	7,581,430	7,595,584	39,589,489	39,589,489	7,595,584	39,590,227	39,590,227
Funding Sources										
Federal Revenue	4000020	25,812,395	39,781,606		7,595,584	39,589,489	39,589,489	7,595,584	39,590,227	39,590,227
Total Funding		25,812,395	39,781,606		7,595,584	39,589,489	39,589,489	7,595,584	39,590,227	39,590,227
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		25,812,395	39,781,606		7,595,584	39,589,489	39,589,489	7,595,584	39,590,227	39,590,227

FY15 Budget exceeds Authorized Appropriation due to the addition of Appropriations established through the authority of the Miscellaneous Federal Program Act.

*Level One Cooperative Agreement-Federal, combines various Miscellaneous Federal Grants and their supporting operations and restoration of twenty-one (21) positions and appropriation approved by Miscellaneous Federal Grant June of 2014 into Level One Cooperative Agreement A.

Change Level by Appropriation

Appropriation: F08 - Level One Cooperative Agreement*
Funding Sources: FID - Insurance Department - Federal

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	7,595,584	7	7,595,584	100.0	7,595,584	7	7,595,584	100.0
C06	Restore Position/Approp	31,993,905	21	39,589,489	521.2	31,994,643	21	39,590,227	521.2

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	7,595,584	7	7,595,584	100.0	7,595,584	7	7,595,584	100.0
C06	Restore Position/Approp	31,993,905	21	39,589,489	521.2	31,994,643	21	39,590,227	521.2

Justification

C06	Requesting continuation of resources added to this federal program by Miscellaneous Federal Grants in June of 2014.								
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Analysis of Budget Request

Appropriation: M52 - Medicare - MIPPA - 2

Funding Sources: FID -MIPPA-2

Medicare Improvements for Patients and Providers (MIPPA) Program is funded through federal grants administered by the United States Administration for Community Living and the Centers for Medicare & Medicaid Services. MIPPA provides application assistance for Medicaid Part D programs and benefits including the Low-Income Subsidy program (LIS) and Medicare Savings Program (MSP). This Phase was approved as a Miscellaneous Federal Grant in June 2014.

The Agency Request is to continue the program at \$320,850 each year of the biennium. This request consists of the following:

- \$72,452 in Operating Expenses each year of the biennium for telecommunication services.
- \$81,896 in Professional Fees of each year of the biennium to contract with community based organizations in Arkansas to assist beneficiaries eligible for the programs complete enrollment paperwork.
- \$166,502 in Grant and Aid each year of the biennium for grants and aid which are passed on to organizations and agencies supplying program benefits to eligible recipients.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: M52 - Medicare - MIPPA - 2

Funding Sources: FID -MIPPA-2

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2015-2016			2016-2017		
		2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	876	72,452	0	0	72,452	72,452	0	72,452	72,452
Conference & Travel Expenses	5050009	0	0	0	0	0	0	0	0	0
Professional Fees	5060010	30,210	81,896	0	0	81,896	81,896	0	81,896	81,896
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Grants and Aid	5100004	99,979	166,502	0	0	166,502	166,502	0	166,502	166,502
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Total		131,065	320,850	0	0	320,850	320,850	0	320,850	320,850
Funding Sources										
Federal Revenue	4000020	131,065	320,850		0	320,850	320,850	0	320,850	320,850
Total Funding		131,065	320,850		0	320,850	320,850	0	320,850	320,850
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		131,065	320,850		0	320,850	320,850	0	320,850	320,850

Appropriation was established through the authority of the Miscellaneous Federal Program Act.

Change Level by Appropriation

Appropriation: M52 - Medicare - MIPPA - 2
Funding Sources: FID -MIPPA-2

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	0	0	0	0.0	0	0	0	0.0
C06	Restore Position/Approp	320,850	0	320,850	100.0	320,850	0	320,850	100.0

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	0	0	0	0.0	0	0	0	0.0
C06	Restore Position/Approp	320,850	0	320,850	100.0	320,850	0	320,850	100.0

Justification

C06	Restoration of appropriation approved by Miscellaneous Federal Grant June of 2014.
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Appropriation Summary

Appropriation: F51 - Consumer Assistance Program B

Funding Sources: FID -Cons Assist B

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	2015-2016			2016-2017		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	95,995	0	0	0	0	0	0	0	0
#Positions	1	0	0	0	0	0	0	0	0
Personal Services Matching 5010003	34,277	0	0	0	0	0	0	0	0
Operating Expenses 5020002	10,712	0	0	0	0	0	0	0	0
Conference & Travel Expenses 5050009	154	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	8,626	0	0	0	0	0	0	0	0
Total	149,764	0	0	0	0	0	0	0	0
Funding Sources									
Federal Revenue 4000020	149,764	0		0	0	0	0	0	0
Total Funding	149,764	0		0	0	0	0	0	0
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	149,764	0		0	0	0	0	0	0

APPROPRIATION NOT REQUESTED FOR THE 2015-2017 BIENNIUM

JUDICIAL DISCIPLINE & DISABILITY COMMISSION

Enabling Laws

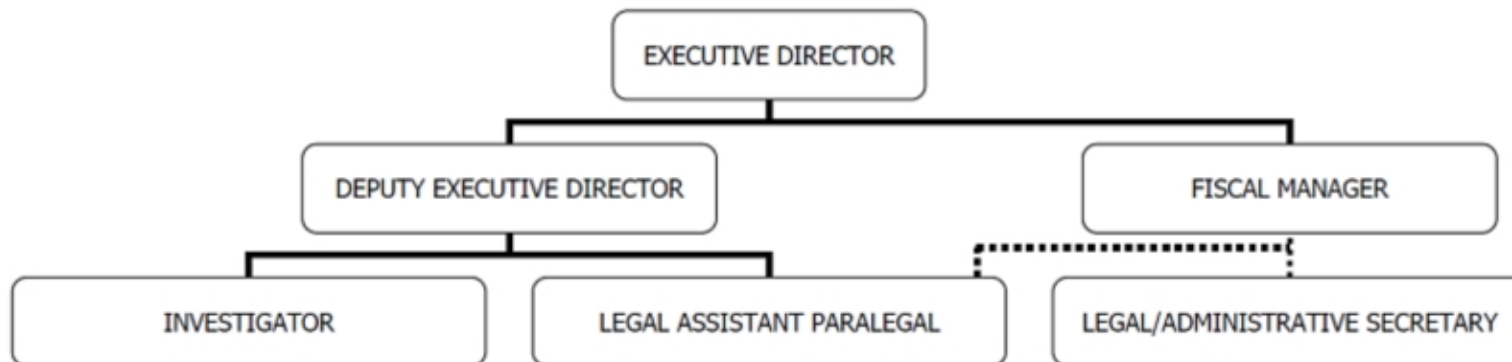
Act 76 of 2014
A.C.A. §21-5-204 et seq.
A.C.A. §21-5-101 et seq.

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.

It is essential that the Arkansas Judicial Discipline and Disability Commission employ and maintain qualified individuals who can provide the expertise needed to reach the Commission's objectives. The Commission believes that the current salary for the position of Fiscal Manager does not commensurate with the level of responsibility, years of experience, education level above the minimum qualifications and continuous training. The Commission request that the salary of the fiscal manager be increased to 6% above Midpoint for the current grade level on the FY2016 Career Service Pay Plan effective July 1, 2015. The Commission's Deputy Director has extensive litigation experience which is valuable to analyzing Judicial Discipline and Disability Commission cases. Her pay is lower than similar positions in other government agencies. The Commission's Paralegal has 14 years of experience with the Commission. She has been here for all three Executive Directors, new Code and Rule revisions, and has instrumental knowledge of all major discipline cases during her tenure. She also updates and manages the Commission's database system. The Commission's Legal Secretary has been with the Commission for 10 years. Her superior transcriptionist skills have saved the Commission outside expenses during major cases. She handles citizen calls and office visits, correspondence on behalf of Executive Director as well as other duties.

The Commission requests employees in the positions of Deputy Executive Director, Fiscal Manager, Paralegal and Legal/Administrative Secretary at their current pay grade be moved to Midpoint or above on the Career Service Pay Plan and Professional and Executive Pay Plan scale for FY16 and FY17. The Commission request that the employee serving as Investigator receive an increase of 3% in salary. The Commission is not seeking additional salary for the Executive Director.

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

An increase in Regular Salaries and Personal Service Matching and an increase in Maintenance and Operations for FY16 and FY17.

The Commission also request an increase of \$5,000 in FY16 and an increase of \$5,000 in FY17 in Maintenance and Operations. The additional funds needed are due to increased rent of facility and increased rent of office equipment over the next two years. As a result of more members living outside of the metro area and new members who require additional training, additional funds are needed for board member expenses.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
ARKANSAS JUDICIAL DISCIPLINE AND DISABILITY COMMISSION
FOR THE YEAR ENDED JUNE 30, 2013

Findings	Recommendations
None	None

State Contracts Over \$50,000 Awarded To Minority Owned Businesses Fiscal Year 2014

None

Employment Summary

	Male	Female	Total	%
White Employees	2	2	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. 25-1-201 et seq.

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution	Unbound Black & White Copies Produced During the Last Two Years	Cost of Unbound Copies Produced During the Last Two Years
		Governor	General Assembly				
Annual Mission Statement	A.C.A. §16-10-404	Y	Y	10	Required by Law	0	0.00
Annual Report	A.C.A. §16-10-404	Y	Y	10	Required by Law	0	0.00

Agency Position Usage Report

FY2012 - 2013						FY2013 - 2014						FY2014 - 2015					
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 include continuation of the previously authorized 2015 1% Cost of Living Adjustment and Career Service Payments for eligible employees. Personal Services Matching also includes a \$10 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for Merit Pay Increases. The Base Level salary of unclassified positions reflects the FY15 line item maximum plus the previously authorized 2015 1% Cost of Living Adjustment.

Base Level includes appropriation and general revenue funding of \$686,221 in FY16 and \$686,343 in FY17 with six (6) Regular Positions.

The Agency's Change Level Request provides for \$42,034 in both years of the biennium and are summarized below:

- Regular Salaries and Personal Service Matching totaling \$37,034 for employee pay increases
- Operating Expenses totaling \$5,000 for increased facility and office equipment rent and board member expenses

The Executive Recommendation provides for Base Level in addition to \$5,000 in Operating Expenses appropriation with no new general revenue funding.

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		
	2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	2015-2016			2016-2017		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	375,509	364,760	366,509	368,572	398,812	368,572	368,672	398,912	368,672
#Positions	6	6	6	6	6	6	6	6	6
Personal Services Matching 5010003	114,268	111,263	109,969	113,059	119,853	113,059	113,081	119,875	113,081
Operating Expenses 5020002	83,551	83,720	83,720	83,720	88,720	88,720	83,720	88,720	88,720
Conference & Travel Expenses 5050009	8,079	8,125	8,125	8,125	8,125	8,125	8,125	8,125	8,125
Professional Fees 5060010	18,594	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	20,264	28,080	28,080	28,080	28,080	28,080	28,080	28,080	28,080
Total	620,265	680,613	681,068	686,221	728,255	691,221	686,343	728,377	691,343
Funding Sources									
General Revenue 4000010	620,265	680,613		686,221	728,255	686,221	686,343	728,377	686,343
Total Funding	620,265	680,613		686,221	728,255	686,221	686,343	728,377	686,343
Excess Appropriation/(Funding)	0	0		0	0	5,000	0	0	5,000
Grand Total	620,265	680,613		686,221	728,255	691,221	686,343	728,377	691,343

FY15 Budget amount in Personal Services Matching exceeds the authorized amount due to matching rate adjustments during the 2013-2015 Biennium.

Change Level by Appropriation

Appropriation: 913 - Judicial Discipline - Operations
Funding Sources: HUA - Miscellaneous Agencies Fund

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	686,221	6	686,221	100.0	686,343	6	686,343	100.0
C01	Existing Program	42,034	0	728,255	106.1	42,034	0	728,377	106.1

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	686,221	6	686,221	100.0	686,343	6	686,343	100.0
C01	Existing Program	5,000	0	691,221	100.7	5,000	0	691,343	100.7

Justification

C01	Change level includes \$37,034 in additional salary and matching. The pay increases better match the employees responsibilities, years of experience, education levels and training recieved. It is essential the commission employ and maintain qualified individuals who can provide the expertise needed to reach the commission's objectives. An additional \$5,000 is requested in Operating Expenses. \$4,460 is due to an increase in rent of facility and office equipment. \$540 is due to an increase in Board member expenses.
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AR MINORITY HEALTH COMMISSION

Enabling Laws

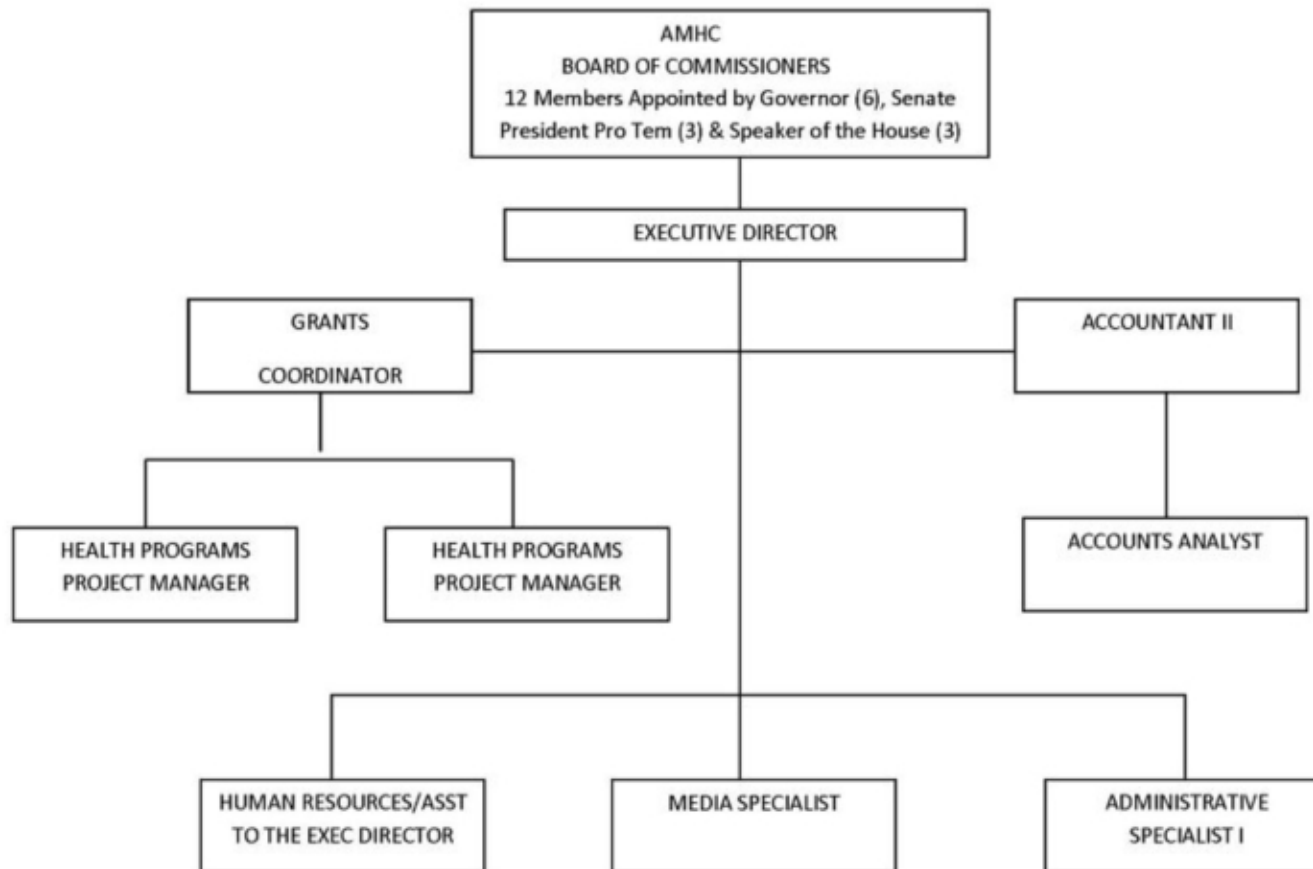
Acts 118 and 119 of 2014
A.C.A. §20-2-101 et seq.
A.C.A. §19-12-101 et seq.

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.



Agency Commentary

The Arkansas Minority Health Commission is requesting a Grade C124 Administrative Services Manager position (Class Code G076C) to be added for the effective administration and operation of the AMHC overall. The AMHC is in critical need of an ASM mid-level management position to plan/review and monitor the implementation of the operational status of our growing and diverse programs and intervention strategies. This need is largely based on the changed environment and tremendously increased work load of the agency over the past five years from predominantly grassroots outreach with health fairs, public forums and speaking engagements, to a more engaged, multi-disciplinary agency involved more aggressively in our traditional role of outreach/education and screenings but also now heavily involved in:

- Grant Funding Processes to Communities (Never done prior to 2009)
- Grant Writing for Minority Health Disparities
- Increased Legislative Policy Engagement
- Increased, Relevant, Timely, and Cited(both state and nationally) Research and On-Going Data Analysis on Minority Health Disparities, Diseases, Conditions and Social Determinants of health Impacting Arkansas
- Collaborative building such as the Arkansas Minority Health Consortium which facilitates partnerships among Arkansas Public Health, faith-based, non-profit and community-based organizations, and
- Pilot Project Initiatives.

This request is being made to ensure the stability of the agency's leadership and more important, legislatively mandated work throughout the state in assisting the state in improving the overall health of all Arkansans.

The AMHC is also requesting a grade change for the Executive Director Pay Grade from Class Code N133N Grade N903 to a Grade N906. AMHC's need for the grade change has intensified tremendously over the past five years due to our increased grassroots community-based and faith-based outreach through pilot initiatives and outreach/education targeting Arkansas' Hispanic, African American, Pacific Islander (Marshallese), Asian and American Indian populations. This outreach is mandated under Act 912 of 1991, Act 574 of 2009 and Initiated Act 1 of 2000. In the past two years alone, AMHC's citizen encounters through its outreach/education/pilot project arm were over 62,500 citizens; whereas prior, the Commission's two year citizen encounters were approximately 40,000. We have also seen increased screenings, initiated grant funding processes (never done prior to 2009), increased research and data analysis that is shared and utilized among Arkansas' public health community as a whole as current, relevant analysis of Arkansas' overall health status of minority populations and increased legislative policy efforts and outreach on priorities related to the improved health of all Arkansans.

The AMHC is also requesting to restore our cash appropriation (FC 2MF) to the authorized amount of \$65,000 each year of the 2015-17 Biennium.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
 AUDIT OF :
 ARKANSAS MINORITY HEALTH COMMISSION
 FOR THE YEAR ENDED JUNE 30, 2013

Findings	Recommendations
None	None

State Contracts Over \$50,000 Awarded To Minority Owned Businesses Fiscal Year 2014

None

Employment Summary

	Male	Female	Total	%
White Employees	0	1	1	11 %
Black Employees	1	7	8	89 %
Other Racial Minorities	0	0	0	0 %
Total Minorities			8	89 %
Total Employees			9	100 %

Publications

A.C.A. 25-1-201 et seq.

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution	Unbound Black & White Copies Produced During the Last Two Years	Cost of Unbound Copies Produced During the Last Two Years
		Governor	General Assembly				
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	0	0.00
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	0	0.00
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	0	0.00
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	0	0.00

Department Appropriation Summary

Historical Data

Agency Request and Executive Recommendation

Appropriation	2013-2014		2014-2015		2014-2015		2015-2016						2016-2017					
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
2MF Treasury Cash	263,000	0	13,000	0	65,000	0	13,000	0	65,000	0	65,000	0	13,000	0	65,000	0	65,000	0
463 Minority Health Initiative	1,345,467	6	1,639,587	6	1,667,001	6	1,642,223	6	1,704,184	7	1,642,223	6	1,642,975	6	1,704,936	7	1,642,975	6
815 Minority Health Operations	205,789	3	202,066	3	206,811	3	203,941	3	203,941	3	203,941	3	203,941	3	203,941	3	203,941	3
Total	1,814,256	9	1,854,653	9	1,938,812	9	1,859,164	9	1,973,125	10	1,911,164	9	1,859,916	9	1,973,877	10	1,911,916	9

Funding Sources		%		%		%		%		%		%		%		%		%	
Fund Balance	4000005	2,520	0.1	17,901	1.0			9,901	0.5	9,901	0.5	9,901	0.5	0	0.0	0	0.0	0	0.0
General Revenue	4000010	205,789	11.2	202,066	10.8			203,941	11.0	203,941	10.6	203,941	11.0	203,941	11.0	203,941	10.7	203,941	11.0
Cash Fund	4000045	278,381	15.2	5,000	0.3			0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Tobacco Settlement	4000495	1,345,467	73.4	1,639,587	87.9			1,642,223	88.5	1,704,184	88.9	1,642,223	88.5	1,642,975	89.0	1,704,936	89.3	1,642,975	89.0
Total Funds		1,832,157	100.0	1,864,554	100.0			1,856,065	100.0	1,918,026	100.0	1,856,065	100.0	1,846,916	100.0	1,908,877	100.0	1,846,916	100.0
Excess Appropriation/(Funding)		(17,901)		(9,901)				3,099		55,099		55,099		13,000		65,000		65,000	
Grand Total		1,814,256		1,854,653				1,859,164		1,973,125		1,911,164		1,859,916		1,973,877		1,911,916	

Agency Position Usage Report

FY2012 - 2013						FY2013 - 2014						FY2014 - 2015					
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	6	3	9	0	33.33 %	9	9	0	9	0	0.00 %	9	9	0	9	0	0.00 %

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.

Base Level is \$13,000 each year of the 2015-2017 Biennium.

The Agency Change Level Request is \$52,000 each year in unfunded appropriation to restore the appropriation back to the FY15 authorized level.

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	2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	2015-2016			2016-2017		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Personal Svcs & Oprs Exp 5900046	263,000	13,000	65,000	13,000	65,000	65,000	13,000	65,000	65,000
Total	263,000	13,000	65,000	13,000	65,000	65,000	13,000	65,000	65,000
Funding Sources									
Fund Balance 4000005	2,520	17,901		9,901	9,901	9,901	0	0	0
Cash Fund 4000045	278,381	5,000		0	0	0	0	0	0
Total Funding	280,901	22,901		9,901	9,901	9,901	0	0	0
Excess Appropriation/(Funding)	(17,901)	(9,901)		3,099	55,099	55,099	13,000	65,000	65,000
Grand Total	263,000	13,000		13,000	65,000	65,000	13,000	65,000	65,000

Expenditure of appropriation is contingent upon available funding.

Change Level by Appropriation

Appropriation: 2MF - Treasury Cash
Funding Sources: NMH - Cash in Treasury

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	13,000	0	13,000	100.0	13,000	0	13,000	100.0
C05	Unfunded Appropriation	52,000	0	65,000	500.0	52,000	0	65,000	500.0

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	13,000	0	13,000	100.0	13,000	0	13,000	100.0
C05	Unfunded Appropriation	52,000	0	65,000	500.0	52,000	0	65,000	500.0

Justification

C05	This request is to restore appropriation back to the FY15 authorized level of \$65,000 each year. The appropriation will be expensed as funding becomes available.
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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 include the continuation of the previously authorized 2015 1% Cost of Living Adjustment and Career Service Payments for eligible employees. Personal Services Matching also includes a \$10 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for Merit Pay Increases.

The Agency Request is for a Base Level of \$1,642,223 in FY16 and \$1,642,975 in FY17 with a Change Level Request of \$61,961 in appropriation and funding. The request is for a (G076C) Administrative Services Manager (Grade C124) position for the effective administration and operations of the Commission.

The Executive Recommendation provides for Base Level.

Appropriation Summary

Appropriation: 463 - Minority Health Initiative
Funding Sources: TSE - Targeted State Needs Program Account

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	2015-2016			2016-2017		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	176,666	199,128	203,722	200,606	245,983	200,606	201,206	246,583	201,206
#Positions	6	6	6	6	7	6	6	7	6
Personal Services Matching 5010003	74,471	80,117	96,516	81,275	97,859	81,275	81,427	98,011	81,427
Operating Expenses 5020002	290,104	333,229	339,650	333,229	333,229	333,229	333,229	333,229	333,229
Conference & Travel Expenses 5050009	15,378	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Professional Fees 5060010	367,564	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	1,526	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	419,758	558,554	558,554	558,554	558,554	558,554	558,554	558,554	558,554
Total	1,345,467	1,639,587	1,667,001	1,642,223	1,704,184	1,642,223	1,642,975	1,704,936	1,642,975
Funding Sources									
Tobacco Settlement 4000495	1,345,467	1,639,587		1,642,223	1,704,184	1,642,223	1,642,975	1,704,936	1,642,975
Total Funding	1,345,467	1,639,587		1,642,223	1,704,184	1,642,223	1,642,975	1,704,936	1,642,975
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	1,345,467	1,639,587		1,642,223	1,704,184	1,642,223	1,642,975	1,704,936	1,642,975

Change Level by Appropriation

Appropriation: 463 - Minority Health Initiative
Funding Sources: TSE - Targeted State Needs Program Account

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	1,642,223	6	1,642,223	100.0	1,642,975	6	1,642,975	100.0
C01	Existing Program	61,961	1	1,704,184	103.8	61,961	1	1,704,936	103.8

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	1,642,223	6	1,642,223	100.0	1,642,975	6	1,642,975	100.0
C01	Existing Program	16,584	0	1,658,807	101.0	16,584	0	1,659,559	101.0
C13	Not Recommended	(16,584)	0	1,642,223	100.0	(16,584)	0	1,642,975	100.0

Justification

C01	The Arkansas Minority Health Commission is requesting a Grade C124 Administrative Services Manager position (Class Code G076C) to be added for the effective administration and operation of the AMHC overall. The AMHC is in critical need of an ASM mid-level management position to plan/review and monitor the implementation of the operational status of our growing and diverse programs and intervention strategies. This request is being made to ensure the stability of the agency's leadership and more important, legislatively mandated work throughout the state in assisting the state in improving the overall health of all Arkansans.
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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 include the continuation of the previously authorized 2015 1% Cost of Living Adjustment and Career Service Payments for eligible employees. Personal Services Matching also includes a \$10 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for Merit Pay Increases.

The Agency Request is for a Base Level of \$203,941 each year of the 2015-2017 Biennium. The Commission is requesting an upgrade for the Executive Director Pay Grade from a Grade N903 to a Grade N906. The need for the grade change is due to the increased grassroots community-based and faith-based outreach through pilot initiatives and outreach/education targeting Arkansas' Hispanic, African American, Pacific Islander (Marshallese), Asian and American Indian populations.

The Executive Recommendation provides for Base Level.

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		
	2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	2015-2016			2016-2017		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	150,810	147,977	152,356	149,149	149,149	149,149	149,149	149,149	149,149
#Positions	3	3	3	3	3	3	3	3	3
Personal Services Matching 5010003	53,267	52,360	52,726	53,063	53,063	53,063	53,063	53,063	53,063
Operating Expenses 5020002	1,213	1,229	1,229	1,229	1,229	1,229	1,229	1,229	1,229
Conference & Travel Expenses 5050009	499	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
Total	205,789	202,066	206,811	203,941	203,941	203,941	203,941	203,941	203,941
Funding Sources									
General Revenue 4000010	205,789	202,066		203,941	203,941	203,941	203,941	203,941	203,941
Total Funding	205,789	202,066		203,941	203,941	203,941	203,941	203,941	203,941
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	205,789	202,066		203,941	203,941	203,941	203,941	203,941	203,941

Change Level by Appropriation

Appropriation: 815 - Minority Health Operations
Funding Sources: HUA - Miscellaneous Agencies Fund

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	203,941	3	203,941	100.0	203,941	3	203,941	100.0
C11	Upgrade/Downgrade	0	0	203,941	100.0	0	0	203,941	100.0

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	203,941	3	203,941	100.0	203,941	3	203,941	100.0
C11	Upgrade/Downgrade	0	0	203,941	100.0	0	0	203,941	100.0

Justification

C11	The AMHC is requesting a grade change for the Executive Director Pay Grade from Class Code N133N Grade N903 to a Grade N906. AMHC's need for the grade change has intensified tremendously over the past five years due to our increased grassroots community-based and faith-based outreach through pilot initiatives and outreach/education targeting Arkansas' Hispanic, African American, Pacific Islander (Marshallese), Asian and American Indian populations. This outreach is mandated under Act 912 of 1991, Act 574 of 2009 and Initiated Act 1 of 2000. In the past two years alone, AMHC's citizen encounters through its outreach/education/pilot project arm were over 62,500 citizens; whereas prior, the Commission's two year citizen encounters were approximately 40,000. We have also seen increased screenings, initiated grant funding processes (never done prior to 2009), increased research and data analysis that is shared and utilized among Arkansas' public health community as a whole as current, relevant analysis of Arkansas' overall health status of minority populations and increased legislative policy efforts and outreach on priorities related to the improved health of all Arkansans.
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OIL AND GAS COMMISSION

Enabling Laws

Act 174 of 2014
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.

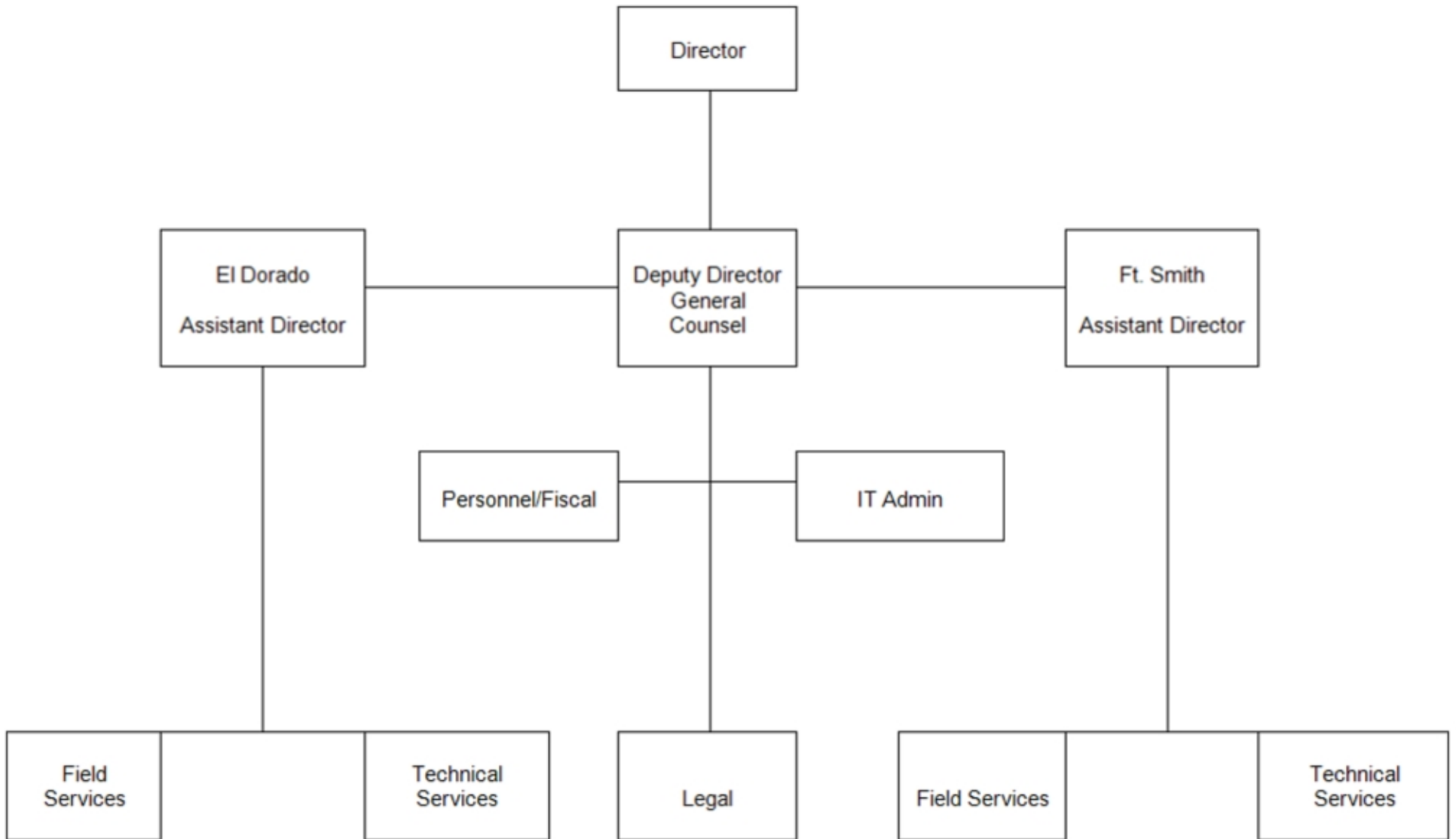
In 1978, the U.S. Congress passed the Natural Gas Policy Act, and the Arkansas Department of Energy determined that the Oil and Gas Commission should serve as the jurisdictional agency for status determination under the provisions of that Act.

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.

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 \$2,000,000 annually from the Commission Treasury Fund to the Abandoned and Orphan Well Plugging Fund and maintain the expenditure appropriation at the Base Level amount \$2,500,000 annually.

First, the Commission requests an additional \$25,000 in appropriation to meet its increased obligations to the Interstate Oil Compact. Second, the Commission also requests an increase in \$110,000 for Geological Research. The appropriation will be used in the form of a transfer to the Arkansas Geological Survey. Third, the Commission is requesting \$6,000,000 in appropriation through the capital projects process for construction of a permanent office building.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
ARKANSAS OIL AND GAS COMMISSION
FOR THE YEAR ENDED JUNE 30, 2013

Findings

Recommendations

None

None

State Contracts Over \$50,000 Awarded To Minority Owned Businesses Fiscal Year 2014

None

Employment Summary

	Male	Female	Total	%
White Employees	21	18	39	95 %
Black Employees	0	2	2	5 %
Other Racial Minorities	0	0	0	0 %
Total Minorities			2	5 %
Total Employees			41	100 %

Cash Fund Balance Description as of June 30, 2014

Fund Account	Balance	Type	Location
3010000	\$432,836	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. 25-1-201 et seq.

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution	Unbound Black & White Copies Produced During the Last Two Years	Cost of Unbound Copies Produced During the Last Two Years
		Governor	General Assembly				
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.	0	0.00
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.	0	0.00

Department Appropriation Summary

Historical Data

Agency Request and Executive Recommendation

Appropriation	2013-2014		2014-2015		2014-2015		2015-2016						2016-2017					
	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	4,352,385	44	5,077,961	44	5,074,720	44	5,109,467	44	5,244,467	44	5,244,467	44	5,114,119	44	5,249,119	44	5,249,119	44
2XV Well Plugging Program	1,614,295	0	2,500,000	0	2,500,000	0	2,500,000	0	2,500,000	0	2,500,000	0	2,500,000	0	2,500,000	0	2,500,000	0
A20 Refunds/Reimbursements	46,500	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	6,013,180	44	8,077,961	44	8,074,720	44	8,109,467	44	8,244,467	44	8,244,467	44	8,114,119	44	8,249,119	44	8,249,119	44

Funding Sources		%		%		%		%		%		%		%		%		%
Fund Balance	4000005	33,738,360	78.4	37,006,677	79.1	38,678,716	79.9	38,678,716	79.9	38,678,716	79.9	40,319,249	80.5	40,184,249	80.5	40,184,249	80.5	
Special Revenue	4000030	12,096,365	28.1	9,250,000	19.8	9,250,000	19.1	9,250,000	19.1	9,250,000	19.1	9,250,000	18.5	9,250,000	18.5	9,250,000	18.5	
Cash Fund	4000045	45,005	0.1	500,000	1.1	500,000	1.0	500,000	1.0	500,000	1.0	500,000	1.0	500,000	1.0	500,000	1.0	
Transfer from Special Revenue	4000565	1,994,683	4.6	2,000,000	4.3	2,000,000	4.1	2,000,000	4.1	2,000,000	4.1	2,000,000	4.0	2,000,000	4.0	2,000,000	4.0	
Transfers / Adjustments	4000683	(4,854,556)	(11.3)	(2,000,000)	(4.3)	(2,000,000)	(4.1)	(2,000,000)	(4.1)	(2,000,000)	(4.1)	(2,000,000)	(4.0)	(2,000,000)	(4.0)	(2,000,000)	(4.0)	
Total Funds		43,019,857	100.0	46,756,677	100.0	48,428,716	100.0	48,428,716	100.0	48,428,716	100.0	50,069,249	100.0	49,934,249	100.0	49,934,249	100.0	
Excess Appropriation/(Funding)		(37,006,677)		(38,678,716)		(40,319,249)		(40,184,249)		(40,184,249)		(41,955,130)		(41,685,130)		(41,685,130)		
Grand Total		6,013,180		8,077,961		8,109,467		8,244,467		8,244,467		8,114,119		8,249,119		8,249,119		

Agency Position Usage Report

FY2012 - 2013						FY2013 - 2014						FY2014 - 2015					
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	
40	37	3	40	0	7.50 %	44	41	3	44	0	6.82 %	44	41	3	44	0	6.82 %

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 include the continuation of the previously authorized 2015 1% Cost of Living Adjustment and Career Service Payments for eligible employees. Personal Services Matching also includes a \$10 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for Merit Pay Increases. The Base Level salary of unclassified positions reflects the FY15 line item maximum plus the previously authorized 2015 1% Cost of Living Adjustment.

The Commission's request includes Base Level appropriation of \$5,109,467 in FY16, \$5,114,119 in FY17 and Change Level requests of \$135,000 each year. Change Level requests reflect the following:

- Increase of \$25,000 each year for the Interstate Oil Compact's operating expenses proportionate to the State's required contribution.
- Increase of \$110,000 each year in Geological Research to provide support to the Arkansas Geological Survey for geological research related to the oil and gas industry.

In addition, the Commission has requested capital appropriation through the capital projects process totaling \$6,000,000 for construction of a new facility.

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	Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
	2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	2015-2016			2016-2017		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	1,931,826	2,049,501	2,054,486	2,069,864	2,069,864	2,069,864	2,073,664	2,073,664	2,073,664
#Positions	44	44	44	44	44	44	44	44	44
Extra Help 5010001	68,055	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
#Extra Help	10	10	10	10	10	10	10	10	10
Personal Services Matching 5010003	665,833	681,946	673,720	693,089	693,089	693,089	693,941	693,941	693,941
Operating Expenses 5020002	733,491	987,797	987,797	987,797	987,797	987,797	987,797	987,797	987,797
Conference & Travel Expenses 5050009	26,114	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
Professional Fees 5060010	9,654	52,000	52,000	52,000	52,000	52,000	52,000	52,000	52,000
Construction 5090005	99,664	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	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000
Refunds/Reimbursements 5110014	4,224	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Capital Outlay 5120011	152,839	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
Data Processing Services 5900044	243,245	348,217	348,217	348,217	348,217	348,217	348,217	348,217	348,217
Interstate Oil Compact 5900046	10,000	10,000	10,000	10,000	35,000	35,000	10,000	35,000	35,000
Geological Research 5900047	0	0	0	0	110,000	110,000	0	110,000	110,000
Underground Injection Control 5900048	48,940	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Groundwater Protection 5900049	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500
Total	4,352,385	5,077,961	5,074,720	5,109,467	5,244,467	5,244,467	5,114,119	5,249,119	5,249,119
Funding Sources									
Fund Balance 4000005	30,922,161	33,507,219		35,429,258	35,429,258	35,429,258	37,319,791	37,184,791	37,184,791
Special Revenue 4000030	11,791,999	9,000,000		9,000,000	9,000,000	9,000,000	9,000,000	9,000,000	9,000,000
Transfers / Adjustments 4000683	(4,854,556)	(2,000,000)		(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)
Total Funding	37,859,604	40,507,219		42,429,258	42,429,258	42,429,258	44,319,791	44,184,791	44,184,791
Excess Appropriation/(Funding)	(33,507,219)	(35,429,258)		(37,319,791)	(37,184,791)	(37,184,791)	(39,205,672)	(38,935,672)	(38,935,672)
Grand Total	4,352,385	5,077,961		5,109,467	5,244,467	5,244,467	5,114,119	5,249,119	5,249,119

FY15 Budget amount in Personal Services Matching exceeds the authorized amount due to matching rate adjustments during the 2013-2015 Biennium.

Change Level by Appropriation

Appropriation: 204 - Oil & Gas Commission-Operations
Funding Sources: SDO - Oil and Gas Commission Fund

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	5,109,467	44	5,109,467	100.0	5,114,119	44	5,114,119	100.0
C01	Existing Program	135,000	0	5,244,467	102.6	135,000	0	5,249,119	102.6

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	5,109,467	44	5,109,467	100.0	5,114,119	44	5,114,119	100.0
C01	Existing Program	135,000	0	5,244,467	102.6	135,000	0	5,249,119	102.6

Justification

C01	Agency Change Level increase of \$25,000 for the Interstate Oil Compact Commission's operating expenses. Agency Change Level increase of \$110,000 in Geological Research to the Arkansas Geological Survey for geological research related to the oil and gas industry.								
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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.

The Commission requests Base Level for both years of the 2015-2017 Biennium.

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			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	2015-2016			2016-2017		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Well Plugging Expenses	5900046	1,614,295	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
Total		1,614,295	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
Funding Sources										
Fund Balance	4000005	2,381,868	3,066,622		2,816,622	2,816,622	2,816,622	2,566,622	2,566,622	2,566,622
Special Revenue	4000030	304,366	250,000		250,000	250,000	250,000	250,000	250,000	250,000
Transfer from Special Revenue	4000565	1,994,683	2,000,000		2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Total Funding		4,680,917	5,316,622		5,066,622	5,066,622	5,066,622	4,816,622	4,816,622	4,816,622
Excess Appropriation/(Funding)		(3,066,622)	(2,816,622)		(2,566,622)	(2,566,622)	(2,566,622)	(2,316,622)	(2,316,622)	(2,316,622)
Grand Total		1,614,295	2,500,000		2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000

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 for each year of the 2015-2017 Biennium.

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			2015-2016			2016-2017		
		2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Refunds/Reimbursements	5110014	46,500	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Total		46,500	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Funding Sources										
Fund Balance	4000005	434,331	432,836		432,836	432,836	432,836	432,836	432,836	432,836
Cash Fund	4000045	45,005	500,000		500,000	500,000	500,000	500,000	500,000	500,000
Total Funding		479,336	932,836		932,836	932,836	932,836	932,836	932,836	932,836
Excess Appropriation/(Funding)		(432,836)	(432,836)		(432,836)	(432,836)	(432,836)	(432,836)	(432,836)	(432,836)
Grand Total		46,500	500,000		500,000	500,000	500,000	500,000	500,000	500,000

DEPARTMENT OF PARKS AND TOURISM

Enabling Laws

Appropriation Acts: Act 124,206,242 of 2014.

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; 5-14-134;27-67-204.

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 nineteen members appointed by the Governor. One represents the retirement age sector of our populations, one is an historian, and four are commissioner emeritus (lifetime). Thirteen 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 54,353 acres of land, consisting of 52 State parks and museums that offer a variety of natural, cultural, historical, educational, and recreational experiences. Characterized by 891 buildings (including 183 historic structures), six national historic and one natural landmark, 1,786 campsites, over 963 picnic site, four lodges (242 guest rooms), 8 restaurants, 400 miles of trails, 120 miles of roads, 10 marinas, 199 cabins, hundreds of miles of utilities, and over 8 million visitors annually, the State parks are like running small cities. In FY 2013 the parks generated \$22.2 million in revenue.

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 and the Tourism attraction Feasibility Grant Program. 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 for our \$5.9 billion dollar tourism industry. 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 2013, traffic on arkansas.com totaled 4,533,801 visitors - which led to 1.4 million 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.

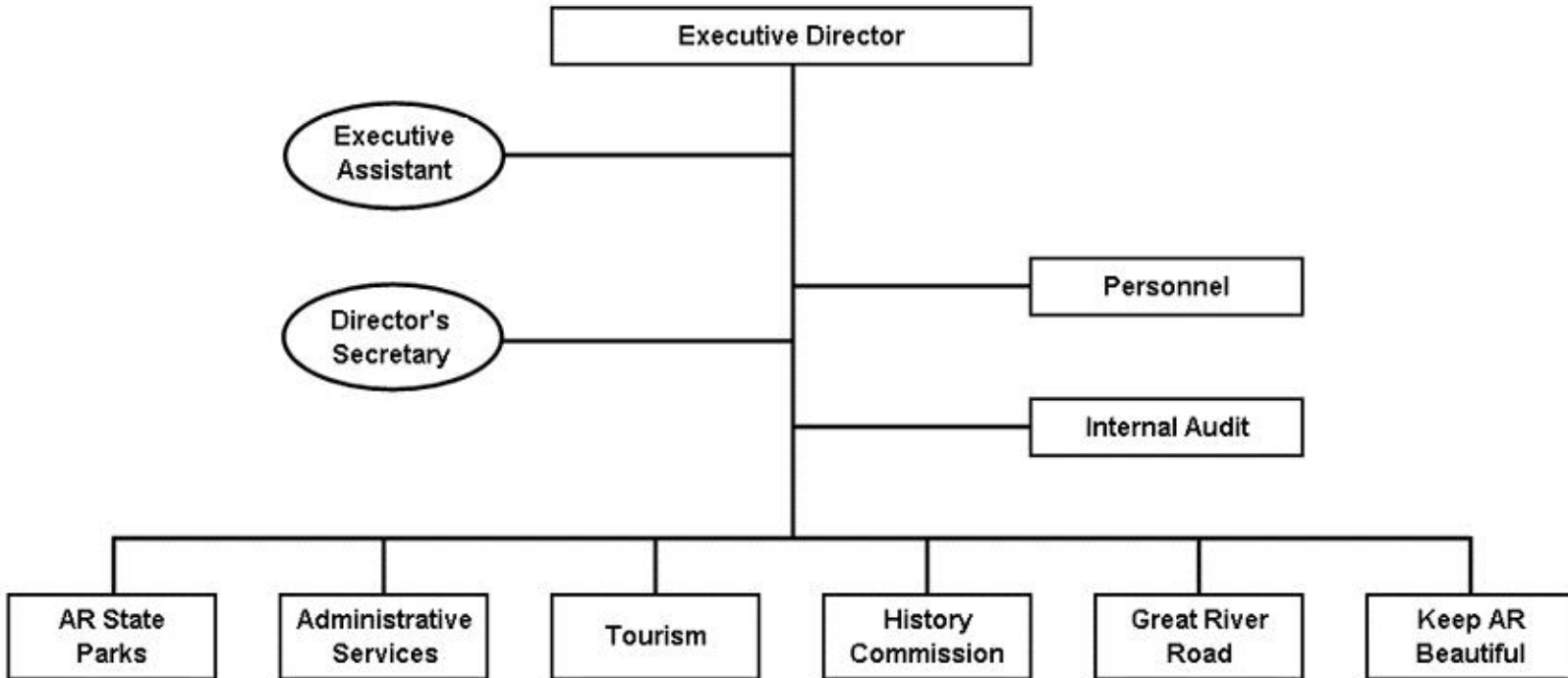
The History Commission was created by Act 215 of 1905, but its existence as a functioning state agency was uncertain until after the passage of Act 355 by the General Assembly of 1911. The latter Act, as amended by Act 207 of 1963, is the basic law under which the Commission operates. This fundamental 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.

Keep Arkansas Beautiful has developed and maintains a year-round program to provide public education and to inspire voluntary community environmental improvement activities. Since 1998, KeepArkansasBeautiful.com and a full range of media have been developed to enhance marketing, educational and informational efforts toward improving individual behaviors toward our environment.

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

Administration Division

These services include internal audit, personnel, accounting, purchasing, budgeting, computer technology services, printing and warehousing. In addition, overall department coordination, direction and liaison with the Governor, Legislature and various Commissions are responsibilities of this division.

The budget request includes changes in the maintenance and operation cost elements necessary to reflect the current level of operations and support of agency staff. Also included in the change is the Administration Division's share of the Department's Technology Plan, which covers normal equipment replacement of computers, software updates, network services charges, and training. An increase in Extra Help and Matching is requested in FY16 and FY17 due to the need to utilize more Extra Help within the Central Administration Division. Extra Help staff is needed to support the administration of the P-card program, vendor maintenance process and in-house printing.

Included in the budget request is an increase in Salary and Matching for FY2016 and FY2017 for the reclassification of the Human Resources Specialist to Human Resources Analyst and an Administrative Specialist II to Administrative Specialist III. The Human Resources Specialist position covers several HR functions, including analyzing statistical data concerning workforce matters, drafting job advertisements and advertising the agency's vacancies to the public, processing and maintaining personnel documents per state and federal law, evaluating and responding to garnishment orders according to state and federal wage laws, and fulfilling our various reporting requirements, whether they be state, federal, or in-house. The Administrative Specialist II position has taken on additional duties which justify it being reclassified to Administrative Specialist III. Budget preparation and submission to the supervisor is an added responsibility that involves a great amount of research and analysis.

An additional reclassification is requested for the position of Printer to Institutional Printer. The Printer position has been under the supervision of a Print Shop Supervisor; however, the supervisory position has been eliminated due to retirement. The Printer will now be directly responsible for all print shop functions and will report directly to the Warehouse Supervisor. This position provides oversight for operating and maintaining the press.

An increase in Salary and Matching is requested each year for a new Human Resources Recruiter position. With the expansion of new facilities and growth of staff over the years, coupled with accelerated retirement rates of our workforce, the recruiting workload and advertising has grown exponentially. An increase is requested to increase the Executive Directors maximum salary to a competitive rate with similar positions within state government and other surrounding States.

An increase in Conference and Travel each year is requested to support the increasing need for specialized training due to advancements in technology and software. The increased funding is needed to cover the costs of attendance of career fairs/seminars by the Human Resource section. A reallocation is required to cover IT expenses for normal computer replacement in various Central Administration sections based on the agency's computer rotation schedule.

Tourism Division

The Tourism Division's 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 various 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 Department 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 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 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 motor coach marketplaces, sporting event trade shows, as well as other convention-based selling opportunities that include both domestic and international buyers.

Travel expenditures in Arkansas generated more than \$5.9 billion dollars in 2013 and contributed approximately \$311 million in state tax receipts. To continue this upward trend, the Tourism Division requests additional authorization in Appropriation 504 (the state's 2% tourism tax) to increase advertising, regional matching fund grants, travel show participation, and capital expenditures (for replacement vehicles and photographic equipment).

The budget request includes an increase in Operating Expenses. The increase reflects changes in the maintenance and operation costs necessary to reflect the current level of operations and support of agency staff. Increases include cost for travel and lodging, annual Membership Dues, purchase of replacement vehicles and photographic equipment, and increased cost of operational expenses for all 14 welcome center locations.

An increase in advertising expenses is also requested. The increase will allow for a boost in our advertising investment for the State. As industry changes, Arkansas must stay abreast of changing demands in methods of reaching potential visitors to our state. We must maintain an active presence in the marketplace by getting our message to prospective visitors. The additional funds will allow us to expand our internet marketing campaign and purchase additional broadcast and print media.

An increase for FY2016 and FY2017 in Salary and Matching is requested for the reclassification of the Research Project Analyst to ADPT Research Project Manager - a new title. The reclassification is necessary due to significantly increased responsibilities assigned to this position. Duties performed in each position include oversight and production of statistical reports for the Tourism Division, monitoring and reporting on the Division's extensive inventory of printed materials, and analysis of the Division's marketing efforts. This position will also supervise one subordinate employee. Included in the requests is the reclassification of the ADPT Director of Research and Information Services (C125) to ADPT Welcome Center Administrator (C123). This position will now be solely charged with administration of the state's network of 14 welcome centers (and 30-plus employees). It will no longer have the responsibilities of overseeing and producing the statistical reports of the Tourism Division or monitoring our inventory of promotional literature. An increase in Salary and Matching is requested to upgrade the ADPT Tourism Admin Director from N901 to N903. This position is currently paid 19% below the average of surrounding states. The increase will bring this salary to a competitive rate with similar positions in surrounding states. An increase is also requested to increase the Tourism Division Director's maximum salary to a competitive rate with similar positions within state government and other surrounding States.

State Parks Division

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, 400 miles of hiking trails, over 120 miles of roads and hundreds of miles of utilities. The parks have over 8 million visitors each year who come from all regions of the country. In FY 2013 the parks generated \$22.2 million in revenue. 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.

Personnel Requests - The State Parks Division requests 12 new Regular Salary Positions and 7 Extra Help positions to support new and expanded operations throughout the park system; Upgrade requests on five titles to enable the agency to be more competitive in the job market and decrease the high turnover in these titles; Reclassification requests on 11 positions to better classify and utilize proper titles in multiple locations throughout the park system.

The general revenue request for the Parks Division includes an increase to the Director of State Parks maximum salary to a competitive rate with similar positions within state government and with other surrounding states Park Director's salaries; An increase to upgrade Desk Clerk, Front Desk Supervisor, Housekeeper, Housekeeper Supervisor, Park Interpreter I/II, Park Ranger I/II, Park Superintendent I, Supervisor of Interpretive Programs, ADPT Rev Operation Manager, ADPT PRG SVS ADMIN, ADPT Parks Admin Manager, ADPT Regional Supervisor, ADPT Parks Admin Manager, ADPT Parks Operations and lodge cook titles park wide; An increase due to reclassification of a Museum Program Assistant II to a Park Interpreter and an ADPT Office Manager I to a ADPT Office Manager II.

Parks Cash Fund (Appropriation 986) is generated from numerous retail facilities and services provided at the state parks and museums, this is the major operating fund for their day to day operations and maintenance. The Agency requests a transfer of one position to the outdoor grants section resulting in a decrease of Salary and Matching. An increase in Operating Expenses is requested for both years of the biennium to move spending from construction to Operating Expenses for implementation of a new on-line reservation system, and for expected increases related to higher fuel and utility costs. An increase in Professional Fees and Services each year is requested for additional expenses for marketing and advertising new facilities/parks. The Parks Division requests a decrease in Construction for each year of the biennium. The Village Creek golf course project is complete and the majority of Delta Heritage trail project should be complete by the end of FY15. An increase for FY16 and FY17 for increasing prices and the increase in resale inventory items for the new facilities coming on line in the new biennium.

Amendment 75 - 1/8¢ Conversation Tax (Appropriation 500) - This request is to continue the long term plan to repair, renovate, improve, expand and properly equip the 52 state parks and address the backlog of \$211 million in projects yet to be completed. We are requesting an increase in Regular Salaries and Matching for the upgrade request on five titles, various position reclassifications to better classify employees and in Extra Help to keep salaries competitive to attract quality employees in remote locations, provided incentive increases for long term Extra Help employees and to fund a change in accounting for auto gratuities required by the IRS. An increase in Maintenance and Operating for increases related to new or expanded facilities. An increase in Professional Fees and Services is requested for additional expenses for marketing and advertising at various park locations throughout the system and to compete for high quality celebrity concerts at the Ozark Folk Center. We are requesting to continue the \$1,578,000 both years of the biennium in Capital Outlay in order to replace worn out and deteriorated equipment. We are requesting an increase in Special Maintenance for increases in costs for plumbing, electrical, other building materials and addressing the growing cost of maintaining 891 buildings and facilities.

Parks SCORP Federal (Appropriation 2JJ) needs an increase in Operating Expenses for expected increases in fuel, equipment and rent.

Parks Outdoor Recreation Grant Program (579 Appropriation) needs an increase in Grants and Aide to continue awarding grant funds due to increased collections in Real Estate Transfer Tax and obligations to ongoing past grant projects. The agency is requesting an increase in Regular Salaries and Matching for the transfer of three positions currently funded from agency cash to be funded from the outdoor grants funding source.

Trails for Life (Appropriation 1MH) needs an increase to fund a small increase in grants.

Keep Arkansas Beautiful

The Keep Arkansas Beautiful Program is predominantly funded by the 1/8¢ Conservation Amendment, but also receives some revenue from litter law enforcement fines. It is responsible for the coordination of anti-litter efforts, the encouraging of recycling, and promotion of scenic beautification.

In addition to two statewide cleanup campaigns each year, Keep Arkansas Beautiful maintains year-round educational, marketing and informational events and activities that engage citizen volunteers to improve their community environments. The mission of the program is to educate and inspire improved behavior change toward our environment. Program growth has resulted in the establishment of an active network of local affiliated communities which undertake environmental improvements within their local areas as well as participating in statewide activities. The program utilizes the voluntary efforts of individual citizens who are engaged to take personal responsibility for improving their community environments. These volunteers, working with government and organizations accomplish visual and physical improvement programs, contributing more than \$9.00 in cost avoidance benefit value to each program dollar. This relationship is enhanced and sustained through an extensive and continuous education and public awareness communications program, planning, training and support processes and voluntary public engagement opportunities offered by the program.

An increase in Regular Salaries and Personal Services Matching is requested as a result of a reclassification request of the Volunteer Services Coordinator position to the position of Volunteer Program Manager. Over the course of the past 10 years, this staff function has expanded in scope and duties, and now needs to undergo reclassification to reflect the actual job performed. This position is now responsible for the management of dozens of other community volunteer coordinators and the supervision of fifteen Keep Arkansas Beautiful local community affiliates. As well, this position is responsible for managing communication between prospective and current volunteers and interested citizens, and overseeing the public promotion of our statewide engagement activities. The Agency is also requesting an upgrade of the Keep Arkansas Beautiful Director from grade C118 to C126 due to the expansion of the duties and responsibilities of this position. The director has developed and now manages a statewide, year-round program that creates public awareness and interest in the need to make and keep our state's communities' environments clean, green and sustainable. This position requires the vision, planning and management of a corporal-level executive, experienced in business, non-profit and government operations to successfully integrate the functions of staff, other government agencies, contract vendors and voluntary groups into a cohesive operational program. Additionally, the director serves the director of the Dept. of Parks and Tourism as a division head, responsible for all operations and accountability of the Commission.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
ARKANSAS DEPARTMENT OF PARKS AND TOURISM
FOR THE YEAR ENDED JUNE 30, 2013

Findings

Recommendations

None

None

State Contracts Over \$50,000 Awarded To Minority Owned Businesses Fiscal Year 2014

None

Employment Summary

	Male	Female	Total	%
White Employees	361	306	667	90 %
Black Employees	21	31	52	7 %
Other Racial Minorities	10	9	19	3 %
Total Minorities			71	10 %
Total Employees			738	100 %

Publications

A.C.A. 25-1-201 et seq.

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution	Unbound Black & White Copies Produced During the Last Two Years	Cost of Unbound Copies Produced During the Last Two Years
		Governor	General Assembly				
None	N/A	N	N	0	N/A	0	0.00

Department Appropriation Summary

Historical Data

Agency Request and Executive Recommendation

Appropriation	2013-2014		2014-2015		2014-2015		2015-2016					2016-2017						
	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	140,000	0	251,521	0	260,000	0	251,521	0	260,000	0	260,000	0	251,521	0	260,000	0	260,000	0
2JJ SCORP Program-Federal	621,584	1	3,228,498	0	3,316,002	0	3,228,498	0	3,271,148	0	3,271,148	0	3,228,498	0	3,271,148	0	3,271,148	0
433 Museum Natural Res-Spec Rev	94,261	2	113,229	2	114,706	2	114,490	2	114,490	2	114,490	2	114,490	2	114,490	2	114,490	2
499 State Operations	21,590,240	422	21,747,509	429	21,777,818	429	21,993,482	429	22,131,734	430	22,092,290	429	22,011,956	429	22,150,512	430	22,110,868	429
500 Conservation Tax	25,798,499	139	48,500,529	152	48,518,256	152	47,002,443	152	51,992,982	163	51,991,293	163	47,012,725	152	52,172,680	163	52,170,991	163
502 Keep Arkansas Beautiful-ConsTax	633,785	3	683,112	3	700,305	3	684,834	3	694,073	3	694,073	3	684,834	3	694,073	3	694,073	3
504 Tourism Promotion-Special Rev	12,921,367	8	13,733,001	8	14,895,190	8	13,701,766	8	14,262,186	8	14,262,186	8	13,702,015	8	14,409,226	8	14,409,226	8
54L Wildlife Observation Trails	0	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	1,006,614	0	1,006,614	0
579 Outdoor Recreation Grants Prg	1,929,991	3	4,450,207	3	4,459,782	3	4,451,947	3	7,844,651	5	7,844,651	5	4,451,947	3	7,869,651	5	7,869,651	5
986 Operations & Construction-Cash in Treasury	31,602,935	192	33,841,539	190	37,996,135	190	33,596,039	190	34,480,573	189	34,479,171	189	33,600,004	190	34,509,538	189	34,508,136	189
994 Retirement & Relocation Program	228,276	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	13,757	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	663	0	38,420	0	38,420	0	38,420	0	38,420	0	38,420	0	38,420	0	38,420	0	38,420	0
Total	95,575,358	770	127,887,657	787	133,376,706	787	126,363,532	787	136,390,349	800	136,347,614	799	126,396,502	787	136,789,830	800	136,747,095	799

Funding Sources		%		%		%		%		%		%		%		%		%
Fund Balance	4000005	37,623,930	28.5	36,625,461	26.8	8,820,634	7.6	8,820,634	7.6	8,820,634	7.6	2,643,747	2.4	995,831	0.9	995,831	0.9	
General Revenue	4000010	21,818,516	16.5	21,975,787	16.1	22,221,760	19.2	22,360,012	19.3	22,221,760	19.2	22,240,234	20.4	22,378,790	20.8	22,240,234	20.7	
Federal Revenue	4000020	656,422	0.5	3,521,780	2.6	3,521,780	3.1	3,521,780	3.0	3,521,780	3.1	3,521,780	3.2	3,521,780	3.3	3,521,780	3.3	
Special Revenue	4000030	44,987,712	34.0	44,884,070	32.8	48,232,483	41.8	48,232,483	41.7	48,232,483	41.8	50,344,322	46.2	50,344,322	46.9	50,344,322	46.9	
Cash Fund	4000045	27,111,734	20.5	28,690,079	21.0	31,655,935	27.4	31,655,935	27.4	31,655,935	27.4	29,183,587	26.8	29,183,587	27.2	29,183,587	27.2	
Interest	4000300	2,189	0.0	4,000	0.0	3,500	0.0	3,500	0.0	3,500	0.0	2,000	0.0	2,000	0.0	2,000	0.0	
Interest Income / Royalties	4000307	316	0.0	500	0.0	500	0.0	500	0.0	500	0.0	500	0.0	500	0.0	500	0.0	
Transfers from Agencies	4000690	0	0.0	1,006,614	0.7	1,006,614	0.9	1,006,614	0.9	1,006,614	0.9	1,006,614	0.9	1,006,614	0.9	1,006,614	0.9	
Total Funds		132,200,819	100.0	136,708,291	100.0	115,463,206	100.0	115,601,458	100.0	115,463,206	100.0	108,942,784	100.0	107,433,424	100.0	107,294,868	100.0	
Excess Appropriation/(Funding)		(36,625,461)		(8,820,634)		10,900,326		20,788,891		20,884,408		17,453,718		29,356,406		29,452,227		
Grand Total		95,575,358		127,887,657		126,363,532		136,390,349		136,347,614		126,396,502		136,789,830		136,747,095		

Variance in Fund Balance is due to unfunded appropriation.

Agency Position Usage Report

FY2012 - 2013						FY2013 - 2014						FY2014 - 2015					
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	
785	741	38	779	6	5.61 %	787	752	35	787	0	4.45 %	787	738	49	787	0	6.23 %

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 Base Level Request is \$251,521 in each year of the biennium.

The Change Level Request submitted is for \$8,479 each year of the biennium to return appropriation to currently authorized amounts.

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

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			2015-2016			2016-2017		
		2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid	5100004	140,000	251,521	260,000	251,521	260,000	260,000	251,521	260,000	260,000
Total		140,000	251,521	260,000	251,521	260,000	260,000	251,521	260,000	260,000
Funding Sources										
Fund Balance	4000005	75,323	76,402		1,881	1,881	1,881	11,860	3,381	3,381
Cash Fund	4000045	140,000	175,000		260,000	260,000	260,000	260,000	260,000	260,000
Interest	4000300	1,079	2,000		1,500	1,500	1,500	0	0	0
Total Funding		216,402	253,402		263,381	263,381	263,381	271,860	263,381	263,381
Excess Appropriation/(Funding)		(76,402)	(1,881)		(11,860)	(3,381)	(3,381)	(20,339)	(3,381)	(3,381)
Grand Total		140,000	251,521		251,521	260,000	260,000	251,521	260,000	260,000

Expenditure of appropriation is contingent upon available funding.

Change Level by Appropriation

Appropriation: 1MH - Trails for Life Grants
Funding Sources: NPT - Parks Treasury Fund

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	251,521	0	251,521	100.0	251,521	0	251,521	100.0
C01	Existing Program	8,479	0	260,000	103.4	8,479	0	260,000	103.4

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	251,521	0	251,521	100.0	251,521	0	251,521	100.0
C01	Existing Program	8,479	0	260,000	103.4	8,479	0	260,000	103.4

Justification

C01	Adjustment will restore appropriation to FY15 authorized amount.
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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 include the continuation of the previously authorized 2015 1% Cost of Living Adjustment and Career Service Payments for eligible employees. Personal Services Matching also includes a \$10 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for Merit Pay Increases.

The Base Level Request is \$3,228,498 in each year of the biennium.

The Change Level Requests submitted are \$42,650 in each year of the biennium and are summarized as follows:

Operating Expenses of \$41,150 to support increases in facilities rent, equipment and fuel.

Conference and Travel Expenses of \$1,500 to support increased travel expenses for employees.

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	2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	2015-2016			2016-2017		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	23,783	0	62,447	0	0	0	0	0	0
#Positions	1	0	0	0	0	0	0	0	0
Personal Services Matching 5010003	6,140	0	25,057	0	0	0	0	0	0
Operating Expenses 5020002	13,488	25,800	25,800	25,800	66,950	66,950	25,800	66,950	66,950
Conference & Travel Expenses 5050009	1,164	4,600	4,600	4,600	6,100	6,100	4,600	6,100	6,100
Professional Fees 5060010	2,510	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
Grants and Aid 5100004	574,499	3,178,098	3,178,098	3,178,098	3,178,098	3,178,098	3,178,098	3,178,098	3,178,098
Capital Outlay 5120011	0	0	0	0	0	0	0	0	0
Total	621,584	3,228,498	3,316,002	3,228,498	3,271,148	3,271,148	3,228,498	3,271,148	3,271,148
Funding Sources									
Fund Balance 4000005	294,268	329,106		622,388	622,388	622,388	915,670	873,020	873,020
Federal Revenue 4000020	656,422	3,521,780		3,521,780	3,521,780	3,521,780	3,521,780	3,521,780	3,521,780
Total Funding	950,690	3,850,886		4,144,168	4,144,168	4,144,168	4,437,450	4,394,800	4,394,800
Excess Appropriation/(Funding)	(329,106)	(622,388)		(915,670)	(873,020)	(873,020)	(1,208,952)	(1,123,652)	(1,123,652)
Grand Total	621,584	3,228,498		3,228,498	3,271,148	3,271,148	3,228,498	3,271,148	3,271,148

Change Level by Appropriation

Appropriation: 2JJ - SCORP Program-Federal
Funding Sources: FPT - Parks & Tourism Federal

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	3,228,498	0	3,228,498	100.0	3,228,498	0	3,228,498	100.0
C01	Existing Program	42,650	0	3,271,148	101.3	42,650	0	3,271,148	101.3

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	3,228,498	0	3,228,498	100.0	3,228,498	0	3,228,498	100.0
C01	Existing Program	42,650	0	3,271,148	101.3	42,650	0	3,271,148	101.3

Justification

C01	An increase in M&O due to an increase in facilities rent. Increase in Conference Fees & Travel is for additional travel for employees who administer this grant program.
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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 include the continuation of the previously authorized 2015 1% Cost of Living Adjustment and Career Service Payments for eligible employees. Personal Services Matching also includes a \$10 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for Merit Pay Increases.

The Agency Request Base Level of \$114,490 in each year of the biennium and one (1) position upgrade.

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		
		2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	2015-2016			2016-2017		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	71,943	81,687	82,428	82,490	82,490	82,490	82,490	82,490	82,490
#Positions		2	2	2	2	2	2	2	2	2
Extra Help	5010001	0	2,043	2,043	2,043	2,043	2,043	2,043	2,043	2,043
#Extra Help		0	1	1	1	1	1	1	1	1
Personal Services Matching	5010003	22,318	29,499	30,135	29,957	29,957	29,957	29,957	29,957	29,957
Operating Expenses	5020002	0	0	100	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	0	0	0	0	0	0	0	0
Total		94,261	113,229	114,706	114,490	114,490	114,490	114,490	114,490	114,490
Funding Sources										
Fund Balance	4000005	62,728	53,167		21,847	21,847	21,847	12,815	12,815	12,815
Special Revenue	4000030	84,700	81,909		105,458	105,458	105,458	107,129	107,129	107,129
Total Funding		147,428	135,076		127,305	127,305	127,305	119,944	119,944	119,944
Excess Appropriation/(Funding)		(53,167)	(21,847)		(12,815)	(12,815)	(12,815)	(5,454)	(5,454)	(5,454)
Grand Total		94,261	113,229		114,490	114,490	114,490	114,490	114,490	114,490

Change Level by Appropriation

Appropriation: 433 - Museum Natural Res-Spec Rev
Funding Sources: SAH - Arkansas Oil Museum Fund

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	114,490	2	114,490	100.0	114,490	2	114,490	100.0
C11	Upgrade/Downgrade	0	0	114,490	100.0	0	0	114,490	100.0

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	114,490	2	114,490	100.0	114,490	2	114,490	100.0
C11	Upgrade/Downgrade	0	0	114,490	100.0	0	0	114,490	100.0

Justification

C11	A request to upgrade Park Interpreter II
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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 include the continuation of the previously authorized 2015 1% Cost of Living Adjustment and Career Service Payments for eligible employees. Personal Services Matching also includes a \$10 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for Merit Pay Increases. The Base Level request for Regular Salaries includes board member stipend payments. The Base Level salary of unclassified positions reflects the FY15 line item maximum plus the previously authorized 2015 1% Cost of Living Adjustment.

The Base Level Request includes appropriation and funding in the amount of \$21,993,482 in FY16 and \$22,011,956 in FY17.

The Agency's Change Level Request provides for \$138,252 in FY16 and \$138,556 in FY17 and are summarized as follows:

Regular Salaries and Personal Services Matching of \$43,084 each year of the biennium for one (1) new position, Human Resource Recruiter; \$18,921 in FY16 and \$19,064 in FY17 for eleven (11) reclassifications; \$37,531 in FY16 and \$37,675 in FY17 for up/downgrades of seventy-six (76) positions; \$25,331 in FY16 and \$25,348 in FY17 for Exceptional Salary Increases being requested on three (3) positions. Title Changes are being requested on eighteen (18) positions.

\$10,985 for Extra Help and Personal Services Matching appropriation

Reallocation of Operating Expenses to cover IT expenses for normal computer replacement based on the agency's computer rotation schedule found in the IT Plan.

Conference and Travel Expenses totaling \$2,400 each year of the biennium to support the need for specialized training based on advancement in technology and increased costs of career fair/seminars attended by the Human Resource Department. Reallocation of expenses to better align appropriation with the agency's needs.

The Executive Recommendation provides for the Agency Request for appropriation only with the exception of one (1) new position and various upgrades and reclassifications recommended at different grades.

Appropriation Summary

Appropriation: 499 - State Operations
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		
	2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	2015-2016			2016-2017		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	14,507,979	14,618,309	14,634,637	14,771,964	14,867,808	14,839,738	14,786,664	14,882,508	14,854,438
#Positions	422	429	429	429	430	429	429	430	429
Extra Help 5010001	14,991	23,032	23,032	23,032	33,100	33,100	23,032	33,100	33,100
#Extra Help	3	9	9	9	9	9	9	9	9
Personal Services Matching 5010003	5,572,243	5,594,486	5,608,467	5,686,804	5,716,744	5,705,170	5,690,578	5,720,822	5,709,248
Operating Expenses 5020002	549,769	549,893	549,893	549,893	549,893	549,893	549,893	549,893	549,893
Conference & Travel Expenses 5050009	4,914	4,950	4,950	4,950	7,350	7,350	4,950	7,350	7,350
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	4,193	22,588	22,588	22,588	22,588	22,588	22,588	22,588	22,588
Capital Outlay 5120011	1,900	0	0	0	0	0	0	0	0
Tourism Promotion 5900046	316,263	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
Total	21,590,240	21,747,509	21,777,818	21,993,482	22,131,734	22,092,090	22,011,956	22,150,512	22,110,868
Funding Sources									
General Revenue 4000010	21,590,240	21,747,509		21,993,482	22,131,734	21,993,482	22,011,956	22,150,512	22,011,956
Total Funding	21,590,240	21,747,509		21,993,482	22,131,734	21,993,482	22,011,956	22,150,512	22,011,956
Excess Appropriation/(Funding)	0	0		0	0	98,608	0	0	98,912
Grand Total	21,590,240	21,747,509		21,993,482	22,131,734	22,092,090	22,011,956	22,150,512	22,110,868

Change Level by Appropriation

Appropriation: 499 - State Operations
Funding Sources: HGA - Parks & Tourism Account

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	21,993,482	429	21,993,482	100.0	22,011,956	429	22,011,956	100.0
C01	Existing Program	56,469	1	22,049,951	100.3	56,469	1	22,068,425	100.3
C04	Reallocation	0	0	22,049,951	100.3	0	0	22,068,425	100.3
C10	Reclass	18,921	0	22,068,872	100.3	19,064	0	22,087,489	100.3
C11	Upgrade/Downgrade	37,531	0	22,106,403	100.5	37,675	0	22,125,164	100.5
C14	Title Change	0	0	22,106,403	100.5	0	0	22,125,164	100.5
C15	Ex Salary Increase	25,331	0	22,131,734	100.6	25,348	0	22,150,512	100.6

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	21,994,044	429	21,994,044	100.0	22,012,258	429	22,012,258	100.0
C01	Existing Program	25,756	0	22,019,800	100.1	25,756	0	22,038,014	100.1
C04	Reallocation	0	0	22,019,800	100.1	0	0	22,038,014	100.1
C10	Reclass	21,399	0	22,041,199	100.2	21,542	0	22,059,556	100.2
C11	Upgrade/Downgrade	38,493	0	22,079,692	100.4	38,637	0	22,098,193	100.4
C13	Not Recommended	(12,371)	0	22,067,321	100.3	(12,371)	0	22,085,822	100.3
C14	Title Change	0	0	22,067,321	100.3	0	0	22,085,822	100.3
C15	Ex Salary Increase	25,331	0	22,092,090	100.4	25,348	0	22,110,868	100.4

Justification

C01	An increase in Extra Help and Matching is requested in FY16 & FY17 in order to utilize more extra help within the Central Administration Division. Additional Staff is needed to support the administration of the p-card program and vendor maintenance process, support the Agency's in-house print shop operations, cover printing functions such as collating, paper cutting, binding, and chip boarding print jobs, loading and unloading supplies and other miscellaneous tasks relating to maintenance of the print shop. An increase in Salaries and Matching is requested for FY16 & FY17 for a new Human Resources Recruiter position. With the expansion of new facilities and growth of staff over the years, coupled with accelerated retirement rates of our long-term workforce, the workload in regard to recruiting and advertising has grown exponentially and can no longer be handled as an "other duty as assigned" by existing staff. The Agency needs a professional dedicated to this duty. An increase in Conference and Travel is requested for FY16 and FY17 to support the increasing need for specialized training due to advancements in technology and software and to cover the increasing costs of attendance of career fairs/seminars by the Human Resources department. These events provide valuable opportunities for recruitment and the process of filling vacant positions.
C04	A reallocation is required to cover IT expenses for normal computer replacement in various Central Administration sections based on the Agency's computer rotation schedule. These costs are redistributed from other expenditures to low value assets.
C10	Admin: Reclassification of the Human Resource Specialist to Human Resource Analyst and an Administrative Specialist II in the MIS department to Administrative Specialist III. These reclassifications are necessary due to additional duties performed in each position. Parks: Increase due to reclassifying a Museum Program Assistant II to a Park Interpreter and an ADPT Office Manager I to a ADPT Office Manager II. Tourism: Increase for the reclassification of the Research Project Analyst (C117) to ADPT Research Project Manager (C122) – a new title. The reclassification is necessary due to significantly increased responsibilities assigned to this position. Duties performed in each position include oversight and production of statistical reports for the Tourism Division, monitoring and reporting on the Division's extensive inventory of printed materials, and analysis of the Division's marketing efforts. This position will also supervise one subordinate employee.

Change Level by Appropriation

Justification	
C11	Parks: Increase to upgrade desk clerk, front desk supervisor, housekeeper, housekeeper supervisor, park interpreter I/II, park ranger I/II, park superintendent I, supervisor of interpretive programs, ADPT Rev Operation Mgr, ADPT PRG SVS ADMIN, ADPT Parks Admin Mgr, ADPT Regional Supv, ADPT Parks Admin Mgr, ADPT Parks Operations and lodge cook titles park wide to become more competitive in the marketplace and reduce turnover. Tourism: Increase to upgrade the ADPT Tourism Admin Director from N901 to N903. This position is currently paid 19% below the average of surrounding states. The increase will bring this salary to a competitive rate with similar positions in surrounding states.
C14	A title change was requested for the Park Office Manager I title to ADPT Office Manager I to bring it in line with the ADPT Park Manager series.
C15	Admin, Parks and Tourism request to increase their respective Executive Directors maximum salary to a competitive rate with similar positions within state government and other surrounding States.

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 include the continuation of the previously authorized 2015 1% Cost of Living Adjustment and Career Service Payments for eligible employees. Personal Services Matching also includes a \$10 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for Merit Pay Increases.

The Base Level Request is \$47,002,443 in FY16 and \$47,012,725 in FY17.

The Change Level Requests submitted are \$4,990,539 in FY16 and \$5,159,955 in FY17 and are summarized as follows:

Regular Salaries and Personal Services Matching increase of \$441,587.

- A total of 11 new positions - two (2) ADPT Office Manager I and one (1) each: Park Superintendent I, Lodge Sales Director, Human Resource Specialist, Maintenance Technician, Maintenance Specialist, Retail Specialist, Desk Clerk, Maintenance Assistant, Housekeeper with regular salaries and personal services matching totaling \$400,376.
- An increase of \$9,417 in Regular Salaries and Personal Services Matching each year for five (5) reclassification requests to properly align positions with work being performed in multiple locations throughout the park system.
- An increase of \$31,794 in Regular Salaries and Personal Services Matching each year for position upgrade requests for forty-four (44) positions park wide to allow the Agency to become more competitive in the marketplace and reduce turnover for those positions.

Extra Help and Personal Services Matching increase of \$697,396 each year to provide an incentive increase for returning long-term Extra Help employees, attract quality employees in remote locations and to fund a change in accounting for auto gratuities.

Operating Expenses increase of \$2,085,569 in FY16 and \$2,138,302 in FY17 for new/expanded facilities and expected higher fuel and utility costs throughout the Agency.

Professional Fees and Services increase of \$87,987 in FY16 and \$104,670 in FY17 for additional expenses to market and advertise new facilities/parks and to compete to high quality celebrity concerts at the Ozark Folk Center.

Capital Outlay increase of \$1,578,000 each year to meet the parks and museums needs to replace worn out and deteriorated equipment.

Special Maintenance increase of \$100,000 in FY16 and \$200,000 in FY17 to address a backlog of maintenance repairs and renovations to buildings and grounds and to take energy conservation measures.

The Executive Recommendation provides for the Agency Request with the exception of various upgrades and reclassifications recommended at different grades. Expenditure of appropriation is contingent upon available funding.

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		
		2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	2015-2016			2016-2017		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	4,353,159	4,675,335	4,675,570	4,723,714	5,035,159	5,041,702	4,732,014	5,043,459	5,050,002
#Positions		139	152	152	152	163	163	152	163	163
Extra Help	5010001	1,141,878	1,144,909	1,144,909	1,144,909	1,784,077	1,784,077	1,144,909	1,784,077	1,784,077
#Extra Help		138	8	8	8	15	15	8	15	15
Personal Services Matching	5010003	2,107,633	1,966,398	1,983,890	1,997,933	2,186,303	2,178,071	1,999,915	2,188,285	2,180,053
Operating Expenses	5020002	7,673,691	9,983,776	9,983,776	9,983,776	12,069,345	12,069,345	9,983,776	12,122,078	12,122,078
Conference & Travel Expenses	5050009	0	0	0	0	0	0	0	0	0
Professional Fees	5060010	272,613	309,224	309,224	309,224	397,211	397,211	309,224	413,894	413,894
Construction	5090005	6,578,319	26,624,272	26,624,272	26,624,272	26,624,272	26,624,272	26,624,272	26,624,272	26,624,272
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	1,526,887	1,578,000	1,578,000	0	1,578,000	1,578,000	0	1,578,000	1,578,000
Special Maintenance	5120032	2,144,319	2,218,615	2,218,615	2,218,615	2,318,615	2,318,615	2,218,615	2,418,615	2,418,615
Total		25,798,499	48,500,529	48,518,256	47,002,443	51,992,982	51,991,293	47,012,725	52,172,680	52,170,991
Funding Sources										
Fund Balance	4000005	19,010,994	22,705,737		3,229,713	3,229,713	3,229,713	0	0	0
Special Revenue	4000030	29,493,242	29,024,505		30,230,640	30,230,640	30,230,640	31,842,360	31,842,360	31,842,360
Total Funding		48,504,236	51,730,242		33,460,353	33,460,353	33,460,353	31,842,360	31,842,360	31,842,360
Excess Appropriation/(Funding)		(22,705,737)	(3,229,713)		13,542,090	18,532,629	18,530,940	15,170,365	20,330,320	20,328,631
Grand Total		25,798,499	48,500,529		47,002,443	51,992,982	51,991,293	47,012,725	52,172,680	52,170,991

Expenditure of appropriation is contingent upon available funding.

Change Level by Appropriation

Appropriation: 500 - Conservation Tax
Funding Sources: SPT - Dept. of Parks & Tourism Treasury Fund

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	47,002,443	152	47,002,443	100.0	47,012,725	152	47,012,725	100.0
C01	Existing Program	4,949,328	11	51,951,771	110.5	5,118,744	11	52,131,469	110.9
C10	Reclass	9,417	0	51,961,188	110.5	9,417	0	52,140,886	110.9
C11	Upgrade/Downgrade	31,794	0	51,992,982	110.6	31,794	0	52,172,680	111.0
C14	Title Change	0	0	51,992,982	110.6	0	0	52,172,680	111.0

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	47,002,443	152	47,002,443	100.0	47,012,725	152	47,012,725	100.0
C01	Existing Program	4,947,348	11	51,949,791	110.5	5,116,764	11	52,129,489	110.9
C10	Reclass	8,279	0	51,958,070	110.5	8,279	0	52,137,768	110.9
C11	Upgrade/Downgrade	33,223	0	51,991,293	110.6	33,223	0	52,170,991	111.0
C14	Title Change	0	0	51,991,293	110.6	0	0	52,170,991	111.0

Justification

C01	An increase in Regular Salaries for 11 additional positions. Increases in Extra Help to keep salaries competitive to attract quality employees in remote locations, provided incentive increases for long term extra help employees and to fund a change in accounting for auto gratuities required by the IRS. An increase in Operating Expenses for increases related to new or expanded facilities (Logoly Visitor Center, Queen Wilhelmina, Historic Davidsonville Visitor Center, Jacksonport Visitor Center, Delta Heritage Trail expansion, Hampson Museum) and expected higher fuel and utility costs system wide. An increase in Professional Fees and Services for additional expenses to market and advertise new facilities/parks and to compete for high quality celebrity concerts at the Ozark Folk Center. Reestablish Capital Outlay each year of the biennium to meet the parks and museums needs to replace worn out and deteriorated equipment. An increase in Special Maintenance to address a backlog of maintenance repairs and renovations to buildings and grounds and energy conservation measures.
C10	An increase in Regular Salaries and Matching 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 to upgrade desk clerk, front desk supervisor, housekeeper, housekeeper supervisor, ADPT Chief Ranger, ADPT Regional Park Supv and lodge cook titles park wide to become more competitive in the marketplace and reduce turnover.
C14	A title change was requested for the Park Office Manager I title to ADPT Office Manager I to bring it in line with the ADPT Park Manager series.

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 1/8th 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 include the continuation of the previously authorized 2015 1% Cost of Living Adjustment and Career Service Payments for eligible employees. Personal Services Matching also includes a \$10 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for Merit Pay Increases. The Base Level request for Regular Salaries includes board member stipend payments.

The Base Level Request is \$684,834 in each year of the biennium.

The Agency's Change Level Request provides for \$9,239 each year of the biennium for Regular Salaries and Personal Services Matching for one (1) position reclassification and one (1) position upgrade.

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			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
	2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	2015-2016			2016-2017		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	114,519	113,467	126,806	114,539	121,997	121,997	114,539	121,997	121,997
#Positions	3	3	3	3	3	3	3	3	3
Extra Help 5010001	0	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
#Extra Help	0	1	1	1	1	1	1	1	1
Personal Services Matching 5010003	42,460	41,266	45,120	41,916	43,697	43,697	41,916	43,697	43,697
Operating Expenses 5020002	64,993	89,928	89,928	89,928	89,928	89,928	89,928	89,928	89,928
Conference & Travel Expenses 5050009	0	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Professional Fees 5060010	31,749	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	1,064	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
Total	633,785	683,112	700,305	684,834	694,073	694,073	684,834	694,073	694,073
Funding Sources									
Fund Balance 4000005	140,948	148,914		112,291	112,291	112,291	93,296	84,057	84,057
Special Revenue 4000030	641,751	646,489		665,839	665,839	665,839	685,769	685,769	685,769
Total Funding	782,699	795,403		778,130	778,130	778,130	779,065	769,826	769,826
Excess Appropriation/(Funding)	(148,914)	(112,291)		(93,296)	(84,057)	(84,057)	(94,231)	(75,753)	(75,753)
Grand Total	633,785	683,112		684,834	694,073	694,073	684,834	694,073	694,073

Change Level by Appropriation

Appropriation: 502 - Keep Arkansas Beautiful-ConsTax
Funding Sources: SBA - Keep Arkansas Beautiful

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	684,834	3	684,834	100.0	684,834	3	684,834	100.0
C10	Reclass	9,239	0	694,073	101.3	9,239	0	694,073	101.3
C11	Upgrade/Downgrade	0	0	694,073	101.3	0	0	694,073	101.3

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	684,834	3	684,834	100.0	684,834	3	684,834	100.0
C10	Reclass	9,239	0	694,073	101.3	9,239	0	694,073	101.3
C11	Upgrade/Downgrade	0	0	694,073	101.3	0	0	694,073	101.3

Justification

C10	An increase in Regular Salaries and Personal Services Matching is requested as a result of a reclassification request of the Volunteer Services Coordinator (C111) position to the position of Volunteer Program Manager (C117). The reclassification is needed due to the expansion in scope, duties, and responsibilities of the job elements for this position. This position is now responsible for the management of other volunteer coordinators, supervision of fifteen (15) Keep Arkansas Beautiful local community affiliates, communication between prospective and current volunteers and interested citizens, and overseeing the public promotion of our statewide engagement activities.
C11	The Agency is requesting an upgrade of the Keep Arkansas Beautiful Director from grade C118 to C126 due to the expansion of the duties and responsibilities of this position. The director has developed and now manages a statewide, year-round program that creates public awareness and interest to make and keep our state's communities' environments clean, green and sustainable. This program also attracts and engages more than 70,000 citizen volunteers each year who donate their efforts to help Arkansas communities remain fresh, attractive and vibrant. This position requires vision, planning and management of a corporal-level executive, experience in business, non-profit and government operations to successfully integrate the functions of staff, other government agencies, contract vendors and voluntary groups into a cohesive operational program. Additionally, the director serves the director of the Dept. of Parks and Tourism as a division head, responsible for all operations and accountability of the commission. This upgrade will better able the state to attract future applicants who have the sufficient background and experience necessary to sustain and grow the commission's work, reach and benefits. This change will impact only one position.

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 include the continuation of the previously authorized 2015 1% Cost of Living Adjustment and Career Service Payments for eligible employees. Personal Services Matching also includes a \$10 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for Merit Pay Increases.

The Base Level Request includes appropriation in the amount of \$13,701,766 in FY16 and \$13,702,015 in FY17.

The Agency's Change Level Requests provide for \$560,420 in FY16 and \$707,211 in FY17 and are summarized as follows:

Operating Expenses of \$133,300 both years of the biennium for various increases including: travel costs, increased membership dues, security services, utilities, courier services and office supplies. Numerous operating expenses reallocations to better align the agencies budget.

Capital Outlay of \$35,000 both years of the biennium for purchase of replacement vehicles and photographic equipment.

Advertising Expenses of \$392,120 in FY16 and \$538,911 in FY17. Increased advertising will allow the agency to expand internet marketing campaigns and purchase additional broadcast and print media.

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			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	2015-2016			2016-2017		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	204,455	242,312	229,743	244,511	244,511	244,511	244,711	244,711	244,711
#Positions		8	8	8	8	8	8	8	8	8
Extra Help	5010001	16,436	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
#Extra Help		3	5	5	5	5	5	5	5	5
Personal Services Matching	5010003	87,986	99,398	92,962	100,964	100,964	100,964	101,013	101,013	101,013
Operating Expenses	5020002	1,135,239	1,549,275	1,549,275	1,549,275	1,682,575	1,682,575	1,549,275	1,682,575	1,682,575
Conference & Travel Expenses	5050009	3,285	5,360	5,360	5,360	5,360	5,360	5,360	5,360	5,360
Professional Fees	5060010	15,466	15,000	20,000	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	2,799	35,000	70,000	0	35,000	35,000	0	35,000	35,000
Tourist Promotion	5900046	919,737	955,737	979,737	955,737	955,737	955,737	955,737	955,737	955,737
Advertising Expense	5900047	10,535,964	10,805,919	11,923,113	10,805,919	11,198,039	11,198,039	10,805,919	11,344,830	11,344,830
Total		12,921,367	13,733,001	14,895,190	13,701,766	14,262,186	14,262,186	13,702,015	14,409,226	14,409,226
Funding Sources										
Fund Balance	4000005	1,040,953	779,786		119,461	119,461	119,461	582,491	22,071	22,071
Special Revenue	4000030	12,659,090	13,070,676		14,162,796	14,162,796	14,162,796	14,501,307	14,501,307	14,501,307
Interest	4000300	1,110	2,000		2,000	2,000	2,000	2,000	2,000	2,000
Total Funding		13,701,153	13,852,462		14,284,257	14,284,257	14,284,257	15,085,798	14,525,378	14,525,378
Excess Appropriation/(Funding)		(779,786)	(119,461)		(582,491)	(22,071)	(22,071)	(1,383,783)	(116,152)	(116,152)
Grand Total		12,921,367	13,733,001		13,701,766	14,262,186	14,262,186	13,702,015	14,409,226	14,409,226

FY15 Budget amount in Regular Salaries and Personal Services Matching exceeds the authorized amount due to salary and matching rate adjustments during the 2013-2015 Biennium.

Change Level by Appropriation

Appropriation: 504 - Tourism Promotion-Special Rev
Funding Sources: TDT - Tourism Development Trust

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	13,701,766	8	13,701,766	100.0	13,702,015	8	13,702,015	100.0
C01	Existing Program	560,420	0	14,262,186	104.1	707,211	0	14,409,226	105.2
C04	Reallocation	0	0	14,262,186	104.1	0	0	14,409,226	105.2

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	13,701,766	8	13,701,766	100.0	13,702,015	8	13,702,015	100.0
C01	Existing Program	560,420	0	14,262,186	104.1	707,211	0	14,409,226	105.2
C04	Reallocation	0	0	14,262,186	104.1	0	0	14,409,226	105.2

Justification

C01	Request includes increases in: lodging and other (registration fees) for 18-member board to attend annual Governor's Conference; membership dues for Bridging the Blues, Travel South, US Travel Bureau and, Southeast Tourism Society; equipment expense for purchase of replacement vehicles and photographic equipment; wireless for updated cell phones purchase and monthly service fees; advertising & clipping service to maintain service due to increasing number of publications; satellite/cable service to provide travel writer with reliable internet access; miscellaneous technical funds to replace office equipment; telecommunications wired due to increased cost of phone services Welcome Centers; advertising for the welcome center employment ads; utilities; lodging and charter travel for Welcome Center staff to attend FAM tours and the annual Governor's Conference on Tourism; security services for welcome centers needing this service; miscellaneous technical and office supplies to provide update services and replacement of office equipment for all 14 locations; subscriptions & publications to provide Welcome Centers staff with current reference and information publications; electricity to provide for anticipated cost increase; courier services to fund bulk shipping (UPS) of tourism publications; office supplies to provide and update office supplies for tourism research; additional advertising & clipping service to cover cost increases for these services. Additional appropriation is requested for cost increases in lodging, Common carrier and fuel purchases for the staff members to participate in trade shows and conferences promoting group travel. An increase in advertising will allow for a boost in our advertising investment for the State. As industry changes, Arkansas must stay abreast of changing demands in methods of reaching potential visitors to our state. We must maintain an active presence in the marketplace by getting our message to prospective visitors. The additional funds will allow us to expand our internet marketing campaign and purchase additional broadcast and print media.
C04	Appropriation is reallocated from common carrier to meals, lodging and fuel purchases to provide for anticipated Conference and Travel cost increases. Other travel expenses are reallocated to non state personnel travel to provide for visiting travel writers and journalists. Courier services, contractual services and other commodities are being reallocated to postage to provide for increased mailing of vacation kits and other agency publications. Clothing & related items are being reallocated to satellite/cable service and meals to provide for anticipated increases in those items; and, due to locating a new vendor which should result in reduced cost of clothing. Mileage, lodging, common carrier and other travel are being reallocated to subscriptions & publications to provide for a new research service monthly subscription. Printing is being reallocated to freight to provide for out-of-state shipping of group travel booth and tourism publications to attended trade shows and conferences. clothing & related items are being reallocated to association & membership dues to cover cost increase.

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 of \$1,006,614 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			2015-2016			2016-2017		
		2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
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
Total		0	1,006,614	1,006,614	1,006,614	1,006,614	1,006,614	1,006,614	1,006,614	1,006,614
Funding Sources										
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
Grand Total		0	1,006,614		1,006,614	1,006,614	1,006,614	1,006,614	1,006,614	1,006,614

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 include the continuation of the previously authorized 2015 1% Cost of Living Adjustment and Career Service Payments for eligible employees. Personal Services Matching also includes a \$10 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for Merit Pay Increases.

The Base Level Request is \$4,451,947 in both years of the biennium.

The Agency Change Level Requests provide for \$3,392,704 in FY16 and \$3,417,704 in FY17 and are summarized as follows:

One (1) new position with Regular Salaries and Personal Service Matching of \$41,273. One (1) position being moved from the SCORP Program to the outdoor grants section with salaries and matching totaling \$45,386. Three (3) positions being reclassified totaling \$4,793. One (1) upgrade to make the position more competitive with similar positions within the state and surrounding states totaling \$1,252.

Grants and Aid totaling \$3,300,000 each year for unexpended grant obligations.

Capital Outlay request of \$25,000 in FY17 for a replacement vehicle.

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

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			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	2015-2016			2016-2017		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	92,674	109,379	116,483	110,463	177,011	177,011	110,463	177,011	177,011
#Positions		3	3	3	3	5	5	3	5	5
Extra Help	5010001	116	15,210	15,210	15,210	15,210	15,210	15,210	15,210	15,210
#Extra Help		1	1	1	1	1	1	1	1	1
Personal Services Matching	5010003	37,692	42,217	44,688	42,873	69,029	69,029	42,873	69,029	69,029
Operating Expenses	5020002	36,883	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	1,762,626	4,244,881	4,244,881	4,244,881	7,544,881	7,544,881	4,244,881	7,544,881	7,544,881
Capital Outlay	5120011	0	0	0	0	0	0	0	25,000	25,000
Total		1,929,991	4,450,207	4,459,782	4,451,947	7,844,651	7,844,651	4,451,947	7,869,651	7,869,651

Funding Sources										
Fund Balance	4000005	4,526,687	4,705,625		2,315,909	2,315,909	2,315,909	931,712	0	0
Special Revenue	4000030	2,108,929	2,060,491		3,067,750	3,067,750	3,067,750	3,207,757	3,207,757	3,207,757
Total Funding		6,635,616	6,766,116		5,383,659	5,383,659	5,383,659	4,139,469	3,207,757	3,207,757
Excess Appropriation/(Funding)		(4,705,625)	(2,315,909)		(931,712)	2,460,992	2,460,992	312,478	4,661,894	4,661,894
Grand Total		1,929,991	4,450,207		4,451,947	7,844,651	7,844,651	4,451,947	7,869,651	7,869,651

Expenditure of appropriation is contingent upon available funding.

Change Level by Appropriation

Appropriation: 579 - Outdoor Recreation Grants Prg
Funding Sources: MPT - Parks & Tourism Outdoor Recreation

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	4,451,947	3	4,451,947	100.0	4,451,947	3	4,451,947	100.0
C01	Existing Program	3,341,273	1	7,793,220	175.1	3,366,273	1	7,818,220	175.6
C07	Agency Transfer	45,386	1	7,838,606	176.1	45,386	1	7,863,606	176.6
C10	Reclass	4,793	0	7,843,399	176.2	4,793	0	7,868,399	176.7
C11	Upgrade/Downgrade	1,252	0	7,844,651	176.2	1,252	0	7,869,651	176.8

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	4,451,947	3	4,451,947	100.0	4,451,947	3	4,451,947	100.0
C01	Existing Program	3,341,273	1	7,793,220	175.1	3,366,273	1	7,818,220	175.6
C07	Agency Transfer	45,386	1	7,838,606	176.1	45,386	1	7,863,606	176.6
C10	Reclass	4,793	0	7,843,399	176.2	4,793	0	7,868,399	176.7
C11	Upgrade/Downgrade	1,252	0	7,844,651	176.2	1,252	0	7,869,651	176.8

Justification

C01	An increase for one additional position. An increase in Grants and Aid due to increases in projected collections in real estate transfers tax and unexpended grant obligations. An increase in Capital Outlay in FY17 to purchase a replacement vehicle.
C07	An increase to move one position from the SCORP Program to the outdoor grants section.
C10	An increase for reclassifying three positions from grants analyst to park planners.
C11	An increase to make a position more competitive with similar positions within state government and with surrounding states.

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 include the continuation of the previously authorized 2015 1% Cost of Living Adjustment and Career Service Payments for eligible employees. Personal Services Matching also includes a \$10 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for Merit Pay Increases.

The Base Level Request includes appropriation in the amount of \$33,596,039 in FY16 and \$33,600,004 in FY17.

The Agency Change Level Requests provide for \$884,534 in FY16 and \$909,534 in FY17 and are summarized as follows:

Regular Salaries and Personal Service Matching decrease of \$30,824.

- Increase of \$14,562 from three (3) position reclasses, two (2) title changes and fifty (50) position upgrades
- Decrease of \$45,386 from a position being transferred to the Outdoor Grants Section

Operating Expense increases of \$2,746,183 each year for various increases including: implementation of a new online reservation system, higher fuel and utility costs

Professional Fees increase of \$35,129 for additional expenses for marketing/advertising new and expanded facilities.

Construction decrease of \$3,000,000 because the Delta Heritage Trail project is now almost complete.

Resale increase of \$534,046 as a result of increasing prices of resale goods system wide and in resale inventory for the new facilities coming online.

Capital Outlay increase of \$525,000 each year for the replacement of high mileage vehicles and deteriorating equipment needs in the park system.

Contractual Services increase of \$75,000 in FY16 and \$100,000 in FY17 for increased prices of crafter/vendor contracts at the Ozark Fold Center.

The Executive Recommendation provides for the Agency Request with the exception of various upgrades and reclassifications which are recommended at different grades. Expenditure of appropriation is contingent upon available funding.

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			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	2015-2016			2016-2017		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	5,936,582	5,883,384	6,486,455	5,946,884	5,926,069	5,924,935	5,950,084	5,929,269	5,928,135
#Positions		192	190	190	190	189	189	190	189	189
Extra Help	5010001	3,756,297	4,269,367	4,284,590	4,269,367	4,269,367	4,269,367	4,269,367	4,269,367	4,269,367
#Extra Help		521	776	776	776	776	776	776	776	776
Personal Services Matching	5010003	3,407,782	2,725,057	3,040,176	2,766,057	2,756,048	2,755,780	2,766,822	2,756,813	2,756,545
Operating Expenses	5020002	9,454,615	7,053,342	9,799,525	7,053,342	9,799,525	9,799,525	7,053,342	9,799,525	9,799,525
Conference & Travel Expenses	5050009	9,917	40,500	40,500	40,500	40,500	40,500	40,500	40,500	40,500
Professional Fees	5060010	769,446	836,413	836,413	836,413	871,542	871,542	836,413	871,542	871,542
Construction	5090005	0	4,771,385	4,771,385	4,771,385	1,771,385	1,771,385	4,771,385	1,771,385	1,771,385
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Resale (COGS)	5090017	3,834,653	4,524,915	4,824,915	4,524,915	5,058,961	5,058,961	4,524,915	5,058,961	5,058,961
Grants and Aid	5100004	50,000	0	0	0	0	0	0	0	0
Capital Outlay	5120011	287,696	350,000	525,000	0	525,000	525,000	0	525,000	525,000
Debt Service	5120019	3,795,172	3,050,999	3,050,999	3,050,999	3,050,999	3,050,999	3,050,999	3,050,999	3,050,999
Contractual Services	5900043	300,775	336,177	336,177	336,177	411,177	411,177	336,177	436,177	436,177
Total		31,602,935	33,841,539	37,996,135	33,596,039	34,480,573	34,479,171	33,600,004	34,509,538	34,508,136
Funding Sources										
Fund Balance	4000005	12,373,419	7,733,403		2,391,943	2,391,943	2,391,943	95,416	0	0
Cash Fund	4000045	26,962,919	28,500,079		31,299,512	31,299,512	31,299,512	28,820,970	28,820,970	28,820,970
Total Funding		39,336,338	36,233,482		33,691,455	33,691,455	33,691,455	28,916,386	28,820,970	28,820,970
Excess Appropriation/(Funding)		(7,733,403)	(2,391,943)		(95,416)	789,118	787,716	4,683,618	5,688,568	5,687,166
Grand Total		31,602,935	33,841,539		33,596,039	34,480,573	34,479,171	33,600,004	34,509,538	34,508,136

Expenditure of appropriation is contingent upon available funding.

Change Level by Appropriation

Appropriation: 986 - Operations & Construction-Cash in Treasury
Funding Sources: NPT - Parks Fund

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	33,596,039	190	33,596,039	100.0	33,600,004	190	33,600,004	100.0
C01	Existing Program	3,915,358	0	37,511,397	111.7	3,940,358	0	37,540,362	111.7
C03	Discontinue Program	(3,000,000)	0	34,511,397	102.7	(3,000,000)	0	34,540,362	102.8
C07	Agency Transfer	(45,386)	(1)	34,466,011	102.6	(45,386)	(1)	34,494,976	102.7
C10	Reclass	0	0	34,466,011	102.6	0	0	34,494,976	102.7
C11	Upgrade/Downgrade	14,562	0	34,480,573	102.6	14,562	0	34,509,538	102.7
C14	Title Change	0	0	34,480,573	102.6	0	0	34,509,538	102.7

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	33,596,039	190	33,596,039	100.0	33,600,004	190	33,600,004	100.0
C01	Existing Program	3,915,358	0	37,511,397	111.7	3,940,358	0	37,540,362	111.7
C03	Discontinue Program	(3,000,000)	0	34,511,397	102.7	(3,000,000)	0	34,540,362	102.8
C07	Agency Transfer	(45,386)	(1)	34,466,011	102.6	(45,386)	(1)	34,494,976	102.7
C10	Reclass	3,294	0	34,469,305	102.6	3,294	0	34,498,270	102.7
C11	Upgrade/Downgrade	9,866	0	34,479,171	102.6	9,866	0	34,508,136	102.7
C14	Title Change	0	0	34,479,171	102.6	0	0	34,508,136	102.7

Justification

C01	An increase in Operating Expenses is requested for both years of the biennium to move spending from construction to maintenance and operations for implementation of a new on-line reservation system, and for expected increases related to higher fuel and utility costs. An increase in Resale (COGS) 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 in Professional Fees and Services for additional expenses for marketing and advertising new/expanded facilities/parks at Queen Wilhelmina, Mississippi River, Delta Heritage Trail State Park and Logoly. Establish Capital Outlay each year of the biennium for the replacement of high mileage aging vehicles and deteriorating equipment needs in the park system. An increase to accommodate increases in crafter/vendor contracts at the Ozark Folk Center.
C03	Reduce Construction each year of the biennium due to majority completion of work on the Delta Heritage Trail project.
C07	A decrease for transferring one position to the Outdoor Grants section
C10	Various reclass requests to properly align positions with work being performed in multiple locations throughout the park system
C11	An increase to upgrade desk clerk, front desk supervisor, housekeeper, housekeeper supervisor, ADPT Planning & Dev Mgr and lodge cook titles park wide to become more competitive in the marketplace and reduce turnover.
C14	A title change was requested for the Park Office Manager I title to ADPT Office Manager I to bring it in line with the ADPT Park Manager series.

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 Department is requesting Base Level appropriation and funding of \$228,278 in 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			2015-2016			2016-2017		
		2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	26,659	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	198,617	198,619	198,619	198,619	198,619	198,619	198,619	198,619	198,619
Total		228,276	228,278	228,278	228,278	228,278	228,278	228,278	228,278	228,278
Funding Sources										
General Revenue	4000010	228,276	228,278		228,278	228,278	228,278	228,278	228,278	228,278
Total Funding		228,276	228,278		228,278	228,278	228,278	228,278	228,278	228,278
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		228,276	228,278		228,278	228,278	228,278	228,278	228,278	228,278

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 of \$65,200 in each year of the biennium with a reallocation of \$5,000 from Resale (COGS) to Operating Expenses.

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			2015-2016			2016-2017		
		2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	1,264	40,200	40,200	40,200	45,200	45,200	40,200	45,200	45,200
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	12,493	25,000	25,000	25,000	20,000	20,000	25,000	20,000	20,000
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Total		13,757	65,200	65,200	65,200	65,200	65,200	65,200	65,200	65,200
Funding Sources										
Fund Balance	4000005	63,109	58,167		2,967	2,967	2,967	0	0	0
Cash Fund	4000045	8,815	10,000		60,250	60,250	60,250	65,050	65,050	65,050
Total Funding		71,924	68,167		63,217	63,217	63,217	65,050	65,050	65,050
Excess Appropriation/(Funding)		(58,167)	(2,967)		1,983	1,983	1,983	150	150	150
Grand Total		13,757	65,200		65,200	65,200	65,200	65,200	65,200	65,200

Expenditure of appropriation is contingent upon available funding.

Change Level by Appropriation

Appropriation: 995 - Tourism - Cash in Treasury
Funding Sources: NPT - Tourism Operations

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	65,200	0	65,200	100.0	65,200	0	65,200	100.0
C04	Reallocation	0	0	65,200	100.0	0	0	65,200	100.0

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	65,200	0	65,200	100.0	65,200	0	65,200	100.0
C04	Reallocation	0	0	65,200	100.0	0	0	65,200	100.0

Justification

C04	The Agency is reallocating funds in Operating Expenses to better reflect anticipated expenses. This reallocation does not involve a request for additional funds.
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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 81st 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 Base Level of \$38,420 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: 996 - Entertainers Hall of Fame-Treas

Funding Sources: NPT - Parks & Tourism Hall of Fame

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Various Exp - Entertainers Hall 5900046	663	38,420	38,420	38,420	38,420	38,420	38,420	38,420	38,420
Total	663	38,420	38,420	38,420	38,420	38,420	38,420	38,420	38,420
Funding Sources									
Fund Balance 4000005	35,501	35,154		2,234	2,234	2,234	487	487	487
Cash Fund 4000045	0	5,000		36,173	36,173	36,173	37,567	37,567	37,567
Interest Income / Royalties 4000307	316	500		500	500	500	500	500	500
Total Funding	35,817	40,654		38,907	38,907	38,907	38,554	38,554	38,554
Excess Appropriation/(Funding)	(35,154)	(2,234)		(487)	(487)	(487)	(134)	(134)	(134)
Grand Total	663	38,420		38,420	38,420	38,420	38,420	38,420	38,420

DEPT OF PARKS & TOURISM - HISTORY COMMISSION

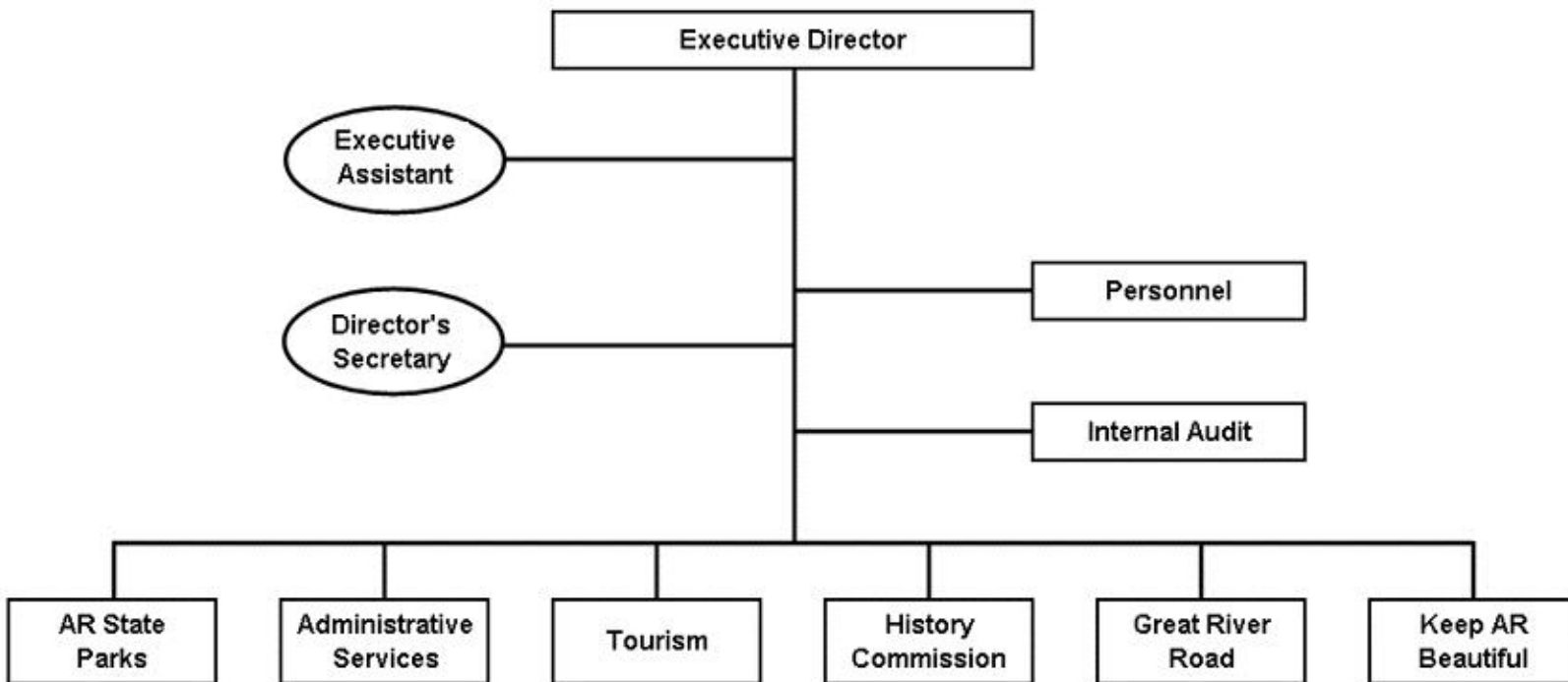
Enabling Laws

Act 242 of 2014
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 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 (AHC) serves as the State Archives and maintains the largest collection of documentary materials related to the history of Arkansas, including many official state records. The AHC's primary goals are to collect historical materials pertaining to Arkansas, encourage research in Arkansas history, broaden knowledge of the state's origins, and manage and maintain stewardship of historical objects and archival materials 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 Black History Commission of Arkansas (BHCA) is an advisory board to the Arkansas History Commission. Its mission is to collect materials pertaining to African American history for the Arkansas History Commission; to encourage research in the state's African American history; and to cooperate with the Arkansas Department of Education to develop materials that support the teaching of African American history in our public schools. The BHCA is funded through general revenue, as part of the AHC's appropriation.

In addition to Base Level the Agency is requesting an increase in the Maintenance and General Operation Appropriation for continued operations of current programs. The request is needed due to an increase in rent, vehicle maintenance needs, and the need to provide professional development opportunities to keep staff adequately trained in a field that has experienced significant change in recent years. Additionally, increasing demands for K-12 outreach and educational programming involve increased expenditures for traveling exhibits, workshops and seminars, advertising, postage, fuel and travel expenses.

The agency is also requesting an increase in the Black History Commission Appropriation for additional K-12 educational programming and travel expenses related to outreach activities.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
DEPARTMENT OF PARKS AND TOURISM
ARKANSAS HISTORY COMMISSION
FOR THE YEAR ENDED JUNE 30, 2013

Findings

Recommendations

None

None

State Contracts Over \$50,000 Awarded To Minority Owned Businesses Fiscal Year 2014

None

Employment Summary

	Male	Female	Total	%
White Employees	5	16	21	88 %
Black Employees	0	3	3	12 %
Other Racial Minorities	0	0	0	0 %
Total Minorities			3	12 %
Total Employees			24	100 %

Publications

A.C.A. 25-1-201 et seq.

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution	Unbound Black & White Copies Produced During the Last Two Years	Cost of Unbound Copies Produced During the Last Two Years
		Governor	General Assembly				
NONE	N/A	N	N	0	N/A	0	0.00

Department Appropriation Summary

Historical Data

Agency Request and Executive Recommendation

Appropriation	2013-2014		2014-2015		2014-2015		2015-2016					2016-2017						
	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	1,743,643	25	1,822,639	25	1,842,330	25	1,838,627	25	1,968,534	27	1,968,534	27	1,838,627	25	1,968,534	27	1,968,534	27
955 History Commission-Cash in Treasury	27,010	0	71,800	0	79,000	0	60,800	0	71,800	0	71,800	0	60,800	0	71,800	0	71,800	0
Total	1,770,653	25	1,894,439	25	1,921,330	25	1,899,427	25	2,040,334	27	2,040,334	27	1,899,427	25	2,040,334	27	2,040,334	27

Funding Sources		%		%		%		%		%		%		%		%		
Fund Balance 4000005	21,500	1.2	29,741	1.6			241	0.0	241	0.0	241	0.0	11,741	0.6	741	0.0	741	0.0
General Revenue 4000010	1,743,643	96.8	1,822,639	96.2			1,838,627	96.2	1,968,534	96.4	1,838,627	96.2	1,838,627	95.6	1,968,534	96.4	1,838,627	96.2
Cash Fund 4000045	35,251	2.0	42,300	2.2			72,300	3.8	72,300	3.5	72,300	3.8	72,300	3.8	72,300	3.5	72,300	3.8
Total Funds	1,800,394	100.0	1,894,680	100.0			1,911,168	100.0	2,041,075	100.0	1,911,168	100.0	1,922,668	100.0	2,041,575	100.0	1,911,668	100.0
Excess Appropriation/(Funding)	(29,741)		(241)				(11,741)		(741)		129,166		(23,241)		(1,241)		128,666	
Grand Total	1,770,653		1,894,439				1,899,427		2,040,334		2,040,334		1,899,427		2,040,334		2,040,334	

Variance in Fund Balance is due to unfunded appropriation.

Agency Position Usage Report

FY2012 - 2013						FY2013 - 2014						FY2014 - 2015					
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	22	3	25	0	12.00 %

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 include the continuation of the previously authorized 2015 1% Cost of Living Adjustment and Career Service Payments for eligible employees. Personal Services Matching also includes a \$10 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for Merit Pay Increases. The Base Level request for Regular Salaries includes board member stipend payments. The Base Level salary of unclassified positions reflects the FY15 line item maximum plus the previously authorized 2015 1% Cost of Living Adjustment. The Base Level request for Regular Salaries includes board member stipend payments.

The Base Level Request is \$1,838,627 in both years of the biennium.

The Change Level Requests submitted are \$129,907 for each year of the biennium and are summarized as follows:

Regular Salaries and Personal Services Matching totaling \$85,307 for two (2) new positions - one (1) Education and Instruction Specialist and one (1) Public Information Specialist and two (2) reclassifications due to organizational restructuring.

Operating Expenses of \$30,050 for growth in public programming activities, increased rent and to replace public and staff computers. This request is addressed in detail in the Department's IT Plan. The Agency also requests several reallocations within Operating Expenses to better align the Agency's budget.

Professional Fees increase of \$10,800 is necessary for monthly upkeep of the Agency's new website.

Black History Commission increase of \$3,750 is needed to help with growth in public programming, specifically teacher education workshops.

The Executive Recommendation provides for the Agency Request in appropriation only.

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	2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	2015-2016			2016-2017		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	890,573	916,829	936,418	926,982	988,408	988,408	926,982	988,408	988,408
#Positions	25	25	25	25	27	27	25	27	27
Extra Help 5010001	10,251	10,300	10,300	10,300	10,300	10,300	10,300	10,300	10,300
#Extra Help	2	3	3	3	3	3	3	3	3
Personal Services Matching 5010003	325,110	328,824	328,926	334,659	358,540	358,540	334,659	358,540	358,540
Operating Expenses 5020002	506,052	506,110	506,110	506,110	536,160	536,160	506,110	536,160	536,160
Conference & Travel Expenses 5050009	336	396	396	396	396	396	396	396	396
Professional Fees 5060010	0	0	0	0	10,800	10,800	0	10,800	10,800
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Grants and Aid 5100004	1,481	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
Black History Commission 5900041	9,840	10,180	10,180	10,180	13,930	13,930	10,180	13,930	13,930
Total	1,743,643	1,822,639	1,842,330	1,838,627	1,968,534	1,968,534	1,838,627	1,968,534	1,968,534
Funding Sources									
General Revenue 4000010	1,743,643	1,822,639		1,838,627	1,968,534	1,838,627	1,838,627	1,968,534	1,838,627
Total Funding	1,743,643	1,822,639		1,838,627	1,968,534	1,838,627	1,838,627	1,968,534	1,838,627
Excess Appropriation/(Funding)	0	0		0	0	129,907	0	0	129,907
Grand Total	1,743,643	1,822,639		1,838,627	1,968,534	1,968,534	1,838,627	1,968,534	1,968,534

Change Level by Appropriation

Appropriation: 226 - History Commission-State Operations
Funding Sources: HGA - Parks & Tourism-History Commission Account

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	1,838,627	25	1,838,627	100.0	1,838,627	25	1,838,627	100.0
C01	Existing Program	114,907	2	1,953,534	106.2	114,907	2	1,953,534	106.2
C04	Reallocation	0	0	1,953,534	106.2	0	0	1,953,534	106.2
C08	Technology	15,000	0	1,968,534	107.1	15,000	0	1,968,534	107.1
C10	Reclass	0	0	1,968,534	107.1	0	0	1,968,534	107.1

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	1,838,627	25	1,838,627	100.0	1,838,627	25	1,838,627	100.0
C01	Existing Program	114,907	2	1,953,534	106.2	114,907	2	1,953,534	106.2
C04	Reallocation	0	0	1,953,534	106.2	0	0	1,953,534	106.2
C08	Technology	15,000	0	1,968,534	107.1	15,000	0	1,968,534	107.1
C10	Reclass	0	0	1,968,534	107.1	0	0	1,968,534	107.1

Justification

C01	An increase in Regular Salaries and Personal Services Matching is requested for two new positions (Public Information Specialist and Educational and Instruction Specialist). The Public Information Specialist position is needed to fill a gap in communications coverage for the agency. The Education and Instruction Specialist is needed to provide oversight for our developing K-12 teacher resource support program (i.e., lesson plans, workshops, traveling exhibits, educational kits). The request includes an increase to pay for a rent increase on leased space in the MAC (Multi-Agency Complex), owned/managed by the Arkansas Building Authority, another state agency. The budget increase would stay within state government, since the money will go to the Arkansas Building Authority. The request includes an increase to offset expenses generated by growth in public programming activities, particularly teacher education workshops sponsored by the AHC and the Black History Commission of Arkansas. These activities have created the need for funds in a variety of areas: office equipment maintenance, printing and copying, office supplies, educational supplies, vehicle maintenance (additional use results in more expense), and conference/seminar expense. The AHC and BHCA provide these workshops free of charge to state educators, but additional resources and support are needed to meet the demand for high-quality, professional development opportunities for state teachers. The request includes an increase to offset annual maintenance support services charged by Aristotle, the AHC's website provider. This maintenance fee includes monthly updates to the AHC's website, database consultation, and search engine optimization (to improve our search rankings). The AHC's website is the main way that the public accesses information about the commission and its holdings. In 2013, almost 400,000 people visited the AHC website. The site is being redesigned and improved through an Arkansas Natural and Cultural Resources Grant (ANCRG) in 2015-2017, but maintenance costs will be ongoing.
C04	The Agency is reallocating funds in M&O to better reflect anticipated expenses. This reallocation does not involve a request for additional funds.
C08	The Arkansas History Commission (AHC) is the official state archives, and preserves and makes available for study and research the world's largest collection of historical Arkansas materials. While the AHC welcomes tens of thousands of visitors each year to its facility, many researchers now expect to be able to begin and conduct some research online. During its 110 years of existence, the AHC has devoted only a small percentage of its budget to technology-related equipment and services. To effectively serve offsite researchers, in particular Arkansas K-12 students and educators who lack funding to visit the facility in person, and to bring the State Archives up to levels achieved by other states, the AHC requests will replace public and staff computers according to IT's normal replacement cycle.
C10	Due to organizational restructuring and to properly reflect significantly expanded duties currently performed by the section manager, a reclassification of the Archival Microphotographer Supervisor position to Archival Manager is requested. This change does not require additional funding and impacts only one position. A reclassification of the Administrative Specialist III (SARA) to Archival Assistant is needed to reflect the appropriate title for the type of work performed in this position, and to create a parallel staffing structure between the agency's regional archives at Washington and Powhatan. This change does not require additional funding and impacts only one position.

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 Base Level Request is \$60,800 in both years of the biennium.

The Agency's Change Level Request provides for \$11,000 in both years of the biennium in Operating Expenses to return appropriation to Base Level after a Budget Classification Transfer moved this amount to Capital Outlay for FY15. The Agency also reallocated appropriation within Operating Expenses to better align the budget with projected expenditures.

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			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	2015-2016			2016-2017		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	27,010	60,800	79,000	60,800	71,800	71,800	60,800	71,800	71,800
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	11,000	0	0	0	0	0	0	0
Total		27,010	71,800	79,000	60,800	71,800	71,800	60,800	71,800	71,800
Funding Sources										
Fund Balance	4000005	21,500	29,741		241	241	241	11,741	741	741
Cash Fund	4000045	35,251	42,300		72,300	72,300	72,300	72,300	72,300	72,300
Total Funding		56,751	72,041		72,541	72,541	72,541	84,041	73,041	73,041
Excess Appropriation/(Funding)		(29,741)	(241)		(11,741)	(741)	(741)	(23,241)	(1,241)	(1,241)
Grand Total		27,010	71,800		60,800	71,800	71,800	60,800	71,800	71,800

Change Level by Appropriation

Appropriation: 955 - History Commission-Cash in Treasury
Funding Sources: NPT - History Commission-Cash in Treasury

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	60,800	0	60,800	100.0	60,800	0	60,800	100.0
C01	Existing Program	11,000	0	71,800	118.1	11,000	0	71,800	118.1
C04	Reallocation	0	0	71,800	118.1	0	0	71,800	118.1

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	60,800	0	60,800	100.0	60,800	0	60,800	100.0
C01	Existing Program	11,000	0	71,800	118.1	11,000	0	71,800	118.1
C04	Reallocation	0	0	71,800	118.1	0	0	71,800	118.1

Justification

C01	The AHC is restoring Operating Expenses due to the budget classification transfer for purchase of microfilm scanner in FY2015.
C04	The Agency is reallocating appropriation in Operating Expenses to better reflect anticipated expenses. This reallocation does not involve a request for additional funds.

ARKANSAS STATE BOARD OF PHYSICAL THERAPY

Enabling Laws

Act 99 of 2014
A.C.A. §17-93-201

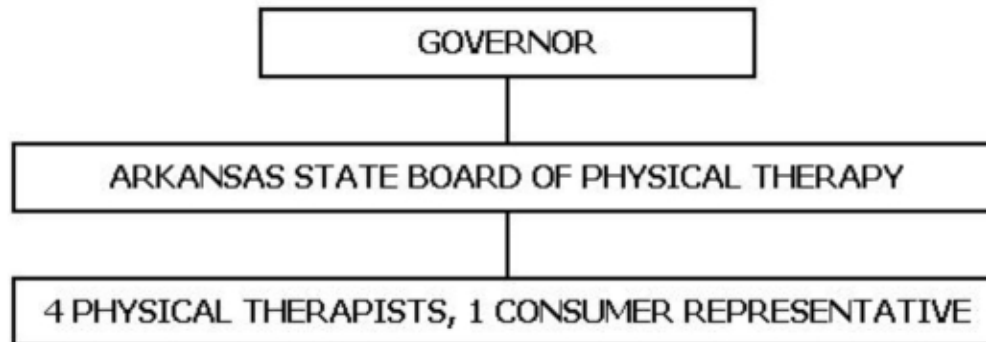
History and Organization

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 2015-17 Biennium.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
ARKANSAS STATE BOARD OF PHYSICAL THERAPY
FOR THE YEAR ENDED JUNE 30, 2012

Findings	Recommendations
None	None

State Contracts Over \$50,000 Awarded To Minority Owned Businesses Fiscal Year 2014

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, 2014

Fund Account	Balance	Type	Location
3460000	\$671,946	Investment	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.

Fund Account	Balance	Type	Location
3460000	\$130,760	Checking	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 therapist assistants.

Fund Account	Balance	Type	Location
PTP0100	\$10,508	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. 25-1-201 et seq.

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution	Unbound Black & White Copies Produced During the Last Two Years	Cost of Unbound Copies Produced During the Last Two Years
		Governor	General Assembly				
Annual Report	A.C.A. §17-93-203 (c)	Y	N	1	Report receipts and disbursements	0	0.00
Directory	A.C.A. §17-93-202 (4)(A)	N	N	20	Communication with Licensees	0	0.00
Newsletter	None	N	N	2,600	Practice Changes:Suspension	0	0.00

Agency Position Usage Report

FY2012 - 2013						FY2013 - 2014						FY2014 - 2015					
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	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 include continuation of the previously authorized 2015 1% Cost of Living Adjustment and Career Service Payments for eligible employees. Personal Services Matching also includes a \$10 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for Merit Pay Increases. The Base Level request for Regular Salaries includes board member stipend payments.

The Board is requesting Base Level of \$262,029 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	Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
	2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	2015-2016			2016-2017		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	92,268	90,915	90,914	91,891	91,891	91,891	91,891	91,891	91,891
#Positions	2	2	2	2	2	2	2	2	2
Extra Help 5010001	0	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
#Extra Help	0	1	1	1	1	1	1	1	1
Personal Services Matching 5010003	30,473	30,302	29,894	30,816	30,816	30,816	30,816	30,816	30,816
Operating Expenses 5020002	55,767	89,833	89,833	89,833	89,833	89,833	89,833	89,833	89,833
Conference & Travel Expenses 5050009	0	3,489	3,489	3,489	3,489	3,489	3,489	3,489	3,489
Professional Fees 5060010	1,764	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
Total	180,272	260,539	260,130	262,029	262,029	262,029	262,029	262,029	262,029
Funding Sources									
Fund Balance 4000005	779,048	813,214		762,675	762,675	762,675	710,646	710,646	710,646
Cash Fund 4000045	214,438	210,000		210,000	210,000	210,000	210,000	210,000	210,000
Total Funding	993,486	1,023,214		972,675	972,675	972,675	920,646	920,646	920,646
Excess Appropriation/(Funding)	(813,214)	(762,675)		(710,646)	(710,646)	(710,646)	(658,617)	(658,617)	(658,617)
Grand Total	180,272	260,539		262,029	262,029	262,029	262,029	262,029	262,029

FY15 Budget amount in Regular Salaries and Personal Services Matching exceeds the authorized amount due to salary and matching rate adjustments during the 2013-2015 Biennium.

STATE BOARD OF PRIVATE CAREER EDUCATION

Enabling Laws

Act 130 of 2014
A.C.A. § 6-51-601 et seq.

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 193 schools and 129 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 58,000 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 2015-2017 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:

- Pay claims filed by students when a school becomes insolvent or ceases to operate without offering a complete program of study;
- Pay expenses incurred by a school that are directly related to educating a student placed in the school for teach out purposes;
- Reimburse the Private Career Education Fund for expenses directly associated with the storage and maintenance of student academic and financial aid records; and
- 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 2015-2017 Biennium.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
 AUDIT OF :
 ARKANSAS STATE BOARD OF PRIVATE CAREER EDUCATION
 FOR THE YEAR ENDED JUNE 30, 2012

Findings	Recommendations
None	None

State Contracts Over \$50,000 Awarded To Minority Owned Businesses Fiscal Year 2014

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. 25-1-201 et seq.

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution	Unbound Black & White Copies Produced During the Last Two Years	Cost of Unbound Copies Produced During the Last Two Years
		Governor	General Assembly				
None	N/A	N	N	0	N/A	0	0.00

Department Appropriation Summary

Historical Data

Agency Request and Executive Recommendation

Appropriation	2013-2014		2014-2015		2014-2015		2015-2016						2016-2017					
	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	365,432	4	437,632	4	433,552	4	439,857	4	439,857	4	439,857	4	439,987	4	439,987	4	439,987	4
506 Student Protection Trust	36,125	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	50,000	0	100,500	0	50,000	0	50,000	0	50,000	0	50,000	0	50,000	0	50,000	0
Total	401,557	4	987,632	4	1,034,052	4	989,857	4	989,857	4	989,857	4	989,987	4	989,987	4	989,987	4

Funding Sources		%		%		%		%		%		%		%		%	
Fund Balance	4000005	1,472,245	80.0	1,439,898	82.4	760,466	69.7	760,466	69.7	760,466	69.7	226,846	39.0	226,846	39.0	226,846	39.0
Special Revenue	4000030	297,232	16.1	250,000	14.3	275,000	25.2	275,000	25.2	275,000	25.2	300,000	51.6	300,000	51.6	300,000	51.6
Cash Fund	4000045	195	0.0	200	0.0	200	0.0	200	0.0	200	0.0	200	0.0	200	0.0	200	0.0
Trust Fund	4000050	71,783	3.9	58,000	3.3	56,000	5.1	56,000	5.1	56,000	5.1	54,000	9.3	54,000	9.3	54,000	9.3
Total Funds		1,841,455	100.0	1,748,098	100.0	1,091,666	100.0	1,091,666	100.0	1,091,666	100.0	581,046	100.0	581,046	100.0	581,046	100.0
Excess Appropriation/(Funding)		(1,439,898)		(760,466)		(101,809)		(101,809)		(101,809)		408,941		408,941		408,941	
Grand Total		401,557		987,632		989,857		989,857		989,857		989,987		989,987		989,987	

FY15 Budget amount in Regular Salaries and Personal Services Matching in the Private Career Education Operations appropriation exceeds the authorized amount due to salary and matching rate adjustments during the 2013-2015 Biennium.

Variances in fund balances due to unfunded appropriation.

Agency Position Usage Report

FY2012 - 2013						FY2013 - 2014						FY2014 - 2015					
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 include continuation of the previously authorized 2015 1% Cost of Living Adjustment and Career Service Payments for eligible employees. Personal Services Matching also includes a \$10 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for Merit Pay Increases. The Base Level request for Regular Salaries includes board member stipend payments.

The Base Level and total Agency Request is \$439,857 in FY16 and \$439,987 in FY17.

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

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		
		2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	2015-2016			2016-2017		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	242,007	238,242	237,339	239,587	239,587	239,587	239,687	239,687	239,687
#Positions		4	4	4	4	4	4	4	4	4
Extra Help	5010001	0	32,500	32,500	32,500	32,500	32,500	32,500	32,500	32,500
#Extra Help		0	4	4	4	4	4	4	4	4
Personal Services Matching	5010003	83,852	93,890	90,713	94,770	94,770	94,770	94,800	94,800	94,800
Operating Expenses	5020002	38,425	63,000	63,000	63,000	63,000	63,000	63,000	63,000	63,000
Conference & Travel Expenses	5050009	55	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Professional Fees	5060010	1,093	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
Total		365,432	437,632	433,552	439,857	439,857	439,857	439,987	439,987	439,987
Funding Sources										
Fund Balance	4000005	344,277	276,077		88,445	88,445	88,445	0	0	0
Special Revenue	4000030	297,232	250,000		275,000	275,000	275,000	300,000	300,000	300,000
Total Funding		641,509	526,077		363,445	363,445	363,445	300,000	300,000	300,000
Excess Appropriation/(Funding)		(276,077)	(88,445)		76,412	76,412	76,412	139,987	139,987	139,987
Grand Total		365,432	437,632		439,857	439,857	439,857	439,987	439,987	439,987

FY15 Budget amount in Regular Salaries and Personal Services Matching exceeds the authorized amount due to salary and matching rate adjustments during the 2013-2015 Biennium. Expenditure of appropriation is contingent upon available funding.

Analysis of Budget Request

Appropriation: 506 - Student Protection Trust

Funding Sources: TCS - Private Career School Student Protection Trust Fund

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 requested appropriation will enable the Student Protection Trust Fund to carry forward the following functions:

- pay claims filed by students when a school becomes insolvent or ceases to operate without offering a complete program of study;
- pay expenses incurred by a school that are directly related to educating a student placed in the school for teach out purposes;
- reimburse the Private Career Education Board Fund for expenses directly associated with the storage and maintenance of student academic and financial aid records; and
- reimburse the Private Career Education Board Fund for administrative costs incurred due to school closings.

The Base Level and total Agency Request is \$500,000 each year of the 2015-2017 Biennium.

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

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			2015-2016			2016-2017		
		2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Expenses/Claims/Fees	5900046	36,125	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Total		36,125	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Funding Sources										
Fund Balance	4000005	1,077,188	1,112,846		670,846	670,846	670,846	226,846	226,846	226,846
Trust Fund	4000050	71,783	58,000		56,000	56,000	56,000	54,000	54,000	54,000
Total Funding		1,148,971	1,170,846		726,846	726,846	726,846	280,846	280,846	280,846
Excess Appropriation/(Funding)		(1,112,846)	(670,846)		(226,846)	(226,846)	(226,846)	219,154	219,154	219,154
Grand Total		36,125	500,000		500,000	500,000	500,000	500,000	500,000	500,000

Expenditure of appropriation is contingent upon available funding.

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 Base Level and total Agency Request is \$50,000 each year of the 2015-2017 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		
		2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	2015-2016			2016-2017		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	0	31,102	81,602	31,102	31,102	31,102	31,102	31,102	31,102
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
Total		0	50,000	100,500	50,000	50,000	50,000	50,000	50,000	50,000
Funding Sources										
Fund Balance	4000005	50,780	50,975		1,175	1,175	1,175	0	0	0
Cash Fund	4000045	195	200		200	200	200	200	200	200
Total Funding		50,975	51,175		1,375	1,375	1,375	200	200	200
Excess Appropriation/(Funding)		(50,975)	(1,175)		48,625	48,625	48,625	49,800	49,800	49,800
Grand Total		0	50,000		50,000	50,000	50,000	50,000	50,000	50,000

Expenditure of appropriation is contingent upon available funding.

ARKANSAS PSYCHOLOGY BOARD

Enabling Laws

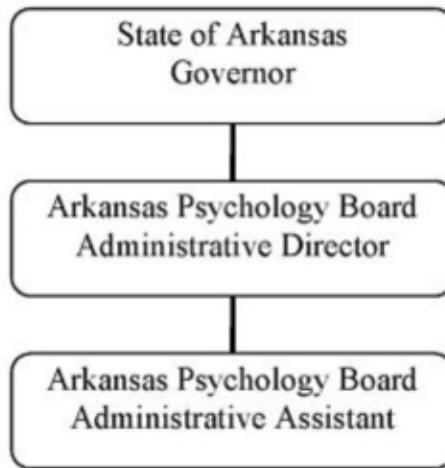
Act 80 of 2014
A.C.A. §17-97-101, et seq.

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 an upgrade and change in title to position C115 Director of Psychology Board to C119 Administrative Director.

The Board is requesting an increase in Operating Expenses each year in the amount of \$691 to cover the 3% increase in rent to ABA.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
ARKANSAS PSYCHOLOGY BOARD
FOR THE YEAR ENDED JUNE 30, 2012

Findings	Recommendations
<p>Ark. Code Ann. § 19-4-1103 states, "It shall be the responsibility of each executive head of a state agency to establish adequate internal administrative procedures and controls to ensure prompt and accurate payment of obligations." In addition, Financial Management Guide regulation R3-19-4-1601 states that no Agency may employ contract labor for a period longer than six consecutive weeks or 240 hours per calendar quarter. A review of 78 maintenance and operation expenditures noted the following deficiencies:</p> <ul style="list-style-type: none">• Three disbursements that included late fees totaling \$195.• One disbursement indicating the Agency employed contract labor for seven consecutive weeks in a calendar quarter. <p>The Board's lack of adherence to state laws and regulations could create the opportunity for misappropriation of state assets.</p> <p>Financial Management Guide regulation R1-19-4-903 establishes criteria for reimbursement of travel expenses for state employees and officials. A review of 27 travel expenditures revealed three reimbursements for lodging that exceeded the allowable rate without proper authorization, resulting in overpayments totaling \$111.</p> <p>The Board's lack of adherence to travel laws and regulations could lead to misappropriation of state assets and reduction in services to citizens.</p>	<p>Provide adequate training to staff on state laws and regulations related to the disbursement of state funds.</p> <p><u>Agency Response:</u> Because the responsibilities of maintaining the requirements of the State and the functions of the Agency are too numerous for one person (i.e., the Executive Director), a Board member and current staff are being trained in the bill-paying process.</p> <p>Provide adequate training for staff on travel regulations.</p> <p><u>Agency Response:</u> The overpayment occurred because the lodging facility did not offer government rates. In the future, the Agency will communicate to all Board members that any amount greater than the State's reimbursement rate will not be refunded to them.</p>

State Contracts Over \$50,000 Awarded To Minority Owned Businesses Fiscal Year 2014

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 %

Publications

A.C.A. 25-1-201 et seq.

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution	Unbound Black & White Copies Produced During the Last Two Years	Cost of Unbound Copies Produced During the Last Two Years
		Governor	General Assembly				
ABEP Directory	None	N	N	1,000	Required by the Rules and Regulations Section 1.3.E(2-6).	0	0.00
ABEP Newsletter	None	N	N	900	Required by the Rules and Regulations Section 1.3.F	0	0.00

Agency Position Usage Report

FY2012 - 2013						FY2013 - 2014						FY2014 - 2015					
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	1	1	2	0	50.00 %	2	1	1	2	0	50.00 %

FY13 Total Budgeted Positions exceed the Authorized Number due to one added OPM pool position.

Analysis of Budget Request

Appropriation: M82 - Treasury Cash Operations

Funding Sources: NBP - Cash in Treasury

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. The Arkansas Psychology Board moved to a Cash in State Treasury on March 27, 2014.

Base Level Regular Salaries and Personal Services Matching include continuation of the previously authorized 2015 1% Cost of Living Adjustment and Career Service Payments for eligible employees. Personal Services Matching also includes a \$10 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for Merit Pay Increases.

Base Level for this appropriation is \$186,872 each year of the biennium.

The Agency's Change Level Request provides for (1) position reclassification of the C115 Director of Psychology Board to C119 Administrative Director and Operating Expenses in the amount of \$691. This increase will provide for a 3% increase in rent.

The Executive Recommendation provides for the Agency Request with the exception that the C115 Director of Psychology Board position be upgraded to C117 APB Administrative Director instead of upgraded to C119 Administrative Director. Expenditure of appropriation is contingent upon available funding.

Appropriation Summary

Appropriation: M82 - Treasury Cash Operations

Funding Sources: NBP - Cash in Treasury

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	2015-2016			2016-2017		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	63,104	69,630	66,547	70,325	70,325	70,325	70,325	70,325	70,325
#Positions		2	2	2	2	2	2	2	2	2
Personal Services Matching	5010003	28,676	27,533	24,447	27,971	27,971	27,971	27,971	27,971	27,971
Operating Expenses	5020002	79,891	60,849	60,849	60,849	61,540	61,540	60,849	61,540	61,540
Conference & Travel Expenses	5050009	0	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Professional Fees	5060010	45,523	24,727	24,727	24,727	24,727	24,727	24,727	24,727	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
Total		217,194	185,739	179,570	186,872	187,563	187,563	186,872	187,563	187,563
Funding Sources										
Fund Balance	4000005	315,836	468,675		467,936	467,936	467,936	466,064	465,373	465,373
Cash Fund	4000045	370,033	185,000		185,000	185,000	185,000	185,000	185,000	185,000
Total Funding		685,869	653,675		652,936	652,936	652,936	651,064	650,373	650,373
Excess Appropriation/(Funding)		(468,675)	(467,936)		(466,064)	(465,373)	(465,373)	(464,192)	(462,810)	(462,810)
Grand Total		217,194	185,739		186,872	187,563	187,563	186,872	187,563	187,563

FY15 Budget amount in Regular Salaries and Personal Services Matching exceeds the authorized amount due to salary and matching rate adjustments during the 2013-2015 Biennium.

Change Level by Appropriation

Appropriation: M82 - Treasury Cash Operations
Funding Sources: NBP - Cash in Treasury

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	186,872	2	186,872	100.0	186,872	2	186,872	100.0
C01	Existing Program	691	0	187,563	100.4	691	0	187,563	100.4
C11	Upgrade/Downgrade	0	0	187,563	100.4	0	0	187,563	100.4
C14	Title Change	0	0	187,563	100.4	0	0	187,563	100.4

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	186,872	2	186,872	100.0	186,872	2	186,872	100.0
C01	Existing Program	691	0	187,563	100.4	691	0	187,563	100.4
C11	Upgrade/Downgrade	0	0	187,563	100.4	0	0	187,563	100.4
C14	Title Change	0	0	187,563	100.4	0	0	187,563	100.4

Justification

C01	\$691 reflects an increase of Operating Expenses due to the statewide 3% increase of rent to ABA.
C11	Reflects C115 position being upgraded to C119.
C14	Reflects Director of Psychology Board position title being changed to Administrative Director.

ARKANSAS PUBLIC SERVICE COMMISSION

Enabling Laws

Act 220 of 2014
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	21
Master Meter Gas Operators	136
Water and Sewer Utilities	2
Incumbent Local Exchange Carriers	32
Regional Transmission Organization	2

Private Pay Telephone Providers	12
Competitive Local Exchange Carriers	96
Interexchange Carriers and Private Pay Telephone Providers	<u>126</u>
TOTAL	453

These utilities generate annual revenues in Arkansas of approximately \$5.8 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 114 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 99 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 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 broadened to include assessment of utility property and the administration and enforcement of the tax laws related to utilities and carriers. The Tax Division is now under the direction and supervision of the Arkansas Public Service Commission.

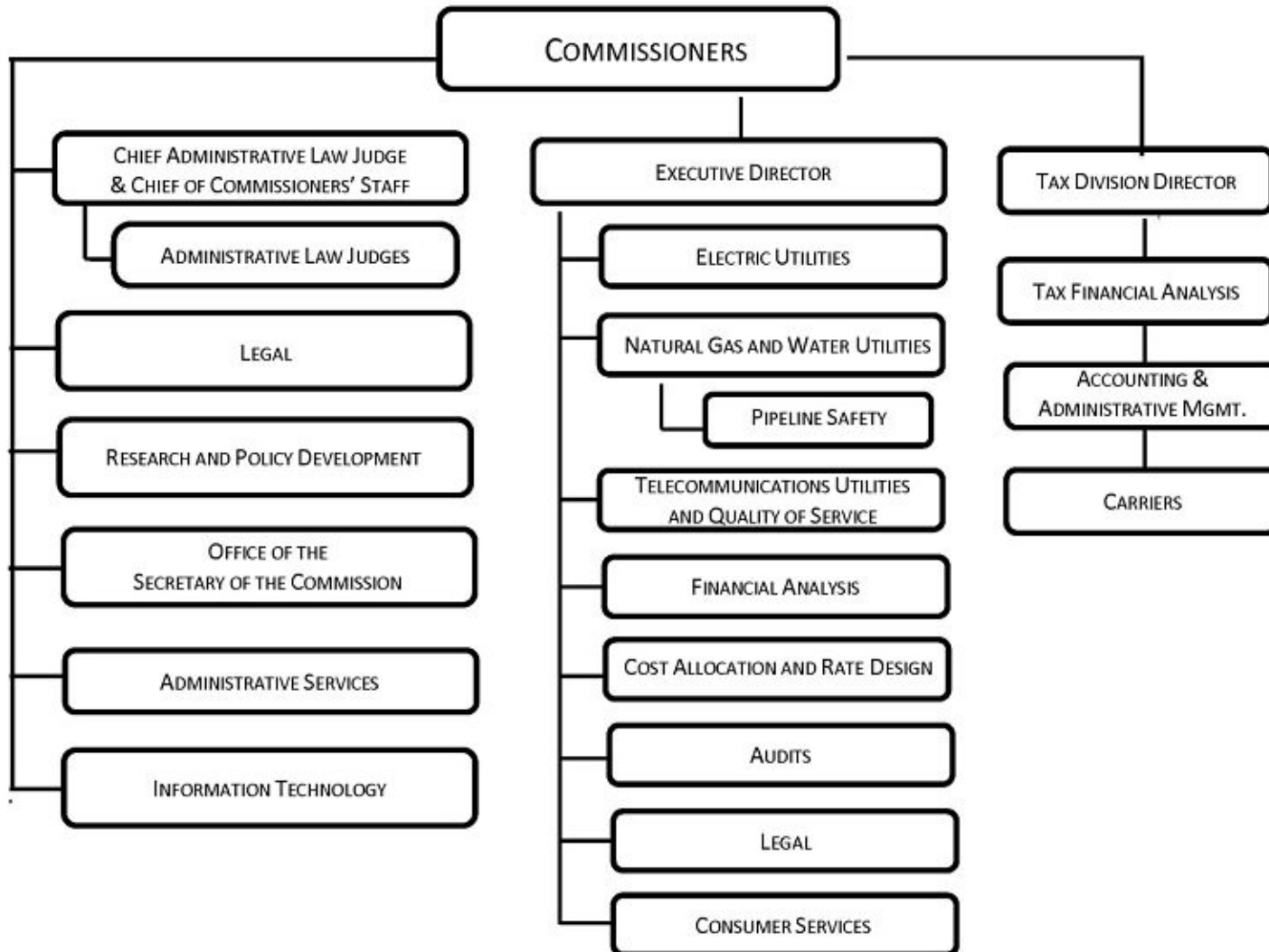
For the purpose of assessment, the Tax Division determines the fair market value of the property of all utilities and carriers doing business in Arkansas. Once the Tax Division determines the fair market value, it calculates an assessed value which is distributed to the counties where the utility and 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 utilities and carriers in accordance with Title 26 of Arkansas Code Annotated (1997). Once determined, the assessments placed on the property of 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 2013, the Tax Division assessed over 38,000 companies, with assessments rendered by the Tax Division totaling \$3,998,000,000. Revenue generated from these assessments provides approximately \$186,946,000 annually for the support of schools, cities, and counties. Annual tax revenue of approximately \$21,259,000 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 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 \$9,909,785 for FY16 and \$9,911,200 for FY17, with 89 full-time positions and 6 extra help positions authorized 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 Levels for the Utilities Division totaling \$35,600 are requested each year of the 2015-2017 Biennium for Capital Outlay and Operating Expenses. Capital Outlay requests are for the replacement of one state vehicle in each fiscal year. Operating Expense request is due to the increase in facilities rent by Arkansas Building Authority. The agency also requests the reclassification of three positions, and the title change only of one position.

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 25 intra-state natural gas operators and 136 operators covering 166 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 \$906,265 for FY16 and \$907,000 for FY17, with ten positions authorized for each fiscal year.

Change Level requests for the Pipeline Safety Office totaling \$25,714 for each year of the biennium for Operating Expenses and Capital Outlay. Capital Outlay requests are for the purchase of one vehicle each fiscal year. Operating Expense request is due to the increase in building rent from Arkansas Building Authority. The Pipeline Safety Section also requests the reclassification of three positions.

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 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.

The Base Level for the Tax Division is \$1,734,514 for FY16 and \$1,735,248 for FY17.

Change Level request for the Tax Division totaling \$1,113 for each year of the biennium for Operating Expenses due to the building rent increase by Arkansas Building Authority.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
ARKANSAS PUBLIC SERVICE COMMISSION
FOR THE YEAR ENDED JUNE 30, 2012

Findings

Recommendations

None

None

State Contracts Over \$50,000 Awarded To Minority Owned Businesses Fiscal Year 2014

None

Employment Summary

	Male	Female	Total	%
White Employees	48	34	82	80 %
Black Employees	2	18	20	19 %
Other Racial Minorities	1	0	1	1 %
Total Minorities			21	20 %
Total Employees			103	100 %

Publications

A.C.A. 25-1-201 et seq.

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution	Unbound Black & White Copies Produced During the Last Two Years	Cost of Unbound Copies Produced During the Last Two Years
		Governor	General Assembly				
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.	62	197.63
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.	62	23.25
Utility Rate Case Report	A.C.A. 23-4-420 and A.C.A. 13-2-212	Y	Y	1	Required by Statute and provided electronically.	0	0.00

Department Appropriation Summary

Historical Data

Agency Request and Executive Recommendation

Appropriation	2013-2014		2014-2015		2014-2015		2015-2016						2016-2017					
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
255 Utilities Division-Operations	8,149,781	87	9,916,559	89	9,955,569	89	9,909,785	89	9,965,778	89	9,953,859	89	9,911,200	89	9,967,193	89	9,955,274	89
256 Pipeline Safety Program	875,098	10	936,442	10	881,316	10	906,265	10	941,875	10	941,875	10	907,000	10	942,610	10	942,610	10
257 Tax Division-Operations	1,063,834	15	1,323,118	15	1,742,268	15	1,734,514	15	1,735,627	15	1,735,627	15	1,735,248	15	1,736,361	15	1,736,361	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
Total	10,088,713	112	12,176,119	114	13,579,153	114	13,550,564	114	13,643,280	114	13,631,361	114	13,553,448	114	13,646,164	114	13,634,245	114

Funding Sources		%		%		%		%		%		%		%		%		%
Fund Balance	4000005	6,123,371	36.9	6,485,567	37.4		5,169,390	30.3	5,169,390	30.3	5,169,390	30.3	3,483,120	22.7	3,390,404	22.2	3,402,333	22.3
Federal Revenue	4000020	421,372	2.5	468,221	2.7		470,397	2.8	470,397	2.8	470,397	2.8	470,397	3.1	470,397	3.1	470,397	3.1
Special Revenue	4000030	9,246,057	55.8	9,461,221	54.5		10,463,397	61.4	10,463,397	61.4	10,463,397	61.4	10,463,397	68.2	10,463,397	68.6	10,463,397	68.5
Ad Valorem Tax	4000060	783,480	4.7	930,500	5.4		930,500	5.5	930,500	5.5	930,500	5.5	930,500	6.1	930,500	6.1	930,500	6.1
Total Funds		16,574,280	100.0	17,345,509	100.0		17,033,684	100.0	17,033,684	100.0	17,033,684	100.0	15,347,414	100.0	15,254,698	100.0	15,266,627	100.0
Excess Appropriation/(Funding)		(6,485,567)		(5,169,390)			(3,483,120)		(3,390,404)		(3,402,323)		(1,793,966)		(1,608,534)		(1,632,382)	
Grand Total		10,088,713		12,176,119			13,550,564		13,643,280		13,631,361		13,553,448		13,646,164		13,634,245	

FY15 Budget amount exceeds the authorized amount in (256) Pipeline Safety Program due to salary and matching rate adjustments during the 2013-2015 Biennium.

Agency Position Usage Report

FY2012 - 2013						FY2013 - 2014						FY2014 - 2015					
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	
118	102	15	117	1	13.56 %	118	103	15	118	0	12.71 %	115	104	10	114	1	9.57 %

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 Regular Salaries and Personal Services Matching include continuation of the previously authorized 2015 1% Cost of Living Adjustment and Career Service Payments for eligible employees. Personal Services Matching also includes a \$10 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for Merit Pay Increases. The Base Level salary of unclassified positions reflects the FY2015 line item maximum plus the previously authorized 2015 1% Cost of Living Adjustment.

Base Level for the Division totals \$9,909,785 for FY2016 and \$9,911,200 for FY2017.

Change Level requests total \$55,993 each year and are listed as follows:

- Regular Salaries and Personal Service Matching of \$20,393 each year of the biennium for the Reclassification of three (3) positions and a Title Change of one (1) position. The reclassified positions requested include: Fiscal Division Manager C127 to PSC Chief Fiscal Officer C128, Legal Support Specialist C113 to PSC Rate Case Analyst C121, and Administrative Specialist III C112 to Administrative Analyst C115. The Title Change requested is PSC Administrative Law Judge N906 to PSC Litigation Specialist N906.
- Operating Expense of \$14,600 each year of the biennium to cover the 3% Arkansas Building Authority rent increase.
- Capital Outlay of \$21,000 each year of the biennium to replace one vehicle each fiscal year.

The Executive Recommendation provides for the Agency Request with the exception of the reclassification of Fiscal Division Manager C127 to PSC Chief Fiscal Officer C128, and Administrative Specialist III C112 to Administrative Analyst C115. The Executive Recommendation also makes a modification to the Title Change Request, recommending the position title for PSC Administrative Law Judge N906, be changed to Managing Attorney N906 instead of PSC Litigation Specialist N906.

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			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	2015-2016			2016-2017		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	5,234,107	5,577,496	5,629,091	5,576,575	5,593,226	5,583,348	5,577,475	5,594,126	5,584,248
#Positions		87	89	89	89	89	89	89	89	89
Extra Help	5010001	1,562	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000
#Extra Help		2	6	6	6	6	6	6	6	6
Personal Services Matching	5010003	1,616,697	1,692,394	1,679,809	1,707,541	1,711,283	1,709,242	1,708,056	1,711,798	1,709,757
Overtime	5010006	35	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Operating Expenses	5020002	881,958	1,055,997	1,055,997	1,055,997	1,070,597	1,070,597	1,055,997	1,070,597	1,070,597
Conference & Travel Expenses	5050009	49,306	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	17,062	21,000	21,000	0	21,000	21,000	0	21,000	21,000
Special Maintenance	5120032	559	24,319	24,319	24,319	24,319	24,319	24,319	24,319	24,319
Fed Regulatory Services	5900040	236,470	290,575	290,575	290,575	290,575	290,575	290,575	290,575	290,575
Professional Services	5900043	58,440	998,000	998,000	998,000	998,000	998,000	998,000	998,000	998,000
Data Processing Services	5900044	53,585	138,856	138,856	138,856	138,856	138,856	138,856	138,856	138,856
Total		8,149,781	9,916,559	9,955,569	9,909,785	9,965,778	9,953,859	9,911,200	9,967,193	9,955,274
Funding Sources										
Fund Balance	4000005	3,353,849	3,705,577		2,709,018	2,709,018	2,709,018	1,719,233	1,663,240	1,675,169
Special Revenue	4000030	8,501,509	8,920,000		8,920,000	8,920,000	8,920,000	8,920,000	8,920,000	8,920,000
Total Funding		11,855,358	12,625,577		11,629,018	11,629,018	11,629,018	10,639,233	10,583,240	10,595,169
Excess Appropriation/(Funding)		(3,705,577)	(2,709,018)		(1,719,233)	(1,663,240)	(1,675,159)	(728,033)	(616,047)	(639,895)
Grand Total		8,149,781	9,916,559		9,909,785	9,965,778	9,953,859	9,911,200	9,967,193	9,955,274

FY15 Budget amount in Personal Services Matching exceeds the authorized amount due to matching rate adjustments during the 2013-2015 Biennium.

Change Level by Appropriation

Appropriation: 255 - Utilities Division-Operations
Funding Sources: SJP - Public Service Commission Fund

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	9,909,785	89	9,909,785	100.0	9,911,200	89	9,911,200	100.0
C01	Existing Program	35,600	0	9,945,385	100.4	35,600	0	9,946,800	100.4
C10	Reclass	20,393	0	9,965,778	100.6	20,393	0	9,967,193	100.6

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	9,909,785	89	9,909,785	100.0	9,911,200	89	9,911,200	100.0
C01	Existing Program	35,600	0	9,945,385	100.4	35,600	0	9,946,800	100.4
C10	Reclass	8,474	0	9,953,859	100.4	8,474	0	9,955,274	100.4

Justification

C01	Capital Outlay request in the amount of \$21,000 for the replacement of one vehicle for each year and Operating Expense request in the amount of \$14,600 for each year due to facilities rent increase by Arkansas Building Authority.
C10	This request is for the reclassification of a Legal Support Specialist position, grade C113 to a PSC Rate Case Analyst position, grade C121. The reclassification is needed to provide assistance in the Cost Allocation and Rate Design Section to address the various issues before the Commission. Reclassification of an Administrative Specialist III position, grade C112, to an Administrative Analyst, grade C115, is needed to provide assistance in the Research and Policy Section due to the numerous issues requiring specialized research and data analysis in the utility industry. Also, requested is the reclassification of a Fiscal Division Manager, grade C127, position to a PSC Chief Fiscal Officer, grade C128, position which will better match the duties the position is required to perform. A title change only of PSC Administrative Law Judge, grade N906, position to PSC Litigation Specialist, grade N906, position is requested due to the change of duties this position performs.

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 continuation of the previously authorized 2015 1% Cost of Living Adjustment and Career Service Payments for eligible employees. Personal Services Matching also includes a \$10 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for Merit Pay Increases.

Base Level Request for the program is \$906,265 in FY2016 and \$907,000 in FY2017.

Change Level Requests total \$35,610 each year of the biennium and include the following:

- Regular Salaries and Personal Service Matching of \$9,896 each year of the biennium for the reclassification of three (3) Corrosion Inspectors C115 to PSC Pipeline Safety Specialists C120.
- Operating Expense of \$714 each year of the biennium to cover the 3% Arkansas Building Authority rent increase.
- Capital Outlay of 25,000 each year of the biennium to replace one vehicle each fiscal year.

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		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	2015-2016			2016-2017		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	564,865	595,861	552,904	590,362	598,443	598,443	590,962	599,043	599,043
#Positions		10	10	10	10	10	10	10	10	10
Personal Services Matching	5010003	176,406	182,732	170,563	183,054	184,869	184,869	183,189	185,004	185,004
Operating Expenses	5020002	92,214	105,000	105,000	105,000	105,714	105,714	105,000	105,714	105,714
Conference & Travel Expenses	5050009	21,977	25,620	25,620	25,620	25,620	25,620	25,620	25,620	25,620
Professional Fees	5060010	0	2,229	2,229	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	19,636	25,000	25,000	0	25,000	25,000	0	25,000	25,000
Total		875,098	936,442	881,316	906,265	941,875	941,875	907,000	942,610	942,610
Funding Sources										
Fund Balance	4000005	1,167,728	1,379,353		1,379,353	1,379,353	1,379,353	1,413,882	1,378,272	1,378,272
Federal Revenue	4000020	421,372	468,221		470,397	470,397	470,397	470,397	470,397	470,397
Special Revenue	4000030	665,351	468,221		470,397	470,397	470,397	470,397	470,397	470,397
Total Funding		2,254,451	2,315,795		2,320,147	2,320,147	2,320,147	2,354,676	2,319,066	2,319,066
Excess Appropriation/(Funding)		(1,379,353)	(1,379,353)		(1,413,882)	(1,378,272)	(1,378,272)	(1,447,676)	(1,376,456)	(1,376,456)
Grand Total		875,098	936,442		906,265	941,875	941,875	907,000	942,610	942,610

FY15 Budget amount in Regular Salaries and Personal Services Matching exceeds the authorized amount due to salary and matching rate adjustments during the 2013-2015 Biennium.

Change Level by Appropriation

Appropriation: 256 - Pipeline Safety Program
Funding Sources: SAD - Public Service Utility Safety Fund

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	906,265	10	906,265	100.0	907,000	10	907,000	100.0
C01	Existing Program	25,714	0	931,979	102.8	25,714	0	932,714	102.8
C10	Reclass	9,896	0	941,875	103.9	9,896	0	942,610	103.9

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	906,265	10	906,265	100.0	907,000	10	907,000	100.0
C01	Existing Program	25,714	0	931,979	102.8	25,714	0	932,714	102.8
C10	Reclass	9,896	0	941,875	103.9	9,896	0	942,610	103.9

Justification

C01	Capital Outlay request in the amount of \$25,000 for the replacement of one vehicle for each year. Operating expense request in the amount of \$714 for rent of facilities due to an increase by Arkansas Building Authority.
C10	This request is for the reclassification of three Corrosion Inspector, grade C115, positions to PSC Pipeline Safety Specialist, grade C120, positions. The reclassifications are needed due to the expanded duties of the positions and to attract and retain the personnel with the necessary experience, education and qualifications.

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 Regular Salaries and Personal Services Matching include continuation of the previously authorized 2015 1% Cost of Living Adjustment and Career Service Payments for eligible employees. Personal Services Matching also includes a \$10 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for Merit Pay Increases. The Base Level salary of unclassified positions reflects the FY2015 line item maximum plus the previously authorized 2015 1% Cost of Living Adjustment.

Base Level request for the Division is \$1,734,514 in FY2016 and \$1,735,248 in FY2017.

The Commission's Change Level request is for \$1,113 in Operating Expenses each year of the biennium to cover the 3% Arkansas Building Authority rent increase.

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

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		
		2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	2015-2016			2016-2017		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	686,598	725,574	744,014	733,032	733,032	733,032	733,632	733,632	733,632
#Positions		15	15	15	15	15	15	15	15	15
Extra Help	5010001	0	38,238	38,238	38,238	38,238	38,238	38,238	38,238	38,238
#Extra Help		0	5	5	5	5	5	5	5	5
Personal Services Matching	5010003	228,927	240,447	241,157	244,385	244,385	244,385	244,519	244,519	244,519
Overtime	5010006	0	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Operating Expenses	5020002	141,188	201,359	201,359	201,359	202,472	202,472	201,359	202,472	202,472
Conference & Travel Expenses	5050009	7,121	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
Total		1,063,834	1,323,118	1,742,268	1,734,514	1,735,627	1,735,627	1,735,248	1,736,361	1,736,361
Funding Sources										
Fund Balance	4000005	1,601,794	1,400,637		1,081,019	1,081,019	1,081,019	350,005	348,892	348,892
Special Revenue	4000030	79,197	73,000		73,000	73,000	73,000	73,000	73,000	73,000
Ad Valorem Tax	4000060	783,480	930,500		930,500	930,500	930,500	930,500	930,500	930,500
Total Funding		2,464,471	2,404,137		2,084,519	2,084,519	2,084,519	1,353,505	1,352,392	1,352,392
Excess Appropriation/(Funding)		(1,400,637)	(1,081,019)		(350,005)	(348,892)	(348,892)	381,743	383,969	383,969
Grand Total		1,063,834	1,323,118		1,734,514	1,735,627	1,735,627	1,735,248	1,736,361	1,736,361

Expenditure of appropriation is contingent upon available funding.

Change Level by Appropriation

Appropriation: 257 - Tax Division-Operations
Funding Sources: HTD - Tax Division Fund

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	1,734,514	15	1,734,514	100.0	1,735,248	15	1,735,248	100.0
C01	Existing Program	1,113	0	1,735,627	100.1	1,113	0	1,736,361	100.1

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	1,734,514	15	1,734,514	100.0	1,735,248	15	1,735,248	100.0
C01	Existing Program	1,113	0	1,735,627	100.1	1,113	0	1,736,361	100.1

Justification

C01	Operating Expense request in the amount of \$1,113 for rent of facilities due to the increase by Arkansas Building Authority.								
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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 Request provides for Base Level of \$1,000,000 each year of the 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	Historical Data			2015-2016			2016-2017		
	2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Overtime Salaries 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
Funding Sources									
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	0	0		1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	0	0		1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000

ARKANSAS REAL ESTATE COMMISSION

Enabling Laws

Act 84 of 2014

A.C.A. §17-42-101 et seq.

A.C.A. §17-42-201 et seq.

A.C.A. §17-42-301 et seq.

A.C.A. §17-42-401 et seq.

A.C.A. §17-42-501 et seq.

A.C.A. §17-42-601 et seq.

A.C.A. §17-42-701 et seq.

A.C.A. §18-14-101 et seq.

A.C.A. §18-14-201 et seq.

A.C.A. §18-14-301 et seq.

A.C.A. §18-14-401 et seq.

A.C.A. §18-14-501 et seq.

A.C.A. §18-14-601 et seq.

A.C.A. §18-14-701 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 Real Estate 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 of the commission members are real estate brokers or salespersons licensed by the commission. Of the two remaining commission members who may not be actively engaged or retired from the business of real estate, one serves as a consumer representative and one, who shall be sixty (60) years of age or older serves as an elderly representative. Responsibilities are discharged through a staff directed by an Executive Director who is employed by the Commission.

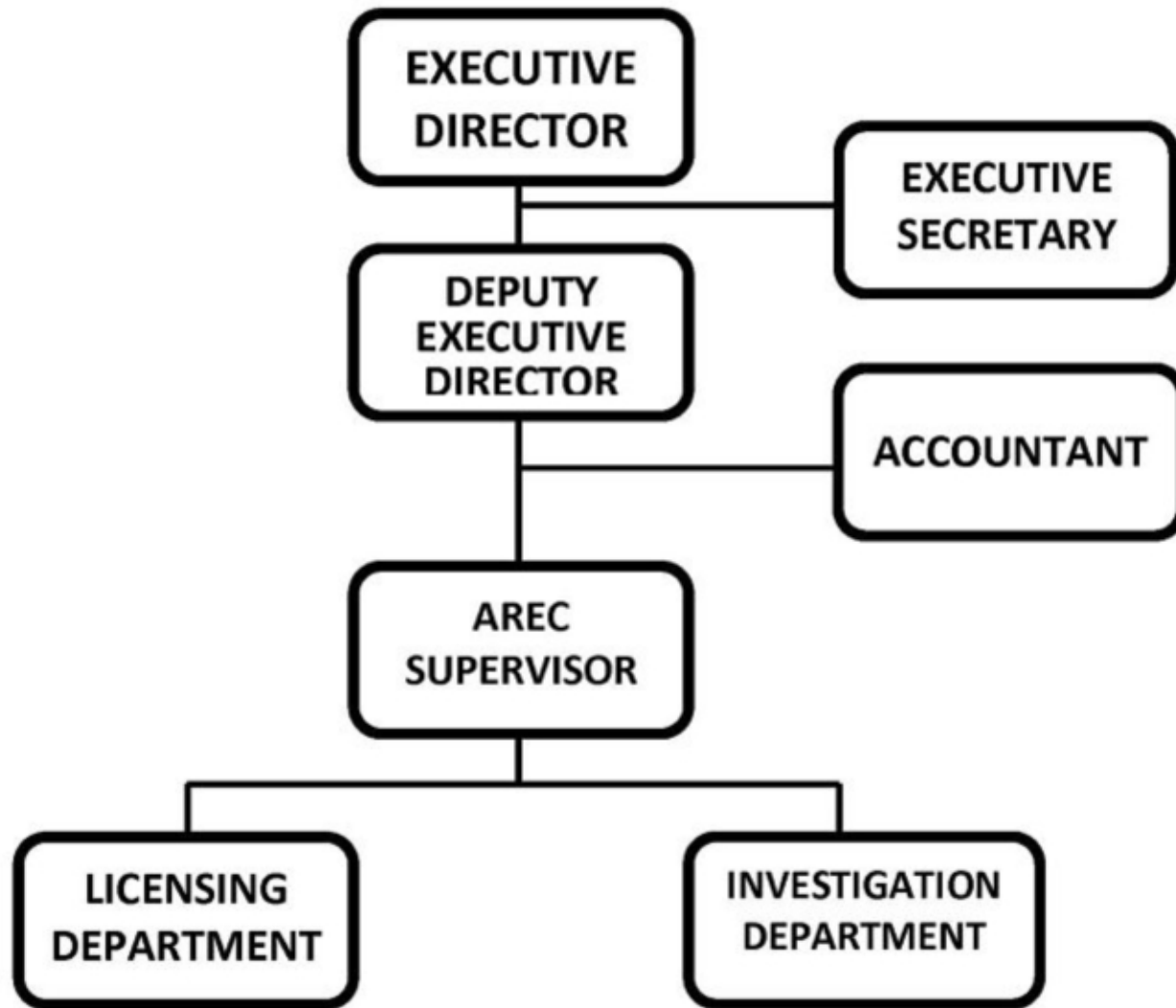
The Agency's primary activities include licensing real estate brokers, salespersons, and real estate educators; investigating complaints against persons or entities licensed by the commission and against unlicensed persons for conducting brokerage activities without proper licensure; conducting formal Disciplinary and Recovery Fund hearings; hearing appeals by applicants for licensure who have disqualifying background issues; and administering the registration of Time-Share plans.

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, monitoring educational compliance by real estate licensees 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 Education Section is responsible for reviewing applications of instructors and schools wishing to offer real estate education that fulfills the mandatory educational requirements for real estate licensees, issuing and renewing licenses, monitoring educational offerings and investigating complaints against instructors or schools licensed by 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

The mission of the Arkansas Real Estate Commission is to protect the public interest, through the examination, licensing, and regulation of real estate brokers and salespersons, real estate educators and through administration of the Arkansas Time-Share Law. Funding for appropriation for the Arkansas Real Estate Commission is by cash funds generated through fees received from real estate licensees, real estate applicants for licensure, real estate educators and timeshare developers.

The budget requests contained herein affect (1) the Real Estate Operations appropriation which is supported by the commission's general cash fund deposited in the State Treasury, and (2) the Real Estate Recovery appropriation which is funded by the commission's Recovery Fund cash fund deposited in the State Treasury. Funding for the biennial budget request will be provided from the two cash fund balances and fees to be collected during the biennium.

Base level is requested for the Cash Operations Program.

Base level is requested for the Real Estate Recovery Program.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
ARKANSAS REAL ESTATE COMMISSION
FOR THE YEAR ENDED JUNE 30, 2012

Findings

None

Recommendations

None

State Contracts Over \$50,000 Awarded To Minority Owned Businesses Fiscal Year 2014

None

Employment Summary

	Male	Female	Total	%
White Employees	3	6	9	75 %
Black Employees	0	3	3	25 %
Other Racial Minorities	0	0	0	0 %
	Total Minorities		3	25 %
	Total Employees		12	100 %

Publications

A.C.A. 25-1-201 et seq.

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution	Unbound Black & White Copies Produced During the Last Two Years	Cost of Unbound Copies Produced During the Last Two Years
		Governor	General Assembly				
AR Real Estate Commission Newsletter	ACA 17-42-404 & 17-42-203	N	N	35,000	Education & enforcement: Articles about real estate practice, law, regulations & hearings help licensees comply with AREC requirements, which protects the public.	0	0.00

Department Appropriation Summary

Historical Data

Agency Request and Executive Recommendation

Appropriation	2013-2014		2014-2015		2014-2015		2015-2016						2016-2017					
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
853 Real Estate – Operations	1,119,169	15	1,272,375	15	1,312,803	15	1,280,137	15	1,280,137	15	1,280,137	15	1,280,872	15	1,280,872	15	1,280,872	15
952 Real Estate Recovery	30,254	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
Total	1,149,423	15	1,624,875	15	1,665,303	15	1,632,637	15	1,632,637	15	1,632,637	15	1,633,372	15	1,633,372	15	1,633,372	15

Funding Sources		%		%		%		%		%		%		%		%		%
Fund Balance 4000005	1,532,544	56.4	1,566,089	58.0			1,075,214	48.7	1,075,214	48.7	1,075,214	48.7	625,501	35.5	625,501	35.5	625,501	35.5
Cash Fund 4000045	1,182,968	43.6	1,134,000	42.0			1,134,000	51.3	1,134,000	51.3	1,134,000	51.3	1,134,000	64.5	1,134,000	64.5	1,134,000	64.5
Total Funds	2,715,512	100.0	2,700,089	100.0			2,209,214	100.0	2,209,214	100.0	2,209,214	100.0	1,759,501	100.0	1,759,501	100.0	1,759,501	100.0
Excess Appropriation/(Funding)	(1,566,089)		(1,075,214)				(576,577)		(576,577)		(576,577)		(126,129)		(126,129)		(126,129)	
Grand Total	1,149,423		1,624,875				1,632,637		1,632,637		1,632,637		1,633,372		1,633,372		1,633,372	

Variances in fund balance due to unfunded appropriation in (952) Real Estate Recovery.

Agency Position Usage Report

FY2012 - 2013						FY2013 - 2014						FY2014 - 2015					
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	13	2	15	0	13.33 %	15	12	3	15	0	20.00 %

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 continuation of the previously authorized 2015 1% Cost of Living Adjustment and Career Service Payments for eligible employees. Personal Services Matching also includes a \$10 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for Merit Pay Increases. The Base Level request for Regular Salaries includes board member stipend payments. The Base Level salary of unclassified positions reflects the FY2015 line item maximum plus the previously authorized 2015 1% Cost of Living Adjustment.

The Agency Request provides for Base Level of \$1,280,137 in FY2016 and \$1,280,872 in FY2017.

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			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
	2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	2015-2016			2016-2017		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	572,769	592,644	627,878	597,219	597,219	597,219	597,819	597,819	597,819
#Positions	15	15	15	15	15	15	15	15	15
Extra Help 5010001	0	16,000	16,000	16,000	16,000	16,000	16,000	16,000	16,000
#Extra Help	0	4	4	4	4	4	4	4	4
Personal Services Matching 5010003	202,219	206,396	211,590	209,583	209,583	209,583	209,718	209,718	209,718
Operating Expenses 5020002	314,011	397,744	397,744	397,744	397,744	397,744	397,744	397,744	397,744
Conference & Travel Expenses 5050009	15,167	16,662	16,662	16,662	16,662	16,662	16,662	16,662	16,662
Professional Fees 5060010	13,824	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	1,179	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
Total	1,119,169	1,272,375	1,312,803	1,280,137	1,280,137	1,280,137	1,280,872	1,280,872	1,280,872
Funding Sources									
Fund Balance 4000005	952,031	978,013		805,638	805,638	805,638	625,501	625,501	625,501
Cash Fund 4000045	1,145,151	1,100,000		1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000
Total Funding	2,097,182	2,078,013		1,905,638	1,905,638	1,905,638	1,725,501	1,725,501	1,725,501
Excess Appropriation/(Funding)	(978,013)	(805,638)		(625,501)	(625,501)	(625,501)	(444,629)	(444,629)	(444,629)
Grand Total	1,119,169	1,272,375		1,280,137	1,280,137	1,280,137	1,280,872	1,280,872	1,280,872

Expenditure of appropriation is contingent upon available funding.

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.

The Agency Request provides for Base Level of \$352,500 each year of the biennium.

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

Appropriation Summary

Appropriation: 952 - Real Estate Recovery

Funding Sources: NRE - Real Estate - Cash in Treasury

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2015-2016			2016-2017		
		2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Damage Payment	5900046	4,010	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
Education	5900047	26,244	102,500	102,500	102,500	102,500	102,500	102,500	102,500	102,500
Total		30,254	352,500	352,500	352,500	352,500	352,500	352,500	352,500	352,500
Funding Sources										
Fund Balance	4000005	580,513	588,076		269,576	269,576	269,576	0	0	0
Cash Fund	4000045	37,817	34,000		34,000	34,000	34,000	34,000	34,000	34,000
Total Funding		618,330	622,076		303,576	303,576	303,576	34,000	34,000	34,000
Excess Appropriation/(Funding)		(588,076)	(269,576)		48,924	48,924	48,924	318,500	318,500	318,500
Grand Total		30,254	352,500		352,500	352,500	352,500	352,500	352,500	352,500

Expenditure of appropriation is contingent upon available funding.

DEPARTMENT OF RURAL SERVICES

Enabling Laws

Act 116 of 2014
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

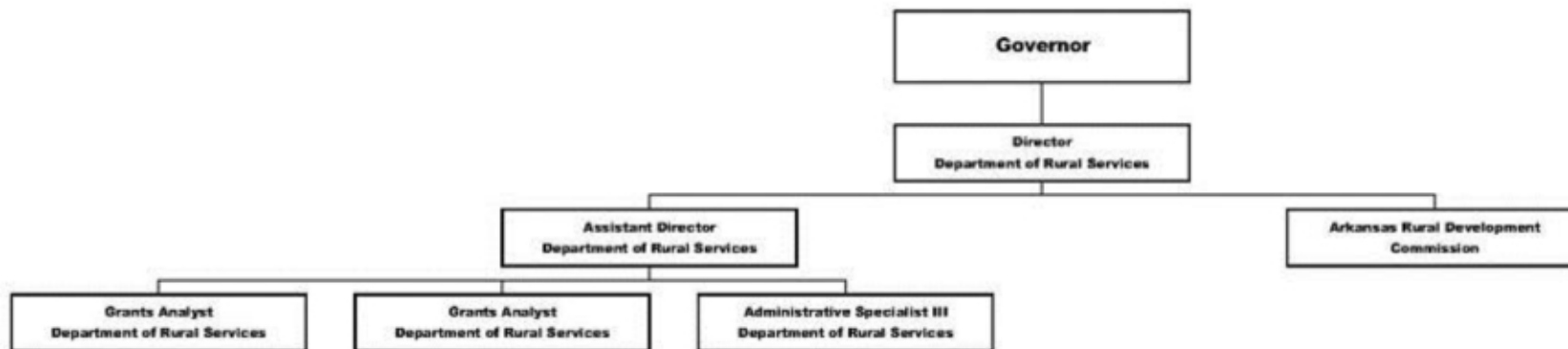
The function of the Department of Rural Services is:

- 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.

In addition to Base Level, the Department requests the following for the 2015 -2017 Biennium:

The Department is requesting an appropriation and funding increase of \$4,334 each year for Operating Expenses to cover rent increase and website maintenance.

The Department is requesting an increase of appropriation of \$460,730 each year for the following grant programs to restore the amounts back to previous authorized levels from FY 2015:

Rural Community Development: \$ 200,000

Rural Community Fire Protection: \$ 200,000

Rural County Fair Improvement: \$ 60,730

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
DEPARTMENT OF RURAL SERVICES
FOR THE YEAR ENDED JUNE 30, 2013

Findings

Department of Finance and Administration's Financial Management Guide requires authorization by the administrative head and justification of the best interest of the State for lodging costs that exceed the rates listed in the Federal Travel Directory by more than room tax. For each occurrence, a letter of authorization must be filed at the Agency, along with the travel payment document.

Lodging paid for employees, Commissioners, and guests of the Agency-hosted annual Arkansas Rural Development Conference exceeded the standard reimbursement rate without proper written authorization by the Agency's travel administrator. In 2012, the Agency exceeded the maximum rate of \$77 per night in Eureka Springs by an aggregate of \$1,197. The rates paid for this lodging were at the following rates:

- Three nights at \$169 per night.
- Eight nights at \$139 per night.
- Five nights at \$129 per night.

Recommendations

Provide proper employee training and implement procedures required by the Financial Management Guide and applicable Arkansas Code.

Agency Response:

Each year, this Agency holds the Arkansas Rural Development Conference, which draws a crowd of nearly 500 mayors, judges, legislators, and state officials. Finding the space to accommodate such a crowd is difficult. The 2012 conference was held at the Best Western Inn in Eureka Springs. It is my understanding that the per diem rate per night was exceeded. The following year, the conference was held in Hot Springs at the Embassy Suites, which is connected to the Conference Center. This location was chosen to also accommodate the number of participants with a hotel large enough to hold everyone and still be connected to the center where the conference was being held. It was a benefit to the State to have staff stay at the hotel where all the activities were held. Moving forward, our Agency has taken steps to correct exceeding the per diem rate.

DIVISION OF LEGISLATIVE AUDIT
 AUDIT OF :
 DEPARTMENT OF RURAL SERVICES
 FOR THE YEAR ENDED JUNE 30, 2013

Findings

Recommendations

- Eleven nights at \$92 per night.

In 2013, the Agency exceeded the maximum rate of \$101 per night in Hot Springs by an aggregate of \$1,872. The rates paid for this lodging were at the following rates:

- Three nights at \$250 per night.
- Nine nights at \$129 per night.
- Fifty-one nights at \$124 per night.

For the two-year period ended June 30, 2013, the Agency exceeded the standard reimbursement rate for lodging by a total of \$3,069. This violation appears to be a result of a lack of employee training in travel regulations.

State Contracts Over \$50,000 Awarded To Minority Owned Businesses Fiscal Year 2014

None

Employment Summary

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

Cash Fund Balance Description as of June 30, 2014

Fund Account	Balance	Type	Location
1110100	\$41,673	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. 25-1-201 et seq.

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution	Unbound Black & White Copies Produced During the Last Two Years	Cost of Unbound Copies Produced During the Last Two Years
		Governor	General Assembly				
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.	0	0.00
Arkansas Rural Development Conference Brochure	N/A	N	N	5,000	To promote the Annual Arkansas Rural Development Conference	0	0.00
Arkansas Rural Development Conference Program	N/A	N	N	1,000	To provide conference attendees with panel and event information.	0	0.00
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.	0	0.00
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.	0	0.00
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.	0	0.00
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.	0	0.00
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.	0	0.00

Department Appropriation Summary

Historical Data

Agency Request and Executive Recommendation

Appropriation	2013-2014		2014-2015		2014-2015		2015-2016						2016-2017						
	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	942,851	5	925,483	5	1,408,335	5	929,205	5	1,394,269	5	1,394,269	5	929,205	5	1,394,269	5	1,394,269	5	
58S Animal Rescue	0	0	5,328	0	100,000	0	5,328	0	5,328	0	5,328	0	5,328	0	5,328	0	5,328	0	
58T Administrative Fee	48,823	0	45,395	0	102,570	0	45,395	0	45,395	0	45,395	0	45,395	0	45,395	0	45,395	0	
B15 Rural Services - Conference	65,801	0	75,000	0	75,000	0	75,000	0	75,000	0	75,000	0	75,000	0	75,000	0	75,000	0	
NOT REQUESTED FOR THE BIENNIUM																			
58Z Wildlife Rec Facilities	0	0	0	0	1,050,862	1	0	0	0	0	0	0	0	0	0	0	0	0	
Total	1,057,475	5	1,051,206	5	2,736,767	6	1,054,928	5	1,519,992	5	1,519,992	5	1,054,928	5	1,519,992	5	1,519,992	5	

Funding Sources		%		%		%		%		%		%		%		%		%	
Fund Balance	4000005	59,434	5.2	91,764	8.6			17,041	1.6	17,041	1.5	17,041	1.5	54,605	5.3	54,605	5.3	54,605	5.3
General Revenue	4000010	942,851	82.0	925,483	86.6			929,205	84.7	933,539	84.7	933,539	84.7	929,205	89.8	933,539	89.8	933,539	89.8
Special Revenue	4000030	1,233	0.1	1,000	0.1			1,000	0.1	1,000	0.1	1,000	0.1	1,000	0.1	1,000	0.1	1,000	0.1
Cash Fund	4000045	66,656	5.8	50,000	4.7			50,000	4.6	50,000	4.5	50,000	4.5	50,000	4.8	50,000	4.8	50,000	4.8
General Improvement Fund	4000265	79,065	6.9	0	0.0			100,000	9.1	100,000	9.1	100,000	9.1	0	0.0	0	0.0	0	0.0
Total Funds		1,149,239	100.0	1,068,247	100.0			1,097,246	100.0	1,101,580	100.0	1,101,580	100.0	1,034,810	100.0	1,039,144	100.0	1,039,144	100.0
Excess Appropriation/(Funding)		(91,764)		(17,041)				(42,318)		418,412		418,412		20,118		480,848		480,848	
Grand Total		1,057,475		1,051,206				1,054,928		1,519,992		1,519,992		1,054,928		1,519,992		1,519,992	

Variance in fund balance is due to unfunded appropriation in B15 - Rural Services Conference and 58S - Animal Rescue.

Agency Position Usage Report

FY2012 - 2013						FY2013 - 2014						FY2014 - 2015					
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	4	2	6	0	33.33 %	6	5	1	6	0	16.67 %	6	5	0	5	1	16.67 %

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 include continuation of the previously authorized 2015 1% Cost of Living Adjustment and Career Service Payments for eligible employees. Personal Services Matching also includes a \$10 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for Merit Pay Increases.

Base Level is \$929,205 for each year of the Biennium.

The Agency's Change Level request of \$465,064 in appropriation and \$4,334 in general revenue funding each year provides for the following.

- Operating Expenses increase of \$4,334 each year to cover rent increase and website maintenance.
- Grants increases of appropriation of \$460,730 each year to restore grant amounts back to previous authorized levels from FY 2015:
 - Rural Community Development: \$ 200,000
 - Rural Community Fire Protection: \$ 200,000
 - Rural County Fair Improvement: \$ 60,730

The Executive Recommendation provides for the Agency Request.

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		
		2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	2015-2016			2016-2017		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	227,305	234,994	250,928	237,427	237,427	237,427	237,427	237,427	237,427
#Positions		5	5	5	5	5	5	5	5	5
Extra Help	5010001	0	2,000	5,500	2,000	2,000	2,000	2,000	2,000	2,000
#Extra Help		0	1	1	1	1	1	1	1	1
Personal Services Matching	5010003	75,824	77,415	80,103	78,704	78,704	78,704	78,704	78,704	78,704
Operating Expenses	5020002	66,989	67,704	67,704	67,704	72,038	72,038	67,704	72,038	72,038
Conference & Travel Expenses	5050009	3,709	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	200,000	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	350,000	300,000	500,000	300,000	500,000	500,000	300,000	500,000	500,000
County Fair Imprv Grants	5900048	19,024	39,270	100,000	39,270	100,000	100,000	39,270	100,000	100,000
Total		942,851	925,483	1,408,335	929,205	1,394,269	1,394,269	929,205	1,394,269	1,394,269
Funding Sources										
General Revenue	4000010	942,851	925,483		929,205	933,539	933,539	929,205	933,539	933,539
Total Funding		942,851	925,483		929,205	933,539	933,539	929,205	933,539	933,539
Excess Appropriation/(Funding)		0	0		0	460,730	460,730	0	460,730	460,730
Grand Total		942,851	925,483		929,205	1,394,269	1,394,269	929,205	1,394,269	1,394,269

Change Level by Appropriation

Appropriation: 234 - Rural Services-State Operations
Funding Sources: HUA - Miscellaneous Agencies Fund

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	929,205	5	929,205	100.0	929,205	5	929,205	100.0
C01	Existing Program	4,334	0	933,539	100.5	4,334	0	933,539	100.5
C05	Unfunded Appropriation	460,730	0	1,394,269	150.0	460,730	0	1,394,269	150.0

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	929,205	5	929,205	100.0	929,205	5	929,205	100.0
C01	Existing Program	4,334	0	933,539	100.5	4,334	0	933,539	100.5
C05	Unfunded Appropriation	460,730	0	1,394,269	150.0	460,730	0	1,394,269	150.0

Justification

C01	Operating Expenses increase of \$4,334 in appropriation and funding is for rising rent costs and website maintenance. Grants and Aid (Rural Community Development, Rural Fire Protection, and County Fair Improvement) increase of \$460,730 in appropriation restores the Department back to previous authorized amounts.
C05	Grants and Aid (Rural Community Development, Rural Fire Protection, and County Fair Improvement) increase of \$460,730 in appropriation restores the Department back to previous authorized amounts.

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 \$5,328 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	Historical Data			2015-2016			2016-2017		
	2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid 5100004	0	5,328	100,000	5,328	5,328	5,328	5,328	5,328	5,328
Total	0	5,328	100,000	5,328	5,328	5,328	5,328	5,328	5,328
Funding Sources									
Fund Balance 4000005	3,463	4,696		368	368	368	0	0	0
Special Revenue 4000030	1,233	1,000		1,000	1,000	1,000	1,000	1,000	1,000
Total Funding	4,696	5,696		1,368	1,368	1,368	1,000	1,000	1,000
Excess Appropriation/(Funding)	(4,696)	(368)		3,960	3,960	3,960	4,328	4,328	4,328
Grand Total	0	5,328		5,328	5,328	5,328	5,328	5,328	5,328

Expenditure of appropriation is contingent upon available funding.

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 1.5% 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 Financial Officer of the State to transfer up to 1.5% 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 \$45,395 for each year of the 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		
		2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	2015-2016			2016-2017		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	48,823	45,395	102,570	45,395	45,395	45,395	45,395	45,395	45,395
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
Total		48,823	45,395	102,570	45,395	45,395	45,395	45,395	45,395	45,395
Funding Sources										
Fund Balance	4000005	15,153	45,395		0	0	0	54,605	54,605	54,605
General Improvement Fund	4000265	79,065	0		100,000	100,000	100,000	0	0	0
Total Funding		94,218	45,395		100,000	100,000	100,000	54,605	54,605	54,605
Excess Appropriation/(Funding)		(45,395)	0		(54,605)	(54,605)	(54,605)	(9,210)	(9,210)	(9,210)
Grand Total		48,823	45,395		45,395	45,395	45,395	45,395	45,395	45,395

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 is requesting Base Level is \$75,000 each year of the 2015-2017 Biennium.

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

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			2015-2016			2016-2017		
		2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Conference Expenses	5900046	65,801	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000
Total		65,801	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000
Funding Sources										
Fund Balance	4000005	40,818	41,673		16,673	16,673	16,673	0	0	0
Cash Fund	4000045	66,656	50,000		50,000	50,000	50,000	50,000	50,000	50,000
Total Funding		107,474	91,673		66,673	66,673	66,673	50,000	50,000	50,000
Excess Appropriation/(Funding)		(41,673)	(16,673)		8,327	8,327	8,327	25,000	25,000	25,000
Grand Total		65,801	75,000		75,000	75,000	75,000	75,000	75,000	75,000

Expenditure of appropriation is contingent upon available funding.

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			2015-2016			2016-2017		
	2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	0	0	32,249	0	0	0	0	0	0
#Positions	0	0	1	0	0	0	0	0	0
Personal Services Matching 5010003	0	0	11,999	0	0	0	0	0	0
Operating Expenses 5020002	0	0	6,614	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
Grants and Aid 5100004	0	0	1,000,000	0	0	0	0	0	0
Capital Outlay 5120011	0	0	0	0	0	0	0	0	0
Total	0	0	1,050,862	0	0	0	0	0	0

APPROPRIATION NOT REQUESTED FOR THE 2015-2017 BIENNIUM

STATE SECURITIES DEPARTMENT

Enabling Laws

Act 269 of 2014
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.
A.C.A. §23-37-101 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.

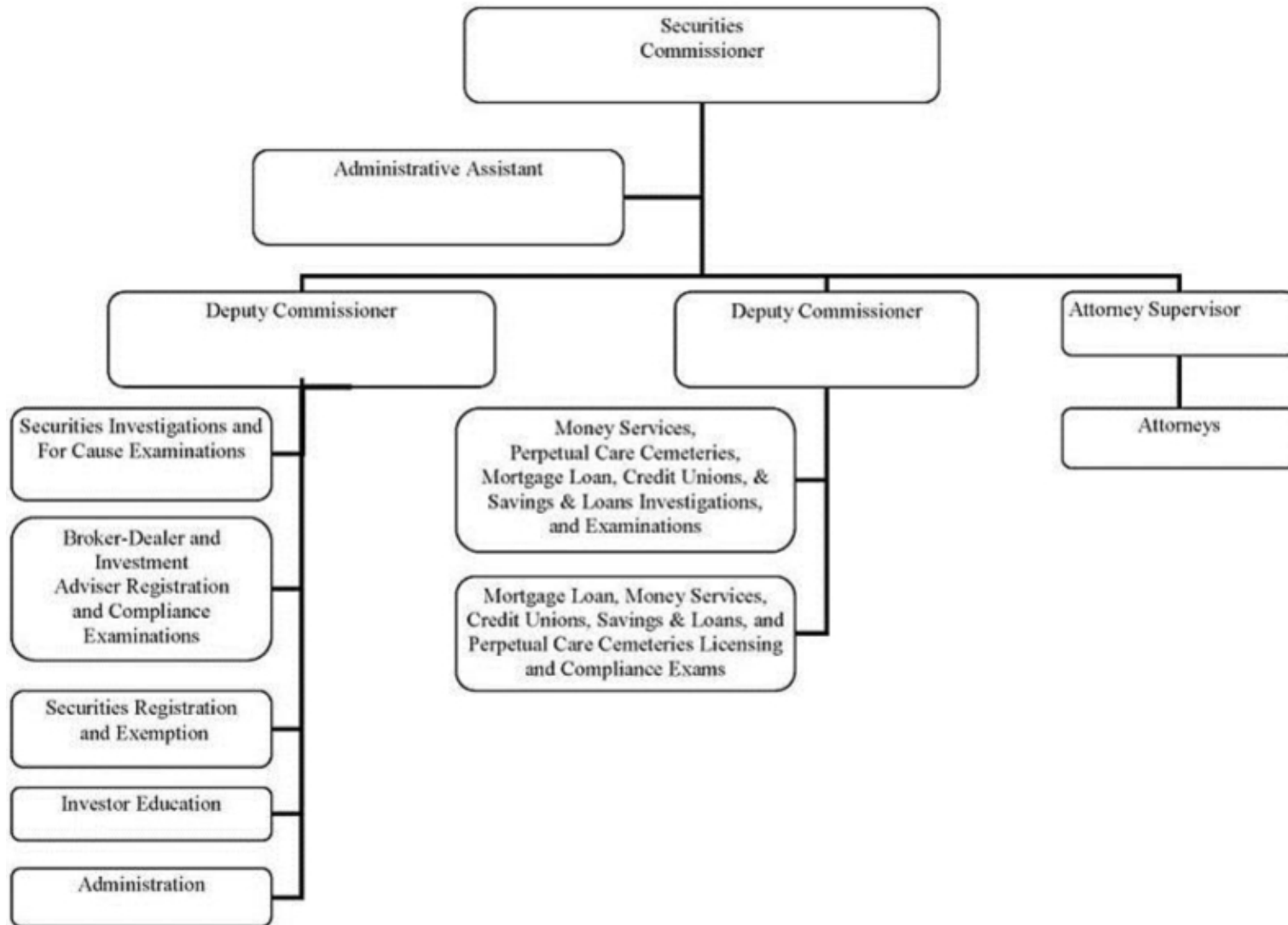
Act 42 of the First Extraordinary Session of 1989 appropriated funds to the Arkansas Securities Department, up to a maximum of \$200,000 in each fiscal year, to be used to contract for legal, accounting, and other appropriate assistance in addition to that available from the Department's regular staff, 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 dollars (\$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 dollars (\$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:

Professional Services: The Department is requesting an increase in the amount of \$30,000 to hire consultants to provide expert testimony related to investigations conducted by the Department. The consultants would be used to support the position of the Department related to violations of the applicable statutes and rules.

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.

Additionally, the Department is requesting an increase in appropriation of \$25,000 in each fiscal year to replace one vehicle in each year according to the Arkansas Vehicle Fleet Management Guidelines.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
STATE SECURITIES DEPARTMENT
FOR THE YEAR ENDED JUNE 30, 2013

Findings

Recommendations

None

None

State Contracts Over \$50,000 Awarded To Minority Owned Businesses Fiscal Year 2014

None

Employment Summary

	Male	Female	Total	%
White Employees	14	20	34	94 %
Black Employees	1	1	2	6 %
Other Racial Minorities	0	0	0	0 %
Total Minorities			2	6 %
Total Employees			36	100 %

Cash Fund Balance Description as of June 30, 2014

Fund Account	Balance	Type	Location
1530000	\$7,860	Checking Account	Simmons First National Bank

Statutory/Other Restrictions on use:

None

Statutory Provisions for Fees, Fines, Penalties:

A.C.A. §23-42-304 authorizes the State Securities Department to collect various filling fees.

Revenue Receipts Cycle:

Revenue deposited as received. Excess transferred to Treasury Account.

Fund Balance Utilization:

Refunds and reimbursements, remaining revenues are transferred to treasury account.

Publications

A.C.A. 25-1-201 et seq.

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution	Unbound Black & White Copies Produced During the Last Two Years	Cost of Unbound Copies Produced During the Last Two Years
		Governor	General Assembly				
None	None	N	N	0	None	0	0.00

Department Appropriation Summary

Historical Data

Agency Request and Executive Recommendation

Appropriation	2013-2014		2014-2015		2014-2015		2015-2016					2016-2017						
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
027 State Operations	3,080,073	38	3,230,101	39	3,391,385	39	3,443,285	39	3,511,785	39	3,511,785	39	3,445,617	39	3,514,117	39	3,514,117	39
1MV Investor Education	84,634	0	113,500	0	113,500	0	113,500	0	113,500	0	113,500	0	113,500	0	113,500	0	113,500	0
C67 Refunds and Reimbursements	42,079	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	3,206,786	38	3,843,601	39	4,004,885	39	4,056,785	39	4,125,285	39	4,125,285	39	4,059,117	39	4,127,617	39	4,127,617	39

Funding Sources		%		%		%		%		%		%		%		%		%
Fund Balance	4000005	2,622,651	38.8	3,546,624	43.3	4,353,023	48.4	4,353,023	48.4	4,353,023	48.4	4,946,238	51.5	4,877,738	51.2	4,877,738	51.2	
Special Revenue	4000030	4,083,820	60.5	4,150,000	50.6	4,150,000	46.1	4,150,000	46.1	4,150,000	46.1	4,150,000	43.2	4,150,000	43.6	4,150,000	43.6	
Cash Fund	4000045	46,939	0.7	500,000	6.1	500,000	5.6	500,000	5.6	500,000	5.6	500,000	5.2	500,000	5.2	500,000	5.2	
Total Funds		6,753,410	100.0	8,196,624	100.0	9,003,023	100.0	9,003,023	100.0	9,003,023	100.0	9,596,238	100.0	9,527,738	100.0	9,527,738	100.0	
Excess Appropriation/(Funding)		(3,546,624)		(4,353,023)		(4,946,238)		(4,877,738)		(4,877,738)		(5,537,121)		(5,400,121)		(5,400,121)		
Grand Total		3,206,786		3,843,601		4,056,785		4,125,285		4,125,285		4,059,117		4,127,617		4,127,617		

Agency Position Usage Report

FY2012 - 2013						FY2013 - 2014						FY2014 - 2015					
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	
40	36	4	40	0	10.00 %	39	36	3	39	0	7.69 %	39	35	4	39	0	10.26 %

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 Regular Salaries and Personal Services Matching include continuation of the previously authorized 2015 1% Cost of Living Adjustment and Career Service Payments for eligible employees. Personal Services Matching also includes a \$10 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for Merit Pay Increases. The Base Level salary of unclassified positions reflects the FY2015 line item maximum plus the previously authorized 2015 1% Cost of Living Adjustment.

Base Level Request is \$3,443,285 for FY2016 and \$3,445,617 for FY2017.

In addition to Base Level, the Department is requesting changes that total \$68,500 each year of the biennium as follows:

- Professional Fees of \$30,000 each year of the biennium to hire consultants to provide supporting expert testimony related to investigations conducted by the department.
- Capital Outlay of \$38,500 each year of the biennium to replace one vehicle each year according to the Arkansas Fleet Management Guidelines and for upgrades and replacement of technology equipment as indicated in the Department's Information Technology Plan.

The Executive Recommendation provides for the Agency Request.

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		
		2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	2015-2016			2016-2017		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	1,958,824	2,032,069	2,015,118	2,049,984	2,049,984	2,049,984	2,051,884	2,051,884	2,051,884
#Positions		38	39	39	39	39	39	39	39	39
Extra Help	5010001	9,750	16,000	16,000	16,000	16,000	16,000	16,000	16,000	16,000
#Extra Help		2	2	2	2	2	2	2	2	2
Personal Services Matching	5010003	633,973	656,888	635,123	665,657	665,657	665,657	666,089	666,089	666,089
Operating Expenses	5020002	418,773	447,160	447,160	447,160	447,160	447,160	447,160	447,160	447,160
Conference & Travel Expenses	5050009	23,536	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
Professional Fees	5060010	28,502	14,484	14,484	14,484	44,484	44,484	14,484	44,484	44,484
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	13,500	13,500	0	38,500	38,500	0	38,500	38,500
Contingency	5130018	0	0	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Examination Travel	5900046	6,715	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Total		3,080,073	3,230,101	3,391,385	3,443,285	3,511,785	3,511,785	3,445,617	3,514,117	3,514,117
Funding Sources										
Fund Balance	4000005	1,905,488	2,758,764		3,528,663	3,528,663	3,528,663	4,085,378	4,016,878	4,016,878
Special Revenue	4000030	3,933,349	4,000,000		4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000
Total Funding		5,838,837	6,758,764		7,528,663	7,528,663	7,528,663	8,085,378	8,016,878	8,016,878
Excess Appropriation/(Funding)		(2,758,764)	(3,528,663)		(4,085,378)	(4,016,878)	(4,016,878)	(4,639,761)	(4,502,761)	(4,502,761)
Grand Total		3,080,073	3,230,101		3,443,285	3,511,785	3,511,785	3,445,617	3,514,117	3,514,117

FY15 Budget amount in Regular Salaries and Personal Services Matching exceeds the authorized amount due to salary and matching rate adjustments during the 2013-2015 Biennium.

Change Level by Appropriation

Appropriation: 027 - State Operations
Funding Sources: SDH - Securities Department Fund

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	3,443,285	39	3,443,285	100.0	3,445,617	39	3,445,617	100.0
C01	Existing Program	55,000	0	3,498,285	101.6	55,000	0	3,500,617	101.6
C08	Technology	13,500	0	3,511,785	102.0	13,500	0	3,514,117	102.0

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	3,443,285	39	3,443,285	100.0	3,445,617	39	3,445,617	100.0
C01	Existing Program	55,000	0	3,498,285	101.6	55,000	0	3,500,617	101.6
C08	Technology	13,500	0	3,511,785	102.0	13,500	0	3,514,117	102.0

Justification

C01	Professional Services: The Department is requesting an increase in the amount of \$30,000 to hire consultants to provide expert testimony related to investigations conducted by the Department. The consultant would be used to support the position of the Department related to violations of the applicable statutes and rules. Capital Outlay: The Department is requesting an increase in appropriation of \$25,000 in each fiscal year to replace one vehicle in each year according to the Arkansas Vehicle Fleet Management Guidelines.
C08	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.

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.

The Agency Request provides for Base Level of \$113,500 each year of the biennium.

The Executive Recommendation provides for the Agency Request.

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		
		2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	2015-2016			2016-2017		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	9,145	36,000	36,000	36,000	36,000	36,000	36,000	36,000	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	6,398	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500
Grants and Aid	5100004	69,091	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Total		84,634	113,500	113,500	113,500	113,500	113,500	113,500	113,500	113,500
Funding Sources										
Fund Balance	4000005	714,163	780,000		816,500	816,500	816,500	853,000	853,000	853,000
Special Revenue	4000030	150,471	150,000		150,000	150,000	150,000	150,000	150,000	150,000
Total Funding		864,634	930,000		966,500	966,500	966,500	1,003,000	1,003,000	1,003,000
Excess Appropriation/(Funding)		(780,000)	(816,500)		(853,000)	(853,000)	(853,000)	(889,500)	(889,500)	(889,500)
Grand Total		84,634	113,500		113,500	113,500	113,500	113,500	113,500	113,500

Analysis of Budget Request

Appropriation: C67 - Refunds and Reimbursements

Funding Sources: 153 - Securities Department - Cash in Bank

The Securities Department's Refunds and Reimbursements appropriation is a Cash in Bank account that is used for transfer of fee collections to State Treasury fund accounts after necessary refunds have been made. Transfers to the Treasury do not appear as expenditures.

The Agency Request provides for Base Level of \$500,000 each year of the biennium.

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

Appropriation Summary

Appropriation: C67 - Refunds and Reimbursements
Funding Sources: 153 - Securities Department - Cash in Bank

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2015-2016			2016-2017		
		2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Refunds/Reimbursements	5110014	42,079	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Total		42,079	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Funding Sources										
Fund Balance	4000005	3,000	7,860		7,860	7,860	7,860	7,860	7,860	7,860
Cash Fund	4000045	46,939	500,000		500,000	500,000	500,000	500,000	500,000	500,000
Total Funding		49,939	507,860		507,860	507,860	507,860	507,860	507,860	507,860
Excess Appropriation/(Funding)		(7,860)	(7,860)		(7,860)	(7,860)	(7,860)	(7,860)	(7,860)	(7,860)
Grand Total		42,079	500,000		500,000	500,000	500,000	500,000	500,000	500,000

Expenditure of appropriation is contingent upon available funding.

ARKANSAS SPINAL CORD COMMISSION

Enabling Laws

Act 189 of 2014
A.C.A. §20-8-201 et seq.

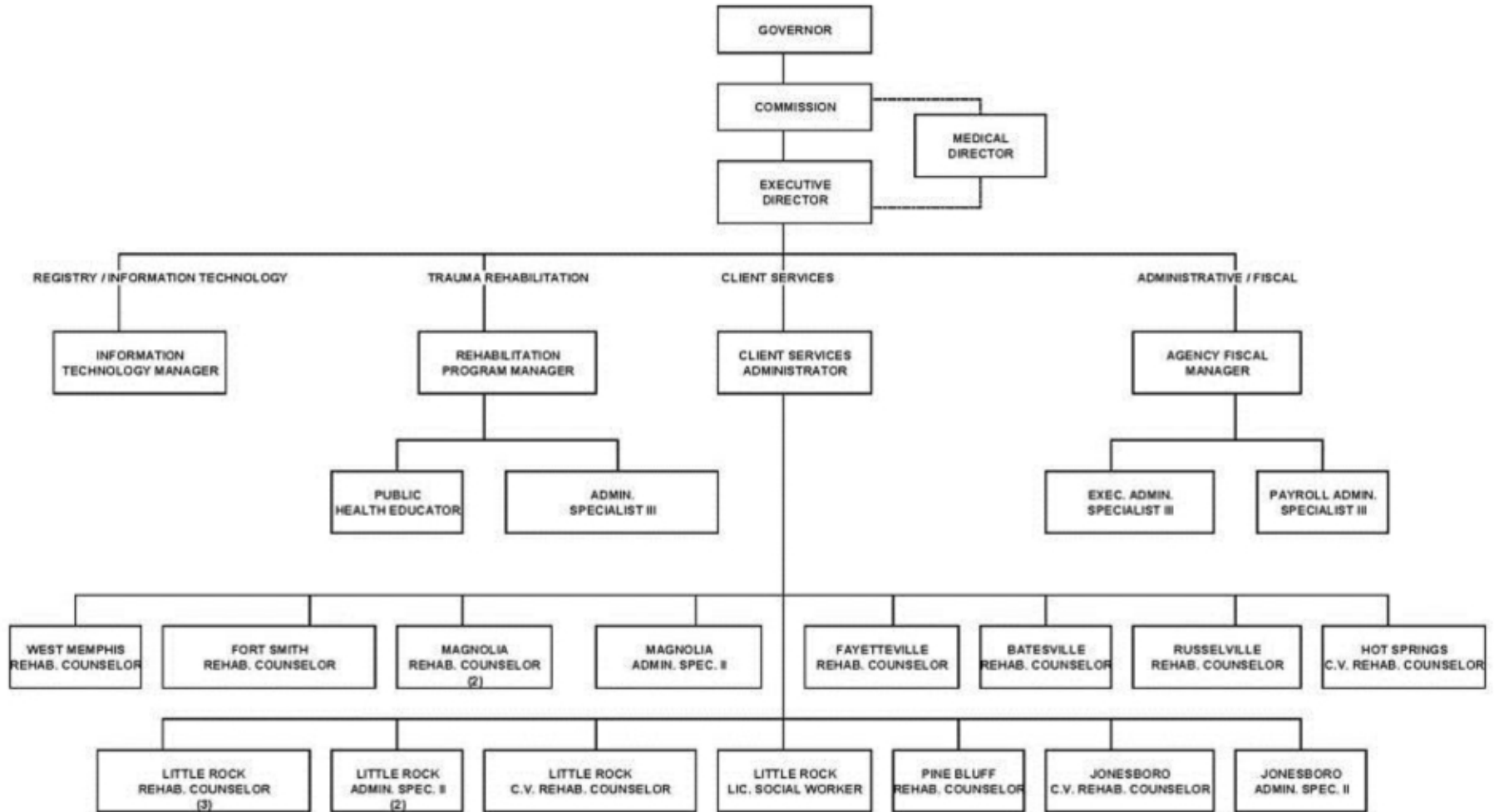
History and Organization

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 **FY2013**, the Commission served about **2,433** Arkansans with spinal cord disabilities and accepted **179 new referrals**. 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 2013, 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 6,594** client contacts in FY13, in all 75 Arkansas counties and leveraged over \$1,129,131 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 FY2014, the Commission served 2,400 clients, including 179 new referrals. Based on this trend, by the end of the new biennium, in June of 2017 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. The healthcare and social service system is challenging, and individuals with spinal cord disabilities need assistance finding and obtaining services. Our Case Management Program is the most integral component of our agency. Our 14 Rehabilitation Counselors (Case Managers) provide expertise and advice to assist our clients in obtaining appropriate medical care, treatment, and equipment that saves our clients personally and the state financially by preventing medical complications, which often result in nursing home placement. Northwest and Central Arkansas have become critical areas of need due to the increase in the number of clients served in these areas. Currently, there are five Case Managers (two in Northwest Arkansas and three in Central Arkansas) who have caseloads of 200-219 individuals. The 2010 census data reflected an increase of 9.1% in population. This calculates to a similar increase in the spinal cord disability population we serve. Our greatest concern with regard to demographics is the increase in the Northwest Arkansas population, which includes Benton County (44% increase), Washington County (28% increase) and Sebastian County (9% increase). An additional Case Manager is needed in Northwest Arkansas to meet the significant caseload increase that follows this population trend. The second area of concern is North Central Arkansas, which includes Faulkner County (31% increase), North Pulaski County (6% increase), Lonoke County (3.5% increase) and White County (2% increase). To meet the significant population increase in the North Central area an additional Case Manager is needed in North Central Arkansas for this area to be covered adequately. To provide support for these positions, an increase in our office space (\$4,000 per office each year) and administrative support staff (\$12,500 per office, each year) contract with Arkansas Rehabilitation Services, as well as, office equipment (\$3,500 in FY 16 only) and business travel (\$2,500 per Case Manager each year) would be required. ASCC last added an additional Case Manager in July 2007. Due to the population increase in these two areas, the current need for additional Case Managers has far exceeded the deficits we faced in 2007. In 2012 we reassigned cases in an attempt to provide relief to the five Case Managers with caseloads over 200 but this assistance was short lived. ASCC Case Managers cover regions of 5-8 counties each

throughout the state providing services in all 75 counties. In FY 2014, Case Managers made 6,594 client visits to provide necessary services. New referrals with spinal cord injuries require a great deal of case management services and time in the first two years after their initial injury. Without two additional Case Managers the level of quality services cannot be maintained as the caseloads continue to increase. Our agency takes pride in the fact that over 85% of the ASCC budget provides direct services to clients with spinal cord disabilities. Proper Case Management ensures that this expenditure is used to the greatest benefit and outcome for our clients. We are well aware of the need to do more with less and over the years we have become masters at this. However, the consistent increase in our client population continues to create a greater burden on our Case Managers in their attempt to administer appropriate services to meet client needs. The increase in depth of responsibilities combined with increased travel distances to reach clients in rural areas interferes with the Case Manager's actual job -serving client needs in a timely manner. Their role is, and will remain very instrumental in the care of individuals with spinal cord disabilities in our state. ASCC is only one of two state agencies, which provide life-long Case Management Services to clients. 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. **THIS IS OUR MOST CRITICAL NEED.**

STAFF TRAINING NEEDS

In **1989** our Conference and Travel 09 line for training was \$10,000. **Today**, that same training allotment is only \$10,520. A \$520 increase is an insignificant amount for a 25-year period where the required training has risen tremendously. The cost of travel, lodging and training materials has tripled since that time. A Spinal Cord Disability is a specialized complex area of healthcare and the knowledge base for that area continues to increase exponentially. Our Case Managers must keep up with new equipment, assistive technology, and new medical advances. To keep costs down, we have our training programs in-state with exception of our Client Services Administrator, who attends one national conference yearly to bring knowledge of new medical advances and improvements in technology and equipment back to the case managers. Our more experienced Case Managers are retiring. In the past two years we have hired seven new Case Managers (half of the Case Management staff). While we hire experienced Rehabilitation Counselors and Certified Vocational Rehabilitation Counselors as Case Managers, most have little experience or knowledge of Spinal Cord Disabilities which is the norm in specialized SCI/D case management. Because these professionals lack experience, a greater need for training is required to ensure our clients are receiving optimum services. Over the past three years we have had to decrease the number of training seminars from two annually in Little Rock and three regionally, **to one annual-training and one regional.** This is not sufficient to bring replacement case managers up to speed, especially with our current caseload level. In an attempt to offset lack of training, video teleconferencing is being utilized successfully, but face-to-face trainings are essential for one's learning process as often there is a need for hands on training and demonstrations. For example, if a Case Manager is going to recommend the purchase of a new wheelchair, the need to know how to use the device and learn how it works is critical and requires hands on training. If a case manager is receiving training to recognize the severity of pressure ulcers the need for specified visual training is critical. ASCC Case Managers have always been considered the Spinal Cord Disability experts and without sufficient training this will no longer hold true. In addition, it is imperative that our support staff have training on policies and procedures and Spinal Cord Disabilities to enable them to provide competent assistance to the Case Managers. We are requesting a \$16,000 increase in our training allotment for FY 15-17 to enable us to provide two additional Case Management training meetings, one additional support staff training meeting and one out of state national SCI conference training for our Client Services Administrator each year.

CASE MANAGEMENT TRAVEL FUND NEEDS

As the cost of fuel continues to rise, our travel allotment has not kept pace and is insufficient to provide proper client services. In FY 14, our Case Managers completed 6,594 client visits traveling 109,506 miles, utilizing their own personal vehicles to ensure our clients received needed services. Replacement Case Managers' travel has increased due to completing home visits to meet every client on their ever-increasing caseload as is required by policy. New clients with Spinal Cord Injuries require a great deal of case management services and time in the first two years after their initial injury. Needs for new injuries are greater, adjustment is difficult often causing multiple visits to rehab hospitals, home visits after discharge, and coordinating services with other agencies. As caseloads continue to increase, our insufficient travel allotments have become a barrier to providing excellent client services. **There has not been a budget increase in travel funds since 2009.** We are requesting an additional \$4,500 in travel allotment funds. Current FY 15-17 travel allotment for 14 Case Managers and 1 Intake Coordinator is \$51,800 annually; with a \$4,500 increase to offset rising fuel cost the total for FY 15 -17 would be \$56,300 annually. If the two additional Case Manager positions requested are approved an additional \$2,500 in travel per Case Manager would be need which would increase the annual total to \$61,300 (\$56,300+ \$5,000).

ESSENTIAL OFFICE SUPPLY NEEDS

The cost of paper and other office supplies continue to increase. There has not been a budget increase since 2009 for office supplies. The cost of toner and printer ink also continues to increase. Mail outs are necessary and sent frequently to the 2,400 ASCC clients since only 25% of the clients have access to Internet service. To maintain contact, provide information regarding agency changes, and educational material to increase our clients knowledge, 75% of our clients require information sent by mail service which increases the amount of paper, toner and printer ink used as our client base increases. We are requesting an additional \$800 annually for FY15-17.

INCREASE IN CASH FUND APPROPRIATION

We also are requesting a \$15,000 increase in our appropriation level for our Cash Fund (NSC0001) in our conference and education category. Currently this category has a \$10,000 appropriation. Since the FY 15-17 annual SCI educational conference will be a two day conference instead of one day additional funds are needed to support this conference. This conference is to provide education to SCI clients and to increase the SCI knowledge base of rehabilitation healthcare professionals who provide services to individuals with spinal cord injuries. 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, 2013

Findings

The Agency overpaid by \$4,000 a professional and consultant services contract with Arkansas Rehabilitation Services of the Department of Career Education for the two-year period ended June 30, 2013. The total contract price, including compensation and reimbursable expenses, was \$180,000. However, the Agency paid more for the reimbursable expenses than was allowed because tracking of cumulative expenditures for the contract was inadequate.

Recommendations

Contact the Arkansas Department of Finance and Administration (DFA) for guidance in maintaining professional and consultant services contracts within AASIS. AASIS controls ensure that contract amounts are not exceeded.

Agency Response:

DFA was immediately contacted, policies and procedures were reviewed to ensure compliance with the Arkansas Financial Management Guide and the Office of State Procurement, and the current Agency Fiscal Manager has been briefed and will work closely with DFA to monitor all future contracts and will receive additional training regarding professional and consultant services contracts.

State Contracts Over \$50,000 Awarded To Minority Owned Businesses Fiscal Year 2014

None

Employment Summary

	Male	Female	Total	%
White Employees	8	11	19	68 %
Black Employees	2	5	7	25 %
Other Racial Minorities	0	2	2	7 %
Total Minorities			9	32 %
Total Employees			28	100 %

Publications

A.C.A. 25-1-201 et seq.

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution	Unbound Black & White Copies Produced During the Last Two Years	Cost of Unbound Copies Produced During the Last Two Years
		Governor	General Assembly				
Agency Brochure	None	N	N	1,000	Client, family & public education	1000	289.00
Referral Poster	None	N	N	500	Health care provider, referral agency education to Leg. Mandate for reporting.	0	0.00
Spinal Connection Newsletter	None	N	N	9,000	Client, family & health care provider education	25200	6803.40

Department Appropriation Summary

Historical Data

Agency Request and Executive Recommendation

Appropriation	2013-2014		2014-2015		2014-2015		2015-2016						2016-2017					
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
096 State Operations	2,329,828	26	2,372,504	26	2,630,177	25	2,343,785	25	2,502,185	28	2,486,185	28	2,344,152	25	2,502,552	28	2,486,552	28
187 Federal Operations	11,500	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	1,505	0	35,000	0	35,000	0	35,000	0	50,000	0	50,000	0	35,000	0	50,000	0	50,000	0
97G ASCC-TAC	372,622	2	502,474	2	502,762	2	503,999	2	503,999	2	503,999	2	503,999	2	503,999	2	503,999	2
Total	2,715,455	28	2,944,478	28	3,202,439	27	2,917,284	27	3,090,684	30	3,074,684	30	2,917,651	27	3,091,051	30	3,075,051	30

Funding Sources		%		%		%		%		%		%		%		%		%	
Fund Balance	4000005	38,154	1.4	56,304	1.9			21,304	0.7	21,304	0.7	21,304	0.7	0	0.0	0	0.0	0	0.0
General Revenue	4000010	2,321,569	83.8	2,274,274	76.7			2,262,724	77.9	2,403,955	78.5	2,262,724	77.5	2,263,076	78.5	2,404,322	79.1	2,263,076	78.0
Federal Revenue	4000020	19,759	0.7	132,730	4.5			115,561	4.0	132,730	4.3	132,730	4.5	115,576	4.0	132,730	4.4	132,730	4.6
Cash Fund	4000045	19,655	0.7	0	0.0			0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Transfer from Health Dept	4000511	372,622	13.4	502,474	16.9			503,999	17.4	503,999	16.5	503,999	17.3	503,999	17.5	503,999	16.6	503,999	17.4
Total Funds		2,771,759	100.0	2,965,782	100.0			2,903,588	100.0	3,061,988	100.0	2,920,757	100.0	2,882,651	100.0	3,041,051	100.0	2,899,805	100.0
Excess Appropriation/(Funding)		(56,304)		(21,304)				13,696		28,696		153,927		35,000		50,000		175,246	
Grand Total		2,715,455		2,944,478				2,917,284		3,090,684		3,074,684		2,917,651		3,091,051		3,075,051	

Agency Position Usage Report

FY2012 - 2013						FY2013 - 2014						FY2014 - 2015					
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	27	0	27	-2	-8.00 %	27	28	0	28	-1	-3.70 %	27	27	1	28	-1	0.00 %

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

A.C.A. § 20-8-201 created the Arkansas Spinal Cord Commission 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 96% 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 include the continuation of the previously authorized 2015 1% Cost of Living Adjustment and Career Service Payments for eligible employees. Personal Services Matching also includes a \$10 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base level salaries will not include Merit Pay Increases. The Base Level salary of unclassified positions reflects the FY15 line item maximum plus the previously authorized 2015 1% Cost of Living Adjustment.

The Commission's Change Level request is \$158,400 each year in appropriation and additional general revenue funding of \$141,231 in FY16 and \$141,246 in FY17, and reflects of the following:

- Regular Salaries and Personal Services Matching totaling \$132,100 in FY16 and FY17 for restoration of one (1) Public Health Educator (E047C) position, two (2) additional Rehabilitation Counselor (L051C) positions to meet the critical needs in serving some of Arkansas' most vulnerable citizens, those who live with spinal cord disabilities and paralysis. The additional Case Managers are needed in Northwest and North Central Arkansas to meet the significant caseload increase that follows the increased population trend.
- Operating Expenses of \$10,300 each year to provide support for the two positions such as increase in office space and administrative support staff.
- Conference Fees and Travel of \$16,000 each year to provide two additional Case Management training meetings, one additional support staff training meeting and one out of state national SCI conference training for the Client Services Administrator each year.

The Executive Recommendation provides for the Agency Request for appropriation and positions only, with the exception of the Conference Fees and Travel.

Appropriation Summary

Appropriation: 096 - State Operations

Funding Sources: HUA - Miscellaneous Agencies Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	2015-2016			2016-2017		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	997,911	1,001,187	1,040,578	978,293	1,073,811	1,073,811	978,593	1,074,111	1,074,111
#Positions	26	26	25	25	28	28	25	28	28
Personal Services Matching 5010003	351,049	350,007	388,381	344,182	380,764	380,764	344,249	380,831	380,831
Operating Expenses 5020002	224,031	225,035	225,035	225,035	235,335	235,335	225,035	235,335	235,335
Conference & Travel Expenses 5050009	9,226	10,520	10,520	10,520	26,520	10,520	10,520	26,520	10,520
Professional Fees 5060010	81,313	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Grants and Aid 5100004	212,584	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	453,714	434,145	614,053	434,145	434,145	434,145	434,145	434,145	434,145
Total	2,329,828	2,372,504	2,630,177	2,343,785	2,502,185	2,486,185	2,344,152	2,502,552	2,486,552
Funding Sources									
General Revenue 4000010	2,321,569	2,274,274		2,262,724	2,403,955	2,262,724	2,263,076	2,404,322	2,263,076
Federal Revenue 4000020	8,259	98,230		81,061	98,230	98,230	81,076	98,230	98,230
Total Funding	2,329,828	2,372,504		2,343,785	2,502,185	2,360,954	2,344,152	2,502,552	2,361,306
Excess Appropriation/(Funding)	0	0		0	0	125,231	0	0	125,246
Grand Total	2,329,828	2,372,504		2,343,785	2,502,185	2,486,185	2,344,152	2,502,552	2,486,552

Budget number of positions exceed Authorized amount due to position authorized from the Central Growth Pool.

Change Level by Appropriation

Appropriation: 096 - State Operations
Funding Sources: HUA - Miscellaneous Agencies Fund

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	2,343,785	25	2,343,785	100.0	2,344,152	25	2,344,152	100.0
C01	Existing Program	115,370	2	2,459,155	104.9	115,370	2	2,459,522	104.9
C04	Reallocation	0	0	2,459,155	104.9	0	0	2,459,522	104.9
C06	Restore Position/Approp	43,030	1	2,502,185	106.8	43,030	1	2,502,552	106.8

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	2,343,785	25	2,343,785	100.0	2,344,152	25	2,344,152	100.0
C01	Existing Program	99,370	2	2,443,155	104.2	99,370	2	2,443,522	104.2
C04	Reallocation	0	0	2,443,155	104.2	0	0	2,443,522	104.2
C06	Restore Position/Approp	43,030	1	2,486,185	106.1	43,030	1	2,486,552	106.1

Justification

C01	Requesting an additional \$800 annually for FY16-17 due to increased cost of paper and supplies required to mail out information to clients. Requesting an additional \$9,500 annually for FY16-17 in travel allotment due to increased number of miles required, increased fuel costs and addition of 2 new case managers. Requesting an additional \$16,000 annually for FY16-17 for much needed increase in case manager training. Costs have risen and number of case managers has risen but funds have not kept up with no increase since 1989.
C04	Reallocation of budget on line items within Operating Expenses such as board member expenses, mileage, and fuel purchases.
C06	Restoring one (1) Public Health Educator (E047C) position that was established through the Growth Pool during FY13.

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 is requesting Base Level of \$34,500 each year of the 2015-2017 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			2015-2016			2016-2017		
		2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	7,000	26,500	26,500	26,500	26,500	26,500	26,500	26,500	26,500
Conference & Travel Expenses	5050009	0	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Professional Fees	5060010	4,500	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
Total		11,500	34,500	34,500	34,500	34,500	34,500	34,500	34,500	34,500
Funding Sources										
Federal Revenue	4000020	11,500	34,500		34,500	34,500	34,500	34,500	34,500	34,500
Total Funding		11,500	34,500		34,500	34,500	34,500	34,500	34,500	34,500
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		11,500	34,500		34,500	34,500	34,500	34,500	34,500	34,500

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 Base Level Request is \$35,000 each year of the 2015-2017 Biennium.

The Agency Change Level Request is \$15,000 each year to support the annual SCI educational conference that is now a two day conference instead of a one day conference. This conference provides education to SCI clients and increases the SCI knowledge base of rehabilitation health care professionals who provide services to individuals with spinal cord injuries.

The Executive Recommendation provides for the Agency Request. Expenditure of this appropriation is dependent 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		
		2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	2015-2016			2016-2017		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	1,505	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	0	10,000	10,000	10,000	25,000	25,000	10,000	25,000	25,000
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Total		1,505	35,000	35,000	35,000	50,000	50,000	35,000	50,000	50,000
Funding Sources										
Fund Balance	4000005	38,154	56,304		21,304	21,304	21,304	0	0	0
Cash Fund	4000045	19,655	0		0	0	0	0	0	0
Total Funding		57,809	56,304		21,304	21,304	21,304	0	0	0
Excess Appropriation/(Funding)		(56,304)	(21,304)		13,696	28,696	28,696	35,000	50,000	50,000
Grand Total		1,505	35,000		35,000	50,000	50,000	35,000	50,000	50,000

Expenditure of appropriation is contingent upon available funding.

Change Level by Appropriation

Appropriation: 864 - Cash Operations
Funding Sources: NSC - Cash in Treasury

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	35,000	0	35,000	100.0	35,000	0	35,000	100.0
C01	Existing Program	15,000	0	50,000	142.9	15,000	0	50,000	142.9

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	35,000	0	35,000	100.0	35,000	0	35,000	100.0
C01	Existing Program	15,000	0	50,000	142.9	15,000	0	50,000	142.9

Justification

C01	We are requesting a \$15,000 increase in our appropriation level for our Cash Fund (NSC0001) in our conference and education category. Currently this category has a \$10,000 appropriation. Since the FY 15-17 annual SCI educational conference will be a two day conference instead of one day additional funds are needed to support this conference. This conference is to provide education to SCI clients and to increase the SCIKnowledge base of rehabilitation healthcare professionals who provide services to individuals with spinal cord injuries.								
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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.

Base Level Regular Salaries and Personal Services Matching include the continuation of the previously authorized 2015 1% Cost of Living Adjustment and Career Service Payments for eligible employees. Personal Services Matching also includes a \$10 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base level salaries will not include Merit Pay Increases.

The Agency is requesting a Base Level Request of \$503,999 each year of the 2015-2017 Biennium.

The Executive Recommendation provides for the Agency Request. Expenditure of 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			2015-2016			2016-2017		
		2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	117,370	114,039	113,446	114,956	114,956	114,956	114,956	114,956	114,956
#Positions		2	2	2	2	2	2	2	2	2
Personal Services Matching	5010003	41,718	37,042	37,923	37,650	37,650	37,650	37,650	37,650	37,650
Operating Expenses	5020002	27,759	37,062	23,016	37,062	37,062	37,062	37,062	37,062	37,062
Conference & Travel Expenses	5050009	30,548	75,994	45,040	75,994	75,994	75,994	75,994	75,994	75,994
Professional Fees	5060010	19,500	20,000	65,000	20,000	20,000	20,000	20,000	20,000	20,000
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Grants and Aid	5100004	135,727	218,337	218,337	218,337	218,337	218,337	218,337	218,337	218,337
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Total		372,622	502,474	502,762	503,999	503,999	503,999	503,999	503,999	503,999
Funding Sources										
Transfer from Health Dept	4000511	372,622	502,474		503,999	503,999	503,999	503,999	503,999	503,999
Total Funding		372,622	502,474		503,999	503,999	503,999	503,999	503,999	503,999
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		372,622	502,474		503,999	503,999	503,999	503,999	503,999	503,999

FY15 Budget amount in Regular Salaries exceeds the authorized amount due to salary adjustments during the 2013-2015 Biennium. Budget exceeds Authorized Appropriation in Operating Expenses and Conference & Travel by authority of a Budget Classification Transfer.

STUDENT LOAN AUTHORITY

Enabling Laws

Act 79 of 2014
A.C.A. §6-81-101 - A.C.A §6-81-132

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 ("ASLA" or "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 \$375 million in FFELP student loans owned by the Authority. The Authority anticipates that it will manage a minimum of \$300 million and up to \$350 million in FFELP student loans during the 2015-2017 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.

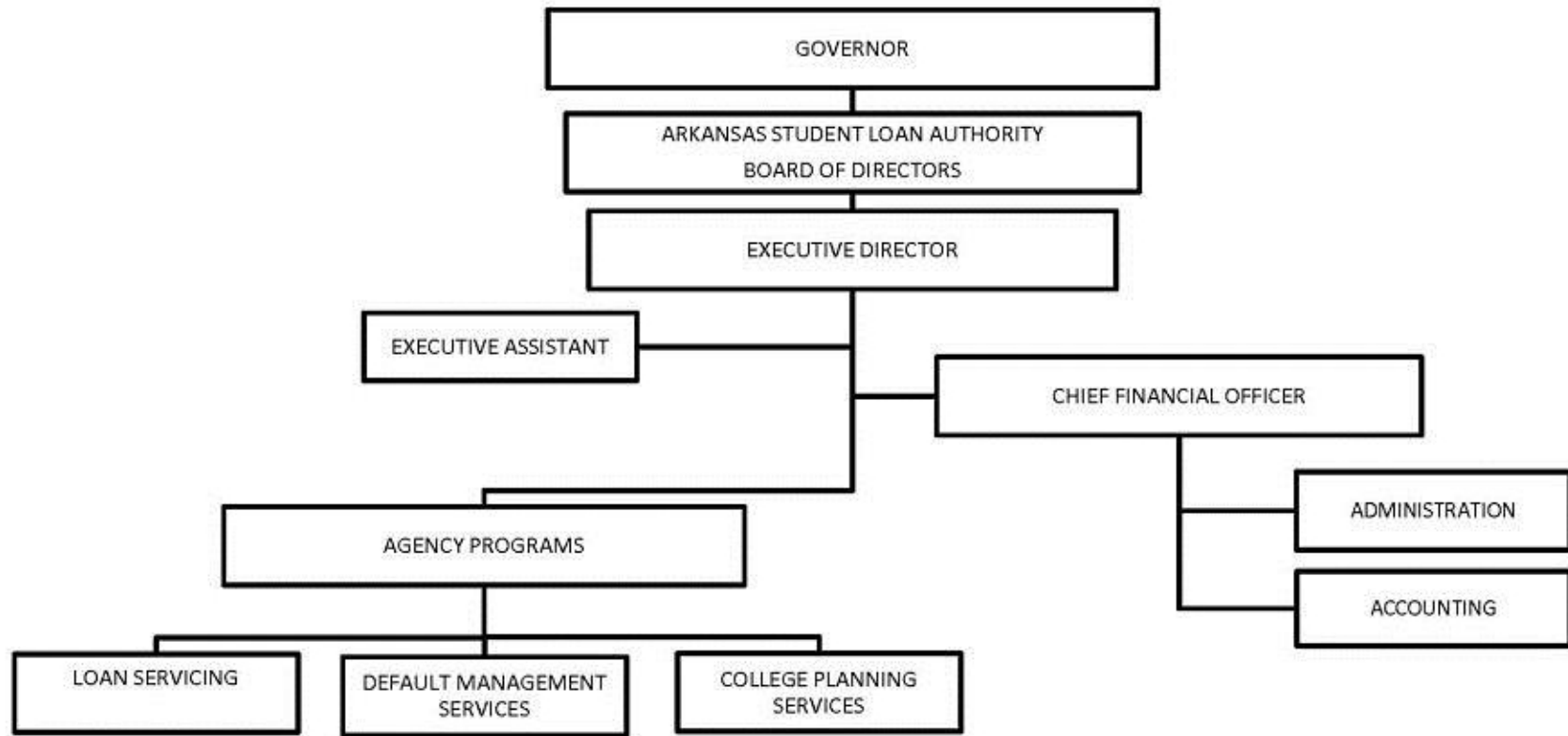
ASLA received an allocation of approximately 100,000, student loan accounts during the period of January 2012 through May 2012. The par value of the FDLP accounts, the Authority is administering on behalf of the U.S. Department of Education, is approximately \$1.6 billion. The initial FDLP loan servicing contract is for a period of five years. ASLA is the only organization in Arkansas eligible to provide loan servicing for the U.S. Department of Education.

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 college fairs and financial seminars statewide every year 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 49th highest student loan default rate in the country in 2013, 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 began offering Default Management Services (DMS) to Arkansas colleges and universities in 2013. Under this program, ASLA tracks former students in order to provide loan counseling to the ones who become delinquent. The goal of this program is to protect students from the serious repercussions of student loan default, protect the federal student aid eligibility for Arkansas colleges and universities and to make a positive impact on the State's overall student loan default rate.

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 \$375 million in FFELP student loans owned by the Authority. The Authority anticipates it will manage a minimum of \$300 million and up to \$350 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.

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
- www.fundmyfuture.info
- 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.

ASLA requests Base Level appropriation for the 2015 -2017 Biennium.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
ARKANSAS STUDENT LOAN AUTHORITY
FOR THE YEAR ENDED JUNE 30, 2013

Findings

None

Recommendations

None

State Contracts Over \$50,000 Awarded To Minority Owned Businesses Fiscal Year 2014

None

Employment Summary

	Male	Female	Total	%
White Employees	2	0	2	50 %
Black Employees	0	1	1	25 %
Other Racial Minorities	0	1	1	25 %
Total Minorities			2	50 %
Total Employees			4	100 %

Cash Fund Balance Description as of June 30, 2014

Fund Account	Balance	Type	Location
1570000	\$65,151	Checking	Regions, 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 received from the repayment of principal and interest on guaranteed Educational loans, investments, and fees received from the U.S. Department of Education for servicing Federal Direct Loans.

Revenue Receipts Cycle:

Funds drawn from the outstanding loan balances in Trust Indentures and are deposited monthly. Investment returns and fees received from the U.S. Dept. of Education for servicing Federal Direct Loans.

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. 25-1-201 et seq.

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution	Unbound Black & White Copies Produced During the Last Two Years	Cost of Unbound Copies Produced During the Last Two Years
		Governor	General Assembly				
None	N/A	N	N	0	N/A	0	0.00

Agency Position Usage Report

FY2012 - 2013						FY2013 - 2014						FY2014 - 2015					
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		
20	5	5	10	10	75.00 %	12	4	0	4	8	66.67 %	12	4	1	5	7	66.67 %

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 80 basis points or 0.8% of the outstanding loan balance on a monthly basis for loan servicing, program administration, and general and administrative costs; and participation in loan administration under the Health Care and Education Reconciliation Act of 2010. ASLA is a self-sufficient agency which does not receive any state revenue dollars.

Base Level Regular Salaries and Personal Services Matching include the continuation of the previously authorized 2015 1% Cost of Living Adjustment and Career Service payments for eligible employees. Personal Services Matching also includes a \$10 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for Merit Pay Increases. The Base Level request for Regular Salaries includes board member stipend payments.

The Agency requests Base Level appropriation for the 2015-2017 Biennium.

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		
		2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	2015-2016			2016-2017		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	341,813	362,005	655,930	365,877	365,877	365,877	365,877	365,877	365,877
#Positions		4	5	12	5	5	5	5	5	5
Personal Services Matching	5010003	96,551	105,323	203,016	107,010	107,010	107,010	107,010	107,010	107,010
Operating Expenses	5020002	72,785	205,717	212,217	205,717	205,717	205,717	205,717	205,717	205,717
Conference & Travel Expenses	5050009	17,192	22,839	22,839	22,839	22,839	22,839	22,839	22,839	22,839
Professional Fees	5060010	2,175,780	3,113,389	3,713,389	3,113,389	3,113,389	3,113,389	3,113,389	3,113,389	3,113,389
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Total		2,704,121	3,809,273	4,807,391	3,814,832	3,814,832	3,814,832	3,814,832	3,814,832	3,814,832
Funding Sources										
Fund Balance	4000005	64,802	65,151		409,120	409,120	409,120	527,530	527,530	527,530
Federal Revenue	4000020	0	220,000		200,000	200,000	200,000	200,000	200,000	200,000
Cash Fund	4000045	2,704,470	3,933,242		3,733,242	3,733,242	3,733,242	3,533,242	3,533,242	3,533,242
Total Funding		2,769,272	4,218,393		4,342,362	4,342,362	4,342,362	4,260,772	4,260,772	4,260,772
Excess Appropriation/(Funding)		(65,151)	(409,120)		(527,530)	(527,530)	(527,530)	(445,940)	(445,940)	(445,940)
Grand Total		2,704,121	3,809,273		3,814,832	3,814,832	3,814,832	3,814,832	3,814,832	3,814,832

ARKANSAS TOBACCO CONTROL

Enabling Laws

Act 103 of 2014
A.C.A. §26-57-255 et seq.

History and Organization

The Arkansas Tobacco Control Board was created by Act 1337 of 1997 of the 81st General Assembly, and 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, manufacturing entities as well as sales representatives and vending machine operators who deal in cigarette or tobacco products in the State of Arkansas. The Board also rules on applications by wholesalers to lower the statutorily presumed cost of doing business that is used to calculate the minimum selling price of cigarettes in Arkansas. 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 rules by the agency, Arkansas Tobacco Control (ATC). The Director of Arkansas Tobacco Control is appointed by, and serves at the pleasure of, the Governor.

Act 1699 of 2001, authorized the Director 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 both the Board's rules and all of Arkansas' tobacco laws.

Act 785 of 2009 designated ATC as a law enforcement agency and ATC agents as law enforcement officers with state-wide authority who can bring both administrative charges and initiate criminal investigations for violations of Arkansas' tobacco laws. Criminal offenses are prosecuted by the local prosecuting attorney.

At that time, the statutes enforced by ATC were: 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, and A.C.A. §4-75-701 et seq. The Unfair Cigarette Sales Act. To accomplish this massive task, ATC 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 of A.C.A. §20-27-2101 et seq. to ATC's mandate, mandating additional tobacco inventory inspections and authorizing ATC to undertake random testing of cigarettes to confirm manufacturer compliance with the Act, but did not provide any additional manpower to accomplish this. Act 697 of 2009 also placed the Cigarette Fire Safety Standard Fund under the ATC Director's control to support fire safety and prevention programs.

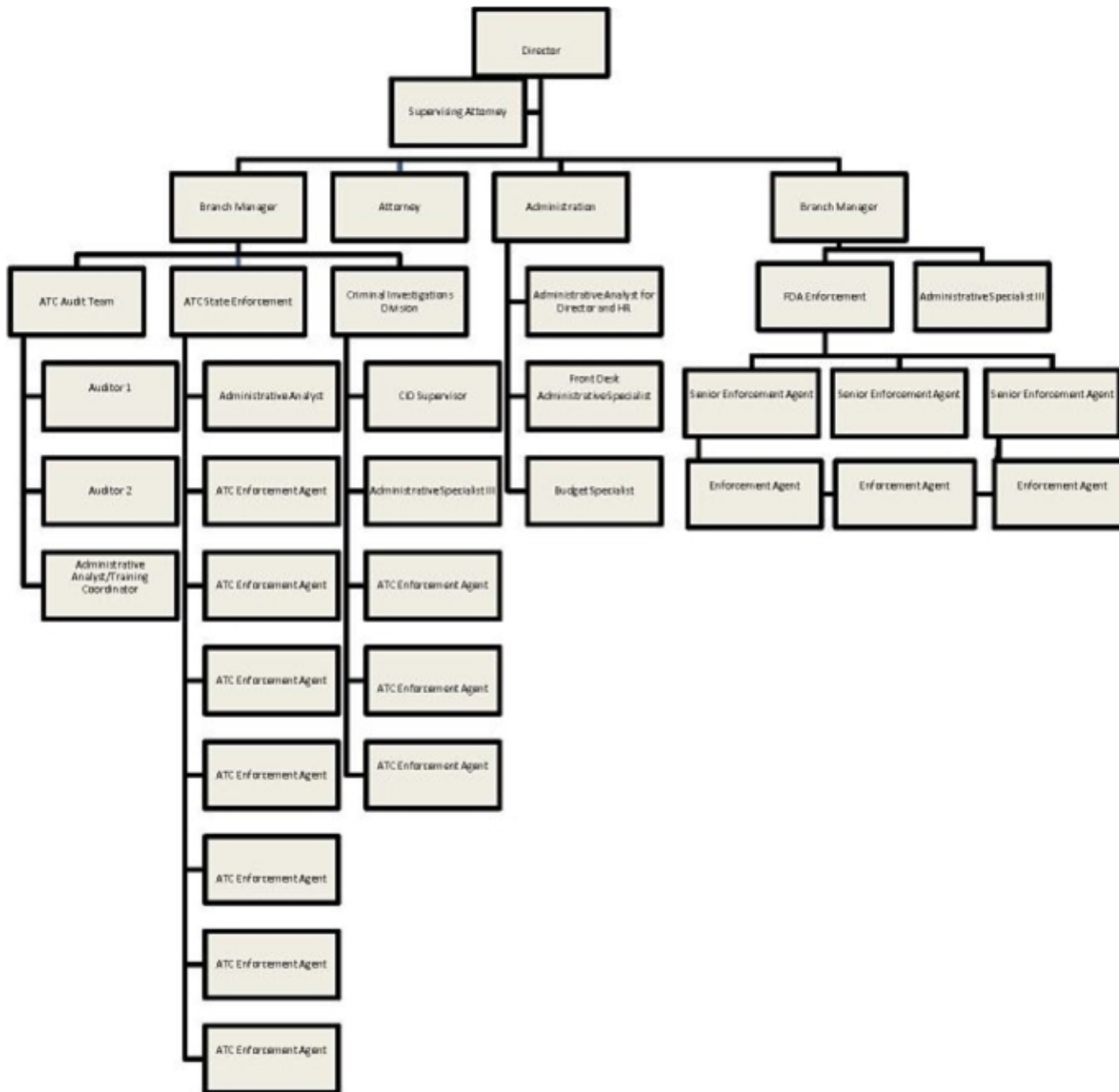
Act 939 of 2009, "An Act To Establish A Forfeiture Procedure For Tobacco Products; To Establish A Tobacco Control Fund; And For Other Purposes" passed at the behest of the Office of the Prosecuting Coordinator in an effort to combat the growing problem of smuggled untaxed tobacco, created a forfeiture procedure modeled on Arkansas' drug forfeiture procedure for use by local prosecuting attorneys and local and state law enforcement agencies to divest tobacco smugglers of property used to facilitate their illegal activities. Tobacco forfeitures are reported to the Director of Arkansas Tobacco Control who compiles and annual report on same for Legislative Audit.

Public Law 111-31 of 2009, the "Family Smoking Prevention And Tobacco Control Act" gave regulatory authority over tobacco products to the Federal Food and Drug Administration (FDA). The FDA subsequently began contracting with individual states to perform enforcement of FDA regulations pertaining to the sale of tobacco products to minors. Arkansas was one of the first states to complete the contract process and by designation of Governor Mike Beebe, ATC was designated the state agency to provide enforcement services for the FDA. ATC was authorized to add nine (9) additional personnel to undertake the enforcement of FDA tobacco regulations in the State of Arkansas. FDA reimburses the State of Arkansas for salaries, operating and equipment costs for these FDA enforcement personnel.

Act 198 of 2011, "An Act To Prohibit The Sale of Herbal Snuff To Persons Under Eighteen (18) Years Of Age; And For Other Purposes", recognizes that herbal snuff should be marketed only to adults to avoid any possibility of herbal snuff being regarded as a gateway product for children and therefore prohibits the sale of herbal snuff in this state to persons under the age of eighteen (18) years of age. ATC was again tasked with enforcing this additional youth access law but no additional personnel were authorized for the agency.

Act 1272 of 2013, "An Act To Require Wholesalers To Report Certain Information To The Arkansas Tobacco Control Board; To Protect Information In The Required Report From Disclosure; And For Other Purposes", allowed ATC to begin working with cigarette and tobacco wholesalers to build a database of legally taxed tobacco products sold to retailers to better enable ATC agents to detect and prosecute retailers who are dealing in untaxed tobacco products.

Act 1273 of 2013, "An Act Concerning The Regulation Of Tobacco Products; To Amend The Arkansas Tobacco Products Tax Act Of 1977; To Make Technical Changes; And For Other Purposes", brought cigarette and tobacco manufacturers under ATC's regulatory umbrella by requiring them to have a permit approved by the Board to deal in tobacco products in Arkansas. The Act also clarified ATC's permitting process and required criminal background checks to be run on all tobacco permit applicants to ensure no one convicted of a felony will own or operate a business that deals in tobacco. This has greatly increased the permit application processing time as no additional personnel were authorized by the Act.



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, and that all individuals or entities that deal in cigarettes or tobacco in Arkansas, comply with all the tobacco laws and regulations of the state.

This compliance includes but is not limited to ensuring that all tobacco products are purchased according to state statute and regulation, that no tobacco products are sold to anyone under eighteen (18) years of age and that all tobacco products sold in Arkansas are legitimate products that have been handled, taxed, and, in the case of cigarettes, priced, in accordance with Arkansas law.

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) by Act 1273 of 2013 which also relegated the Arkansas Tobacco Control Board to only rule making and adjudicatory body for ATC.

It is Arkansas Tobacco Control's mandate to investigate all violations of Arkansas tobacco law and as appropriate, to either prosecute said violations administratively before the Arkansas Tobacco Control Board or refer them to the appropriate prosecuting attorney's office for criminal prosecution.

Fund Center 2EH - Arkansas Tobacco Control - Enforcement Division

The Agency is requesting an appropriation increase in Operating Expenses, for its Enforcement Division in the amount of \$1,540 each biennial year to cover the increase in office rent by Arkansas Building Authority.

Additionally, ATC is requesting special language and appropriation in Promotional Items Expenses. The amount of this increase will be \$5,000 each biennial year to purchase promotional items, authorized by the Director of the Agency, to meet Arkansas Tobacco Control Merchant Education needs.

Fund Center 85C - ATC Cigarette Fire Safety

The Agency is requesting Base Level for each year of the biennium.

Fund Center 85N - Tobacco Inspection Program

The Agency is requesting Base Level for each year of the biennium.

Fund Center 983 - Arkansas Tobacco Control - Criminal Investigations and Administration Divisions

The Agency is requesting an appropriation increase in Operating Expenses, for its Administrative and Criminal Investigations Divisions in the amount of \$694 each biennial year to cover the increase in office rent by Arkansas Building Authority.

In addition, the Agency is requesting Capital Outlay appropriation in the amount of \$49,000 each biennial year. This appropriation will be for replacement of two (2) vehicles and appropriate sales tax each year.

The vehicles to be replaced will range in mileage from 75,000 to 150,000 miles. Once a vehicle reaches the 75,000 mile mark or above, maintenance costs begin to rise making it cost prohibitive for the agency to retain.

Arkansas Tobacco Control receives two revenue streams - funding from General Revenue and funding from the Master Settlement Agreement's Tobacco Settlement Fund that is channeled through the Department of Health to Arkansas Tobacco Control as a fund transfer.

Vehicles purchased with Tobacco Settlement funds are used strictly by Enforcement Agents employed under that fund. Under Fund Center 983, Arkansas Tobacco Control employs two (2) Auditor / Investigators which are part of the Administrative Division and four (4) Enforcement Agents which are part of our Criminal Investigations Division. The vehicles being requested are used strictly by personnel employed by our Administrative Division and our Criminal Investigations Division.

In addition, the Agency is requesting special language to authorize the purchase of motor vehicles from the appropriations authorized for Capital Outlay in the Arkansas Tobacco Control - Administration and Criminal Investigations Divisions appropriation in this Act.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
ARKANSAS TOBACCO CONTROL BOARD
FOR THE YEAR ENDED JUNE 30, 2013

Findings

In accordance with R1-19-4-1503 of the State's Financial Management Guide, it is the responsibility of the executive head of every state agency, board, or commission, regardless of whether the entity participates in AASIS, to maintain a record of all agency property belonging to the State.

Review of equipment revealed the Agency did not perform an annual physical inventory of its property, which led to discrepancies between the Agency's internal record of property and the official listing of property maintained in AASIS.

We selected 25 items for observation to determine the existence of items on the inventory listing and the accuracy of the listing. As a result of inadequate internal controls over equipment, the following deficiency was noted:

- Two equipment items could not be confirmed because they were not tagged. We were unable to confirm the existence of these items using serial numbers because these numbers were not recorded in AASIS.

Review of the Agency's equipment records also included asset disposals. In accordance with R1-19-11-243 of the State's Financial Management Guide, Marketing and Redistribution (M&R) requires a surplus disposal form (SDF), which allows the Agency to identify items for disposal. The Agency is required to maintain a copy of the approved SDF for audit purposes and to remove assets within the month the approved SDF is received.

We selected 52 asset disposals to determine if the Agency complied with M&R guidelines. As a result of inadequate internal controls over equipment, the following discrepancies were noted:

- Approved SDF forms could not be located for 19 items removed from inventory with costs totaling \$11,140.
- The Agency removed 21 items from inventory before receiving an approved SDF from M&R. Costs associated with these items totaled \$115,493.
- Four items were not removed from the Agency's inventory timely. Three of these items, with costs totaling \$1,190, were approved for removal on October

Recommendations

Review existing internal control procedures over capital assets and other equipment items to establish and implement adequate procedures to ensure compliance with the applicable financial management guidelines and Arkansas Code.

Agency Response:

Management will henceforth adhere to the State's Financial Management Guide and has initiated a policy of performing an annual 100% physical inventory of all property with asset shells, in addition to all property, regardless of value, that is issued to an Agency employee for official use. Additionally, the Agency's purchasing agent will staple copies of the SDF submitted to M&R, the signed SDF received from M&R denoting acceptance of the turned in items, and the SDF with anticipated sales prices returned to the Agency by M&R. The Agency will not retire an SDF listed piece of property until the SDF is received from M&R.

Management has revised its procedures to ensure timely removal of assets from inventory once the assets are shown as accepted by M&R on the accompanying SDF as well as its procedures for creating asset shells for items acquired through civil forfeiture proceedings.

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
ARKANSAS TOBACCO CONTROL BOARD
FOR THE YEAR ENDED JUNE 30, 2013

Findings

1, 2010. The fourth item, with a cost totaling \$3,231, was approved for removal on April 25, 2011. These items were not removed from the Agency's inventory until June 6, 2012.

We also reviewed assets the Agency obtained as the result of an "Agreed Order of Forfeiture." In accordance with Ark. Code Ann. §§ 26-57-247(I)(1)(A)(iii)(b), the Agency is required to maintain an inventory of the forfeited property or money and be accountable for the same.

Our review discovered that one asset, a 2003 Jeep, received and authorized for Agency use by an order of forfeiture dated November 4, 2011, was not added to the Agency's capital asset listing. The vehicle was subsequently sold by M&R on September 14, 2012 for \$2,600.

Recommendations

State Contracts Over \$50,000 Awarded To Minority Owned Businesses Fiscal Year 2014

None

Employment Summary

	Male	Female	Total	%
White Employees	15	7	22	88 %
Black Employees	1	2	3	12 %
Other Racial Minorities	0	0	0	0 %
Total Minorities			3	12 %
Total Employees			25	100 %

Publications

A.C.A. 25-1-201 et seq.

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution	Unbound Black & White Copies Produced During the Last Two Years	Cost of Unbound Copies Produced During the Last Two Years
		Governor	General Assembly				
None	N/A	N	N	0	N/A	0	0.00

Department Appropriation Summary

Historical Data

Agency Request and Executive Recommendation

Appropriation	2013-2014		2014-2015		2014-2015		2015-2016					2016-2017						
	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	917,973	12	887,978	12	862,207	12	889,955	12	896,495	12	896,495	12	890,078	12	896,618	12	896,618	12
85C ATC Cigarette Fire Safety	0	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	558,948	9	932,867	9	852,906	9	938,541	9	938,541	9	938,541	9	940,750	9	940,750	9	940,750	9
983 Tobacco Control Board Operations	786,705	9	889,346	10	889,346	10	894,341	10	952,159	10	898,183	10	895,078	10	952,896	10	898,920	10
Total	2,263,626	30	2,760,191	31	2,654,459	31	2,772,837	31	2,837,195	31	2,783,219	31	2,775,906	31	2,840,264	31	2,786,288	31

Funding Sources		%		%		%		%		%		%		%		%		%
Fund Balance	4000005	429,896	15.8	455,402	14.3		419,124	13.3	419,124	13.1	419,124	13.5	380,869	12.2	374,329	11.8	374,329	12.2
General Revenue	4000010	786,705	28.9	889,346	28.0		894,341	28.4	952,159	29.6	844,341	27.2	895,078	28.7	952,896	30.1	845,078	27.6
Federal Revenue	4000020	558,948	20.6	932,867	29.3		938,541	29.8	938,541	29.2	938,541	30.2	940,750	30.2	940,750	29.7	940,750	30.7
Special Revenue	4000030	7,868	0.3	8,000	0.3		8,000	0.3	8,000	0.2	8,000	0.3	8,000	0.3	8,000	0.3	8,000	0.3
Cash Fund	4000045	935,611	34.4	893,700	28.1		893,700	28.3	893,700	27.8	893,700	28.8	893,700	28.7	893,700	28.2	893,700	29.2
Total Funds		2,719,028	100.0	3,179,315	100.0		3,153,706	100.0	3,211,524	100.0	3,103,706	100.0	3,118,397	100.0	3,169,675	100.0	3,061,857	100.0
Excess Appropriation/(Funding)		(455,402)		(419,124)			(380,869)		(374,329)		(320,487)		(342,491)		(329,411)		(275,569)	
Grand Total		2,263,626		2,760,191			2,772,837		2,837,195		2,783,219		2,775,906		2,840,264		2,786,288	

FY15 Budget in 2EH exceeds the authorized amount due to Regular Salaries and Personal Services Matching rate adjustments during the 2013-2015 Biennium and by authority of a Budget Classification Transfer in the amount of \$20,000.

FY15 Budget in 85N exceeds the authorized amount due to several positions brought in at higher than entry rate level and salary and matching rate adjustments during the 2013 - 2015 Biennium.

FY17 variance in funding is from unfunded General Revenue appropriation in Fund Center 983.

Agency Position Usage Report

FY2012 - 2013						FY2013 - 2014						FY2014 - 2015					
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	
28	25	6	31	-3	10.71 %	31	28	3	31	0	9.68 %	31	28	3	31	0	9.68 %

FY13 Total Budgeted Positions exceed the Authorized amount due to 3 added Miscellaneous Federal Grant positions.

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 include continuation of the previously authorized 2015 1% Cost of Living Adjustment and Career Service Payments for eligible employees. Personal Services Matching also includes a \$10 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for Merit Pay Increases.

The Base Level request is \$889,955 in FY16 and \$890,078 in FY17.

The Change Level request is \$6,540 each year of the biennium.

- The Agency is requesting reclassification positions of (1) C124 Attorney to C126 Attorney Specialist and (1) C115 Administrative Analyst reclassified to C118 ATC Training Coordinator.
- Operating Expenses in the amount of \$1,540. This will provide for a 3% increase in rent.
- Promotional Items Expenses of \$5,000 each year of the biennium to meet the Arkansas Tobacco Controls Merchant Education needs. Promotional Items special language is also requested to authorize the purchase of promotional items to meet the Arkansas Tobacco Controls Merchant Education needs.

The Executive Recommendations provides for the Agency Request with the exception that the C115 Administrative Analyst position is reclassified to C116 Training Instructor instead of the C118 ATC Training Coordinator. 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		
		2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	2015-2016			2016-2017		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	469,138	497,213	479,180	502,724	502,724	502,724	502,824	502,824	502,824
#Positions		12	12	12	12	12	12	12	12	12
Personal Services Matching	5010003	166,567	171,958	164,220	174,799	174,799	174,799	174,822	174,822	174,822
Operating Expenses	5020002	187,891	210,732	190,732	210,732	212,272	212,272	210,732	212,272	212,272
Conference & Travel Expenses	5050009	0	0	0	0	0	0	0	0	0
Professional Fees	5060010	780	1,700	21,700	1,700	1,700	1,700	1,700	1,700	1,700
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Promotional Items	5090028	0	0	0	0	5,000	5,000	0	5,000	5,000
Capital Outlay	5120011	93,597	6,375	6,375	0	0	0	0	0	0
Total		917,973	887,978	862,207	889,955	896,495	896,495	890,078	896,618	896,618
Funding Sources										
Fund Balance	4000005	282,192	299,830		305,552	305,552	305,552	309,297	302,757	302,757
Cash Fund	4000045	935,611	893,700		893,700	893,700	893,700	893,700	893,700	893,700
Total Funding		1,217,803	1,193,530		1,199,252	1,199,252	1,199,252	1,202,997	1,196,457	1,196,457
Excess Appropriation/(Funding)		(299,830)	(305,552)		(309,297)	(302,757)	(302,757)	(312,919)	(299,839)	(299,839)
Grand Total		917,973	887,978		889,955	896,495	896,495	890,078	896,618	896,618

FY15 Budget amount in Regular Salaries and Personal Services Matching exceeds the authorized amount due to salary and matching rate adjustments during the 2013-2015 Biennium.

Budget exceeds Authorized Appropriation in Operating Expenses by authority of a Budget Classification Transfer from Professional Fees in the amount of \$20,000.

Change Level by Appropriation

Appropriation: 2EH - Sales to Minors Enforcement - Cash
Funding Sources: NTC - Cash in Treasury

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	889,955	12	889,955	100.0	890,078	12	890,078	100.0
C01	Existing Program	6,540	0	896,495	100.7	6,540	0	896,618	100.7
C10	Reclass	0	0	896,495	100.7	0	0	896,618	100.7

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	889,955	12	889,955	100.0	890,078	12	890,078	100.0
C01	Existing Program	6,540	0	896,495	100.7	6,540	0	896,618	100.7
C10	Reclass	0	0	896,495	100.7	0	0	896,618	100.7

Justification

C01	Reflects an increase of \$1,540 in Operating Expenses due to the statewide 3% increase in Rent to ABA. \$5,000 request reflects an increase in promotional materials each year to meet the Arkansas Tobacco Controls Merchant Education needs.
C10	Reflects C124 Attorney reclassified to C126 Attorney Specialist and C115 Administrative Analyst reclassified to C116 Training Instructor.

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.

Base Level Regular Salaries and Personal Services Matching include continuation of the previously authorized 2015 1% Cost of Living Adjustment and Career Service Payments for eligible employees. Personal Services Matching also includes a \$10 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for Merit Pay Increases.

The Agency Request provides for Base Level for the 2015-2017 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	2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	2015-2016			2016-2017		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Fire Safety & Prevention 5900046	0	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Total	0	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Funding Sources									
Fund Balance 4000005	147,704	155,572		113,572	113,572	113,572	71,572	71,572	71,572
Special Revenue 4000030	7,868	8,000		8,000	8,000	8,000	8,000	8,000	8,000
Total Funding	155,572	163,572		121,572	121,572	121,572	79,572	79,572	79,572
Excess Appropriation/(Funding)	(155,572)	(113,572)		(71,572)	(71,572)	(71,572)	(29,572)	(29,572)	(29,572)
Grand Total	0	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 include continuation of the previously authorized 2015 1% Cost of Living Adjustment and Career Service Payments for eligible employees. Personal Services Matching also includes a \$10 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for Merit Pay Increases.

The Agency Request provides for Base Level for the 2015-2017 Biennium.

The Executive Recommendation provides for the Agency Request.

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			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	2015-2016			2016-2017		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	346,353	395,934	332,939	399,576	399,576	399,576	401,376	401,376	401,376
#Positions		9	9	9	9	9	9	9	9	9
Personal Services Matching	5010003	122,366	138,067	121,101	140,099	140,099	140,099	140,508	140,508	140,508
Overtime	5010006	0	17,041	17,041	17,041	17,041	17,041	17,041	17,041	17,041
Operating Expenses	5020002	90,229	345,583	345,583	345,583	345,583	345,583	345,583	345,583	345,583
Conference & Travel Expenses	5050009	0	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Professional Fees	5060010	0	31,242	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
Total		558,948	932,867	852,906	938,541	938,541	938,541	940,750	940,750	940,750
Funding Sources										
Federal Revenue	4000020	558,948	932,867		938,541	938,541	938,541	940,750	940,750	940,750
Total Funding		558,948	932,867		938,541	938,541	938,541	940,750	940,750	940,750
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		558,948	932,867		938,541	938,541	938,541	940,750	940,750	940,750

FY15 Budget amount in Regular Salaries and Personal Services Matching exceeds the authorized amount due to several positions being brought in at higher than entry rate and due to salary and matching rate adjustments during the 2013-2015 Biennium.

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 include continuation of the previously authorized 2015 1% Cost of Living Adjustment and Career Service Payments for eligible employees. Personal Services Matching also includes a \$10 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for Merit Pay Increases.

The Base Level request is \$894,341 in FY16 and \$895,078 in FY17.

The Agency's Change Level request provides for \$57,818 each year of the biennium and reflects the following:

- Regular Salaries increase of \$6,619 and Personal Services Matching increase of \$1,505 each year of the biennium due to (2) agency requested position reclassifications. (1) C116 ATC Enforcement Agent reclassified to C120 Criminal Investigative Division Chief Investigator and (1) C116 ATC Enforcement Agent reclassified to C120 Enforcement Division Supervisor.
- \$694 increase in Operating Expenses due to 3% statewide increase in rent.
- \$49,000 increase in Capital Outlay for each year of the biennium to be used for the replacement of (2) vehicles and appropriate sales tax each year.
- The Agency is requesting Motor Vehicle Purchase special language to authorize the purchase of motor vehicles from the appropriations authorized for Capital Outlay in the Arkansas Tobacco Control Administration and Criminal Investigations Division.

The Executive Recommendation provides for the Agency Request, for appropriation only with the exception of Capital Outlay and the (2) C116 agency requested positions be reclassified to (2) C118 ATC FDA Senior Enforcement Agent. The Executive Recommendation also provides for a reduction in general revenue funding of \$50,000 each year of the biennium.

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			2015-2016			2016-2017		
		2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	400,270	451,373	450,914	453,997	460,616	457,145	454,597	461,216	457,745
#Positions		9	10	10	10	10	10	10	10	10
Personal Services Matching	5010003	139,433	150,399	148,178	152,770	154,275	152,770	152,907	154,412	152,907
Operating Expenses	5020002	236,432	267,574	270,254	267,574	268,268	268,268	267,574	268,268	268,268
Conference & Travel Expenses	5050009	9,275	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Professional Fees	5060010	1,295	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	49,000	0	0	49,000	0
Total		786,705	889,346	889,346	894,341	952,159	898,183	895,078	952,896	898,920
Funding Sources										
General Revenue	4000010	786,705	889,346		894,341	952,159	844,341	895,078	952,896	845,078
Total Funding		786,705	889,346		894,341	952,159	844,341	895,078	952,896	845,078
Excess Appropriation/(Funding)		0	0		0	0	53,842	0	0	53,842
Grand Total		786,705	889,346		894,341	952,159	898,183	895,078	952,896	898,920

FY15 Budget amount in Regular Salaries and Personal Services Matching exceeds the authorized amount due to salary and matching rate adjustments during the 2013-2015 Biennium.

Change Level by Appropriation

Appropriation: 983 - Tobacco Control Board Operations
Funding Sources: HUA - Miscellaneous Agencies Fund

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	894,341	10	894,341	100.0	895,078	10	895,078	100.0
C01	Existing Program	49,694	0	944,035	105.6	49,694	0	944,772	105.6
C10	Reclass	8,124	0	952,159	106.5	8,124	0	952,896	106.5

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	894,341	10	894,341	100.0	895,078	10	895,078	100.0
C01	Existing Program	694	0	895,035	100.1	694	0	895,772	100.1
C10	Reclass	3,148	0	898,183	100.4	3,148	0	898,920	100.4

Justification

C01	\$694 reflects an increase in Operating Expenses due to the statewide 3% increase in rent to ABA. The agency is requesting a \$49,000 increase in Capital Outlay for the replacement of 2 vehicles and appropriate sales tax each year.
C10	Represents the increase in Regular Salaries and Personal Services Matching due to agency requested position reclassifications.

ARKANSAS TOBACCO SETTLEMENT COMMISSION

Enabling Laws

Act 101 of 2014
A.C.A. §19-12-117

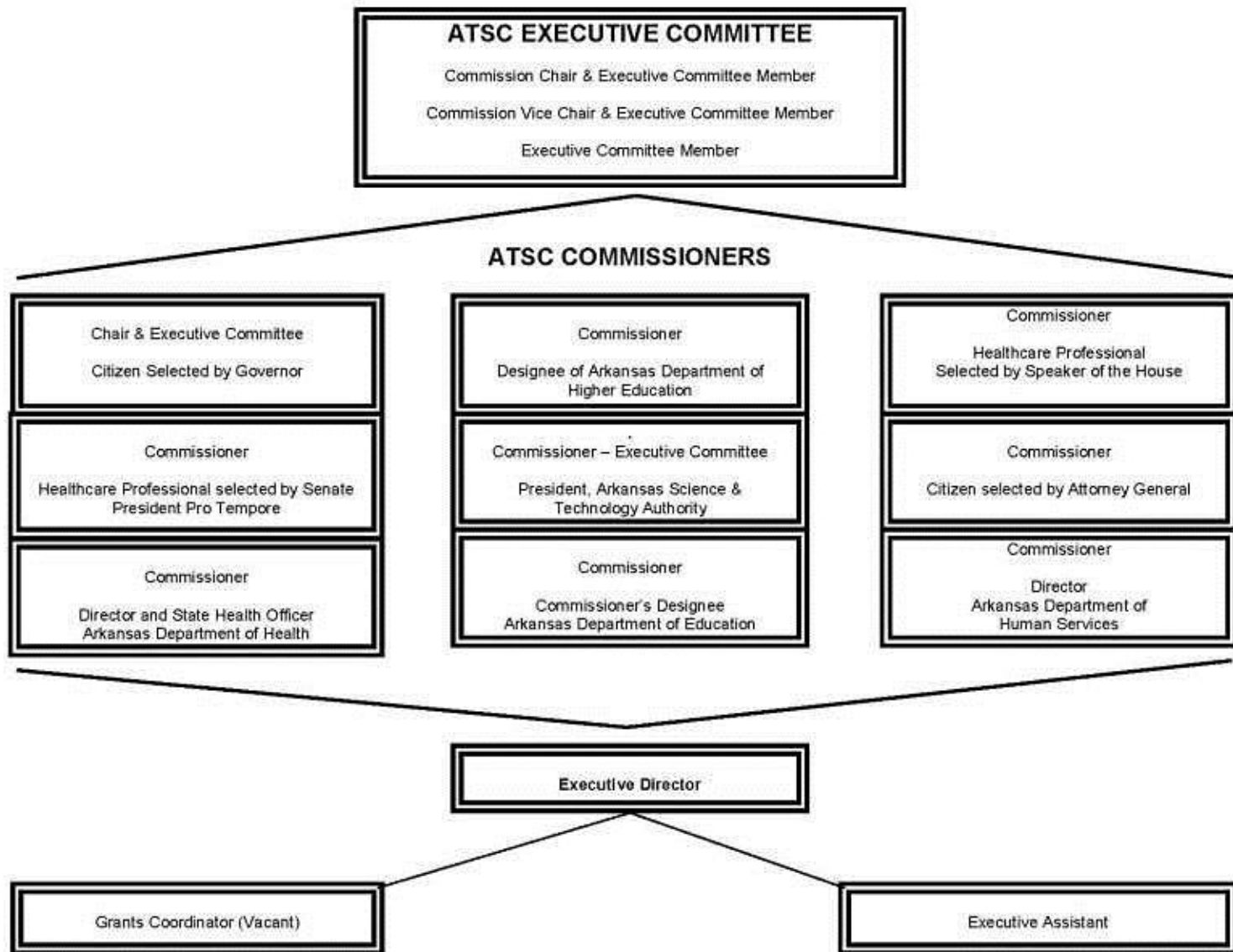
History and Organization

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 Commission (ATSC) was created pursuant to Section 17 of the Act to monitor and evaluate expenditures made from the program accounts. Those program accounts are the Prevention and Cessation Program Account, the Targeted State Needs Program Account, the Arkansas Biosciences Institute Program and 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 in the Arkansas Tobacco Settlement Commission Fund. The Commission is authorized to hire an independent third party to monitor and evaluate progress in the programs and prepare a biennial report for the General Assembly and Governor by each August 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 an increase in Operating Expenses each year in the amount of \$550 to cover the 3% increase in rent to ABA.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
ARKANSAS TOBACCO SETTLEMENT COMMISSION
FOR THE YEAR ENDED JUNE 30, 2013

Findings

In accordance with Ark. Code Ann. § 19-4-702, agencies are allowed to pay carryover obligations up to 45 days after the end of the fiscal year, but the carryover obligations "shall be charged against appropriations and fund cash balances of the fiscal year in which the obligations were incurred." R1-19-4-702 of the Department of Finance and Administration (DFA) Financial Management Guide requires prior-year obligations paid in the first 45 days of the current year to be identified and recorded as accounts payable for the prior year. This is generally achieved by adding a preceding "Y" reference to the vendor's invoice number in the reference field.

It was noted that the Agency made \$57,650 in payments in fiscal year 2012 for expenses incurred in fiscal year 2011, \$160,514 in payments in fiscal year 2013 for

Recommendations

Comply with state laws and regulations pertaining to the proper recognition and payment of accounts payable.

Agency Response:

While I cannot speak to what occurred in our agency before I was hired as the director (Re: \$57,650.00 in FY12 for expenses incurred in FY11), this practice by our previous employee became obvious to me shortly after I assumed my duties in July 2012. I implemented graduated employee discipline as per OPM standards and put into place a number of measures designed to prevent this violation from occurring. I sought additional training for the employee (which she completed under protest). In June of 2013, the subject (now former) employee failed to pay two invoices that I had signed

DIVISION OF LEGISLATIVE AUDIT
 AUDIT OF :
 ARKANSAS TOBACCO SETTLEMENT COMMISSION
 FOR THE YEAR ENDED JUNE 30, 2013

Findings

expenses incurred in fiscal year 2012, and \$18,155 in payments in fiscal year 2014 for expenses incurred in fiscal year 2013. The payments were not recorded as "Y" vouchers, and the appropriate journal entries were not made to record accounts payable at the end of the year.

Recommendations

off on for the Purchase Orders and was again reprimanded when it was found that the payments were not made until August and then, without the 'Y' voucher designation.

I am chagrined at the shortcomings that have come to light in this audit and offer the reassurance that Tobacco Settlement Commission through the auditor's recommendations and review of the DFA Financial Management Guide will be vigilant of and in performance of these and other sound agency fiscal practices.

All of the above explanations revolve around one former employee who finally resigned in November 2013 because she felt she was being 'questioned too much.' These are difficult examples of how important good support personnel are in a State Agency but they are also lessons for growth for both our Commission and me, as its director.

State Contracts Over \$50,000 Awarded To Minority Owned Businesses Fiscal Year 2014

None

Employment Summary

	Male	Female	Total	%
White Employees	0	1	1	50 %
Black Employees	0	1	1	50 %
Other Racial Minorities	0	0	0	0 %
Total Minorities			1	50 %
Total Employees			2	100 %

Publications

A.C.A. 25-1-201 et seq.

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution	Unbound Black & White Copies Produced During the Last Two Years	Cost of Unbound Copies Produced During the Last Two Years
		Governor	General Assembly				
ATSC Biennial Report	A.C.A. §19-12-117	Y	Y	200	Required by law	0	0.00
ATSC Quarterly Report	Special Language	N	Y	75	Required to keep Public Health Welfare & Labor informed of Tobacco Program activities.	0	0.00

Agency Position Usage Report

FY2012 - 2013						FY2013 - 2014						FY2014 - 2015					
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	1	3	0	33.33 %	3	2	1	3	0	33.33 %	3	2	0	2	1	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 include continuation of the previously authorized 2015 1% Cost of Living Adjustment and Career Service Payments for eligible employees. Personal Services Matching also includes a \$10 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for Merit Pay Increases.

The Base Level request is \$2,400,474 each year of the biennium.

The Agency's Change Level request provides for an increase in Operating Expenses of \$550 each year of the biennium for a 3% increase in rent.

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			2015-2016			2016-2017		
	2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	91,718	94,077	113,589	95,017	95,017	95,017	95,017	95,017	95,017
#Positions	2	2	3	2	2	2	2	2	2
Personal Services Matching 5010003	35,416	30,923	39,693	31,432	31,432	31,432	31,432	31,432	31,432
Operating Expenses 5020002	38,347	84,025	84,025	84,025	84,575	84,575	84,025	84,575	84,575
Conference & Travel Expenses 5050009	649	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Professional Fees 5060010	290,841	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	0	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
Total	456,971	2,399,025	2,427,307	2,400,474	2,401,024	2,401,024	2,400,474	2,401,024	2,401,024
Funding Sources									
Fund Balance 4000005	4,049,014	3,923,903		1,732,128	1,732,128	1,732,128	0	0	0
Transfer from Tobacco Settlmnt 4000590	331,860	207,250		284,000	284,000	284,000	272,500	272,500	272,500
Total Funding	4,380,874	4,131,153		2,016,128	2,016,128	2,016,128	272,500	272,500	272,500
Excess Appropriation/(Funding)	(3,923,903)	(1,732,128)		384,346	384,896	384,896	2,127,974	2,128,524	2,128,524
Grand Total	456,971	2,399,025		2,400,474	2,401,024	2,401,024	2,400,474	2,401,024	2,401,024

Expenditure of appropriation is contingent upon available funding.

Change Level by Appropriation

Appropriation: 468 - Operations
Funding Sources: TSC - Tobacco Settlement Commission

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	2,400,474	2	2,400,474	100.0	2,400,474	2	2,400,474	100.0
C01	Existing Program	550	0	2,401,024	100.0	550	0	2,401,024	100.0

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	2,400,474	2	2,400,474	100.0	2,400,474	2	2,400,474	100.0
C01	Existing Program	550	0	2,401,024	100.0	550	0	2,401,024	100.0

Justification

C01	\$550 reflects an increase in Operating Expenses due to the statewide 3% increase in rent to ABA.
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WAR MEMORIAL STADIUM COMMISSION

Enabling Laws

Act 133 of 2014
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.

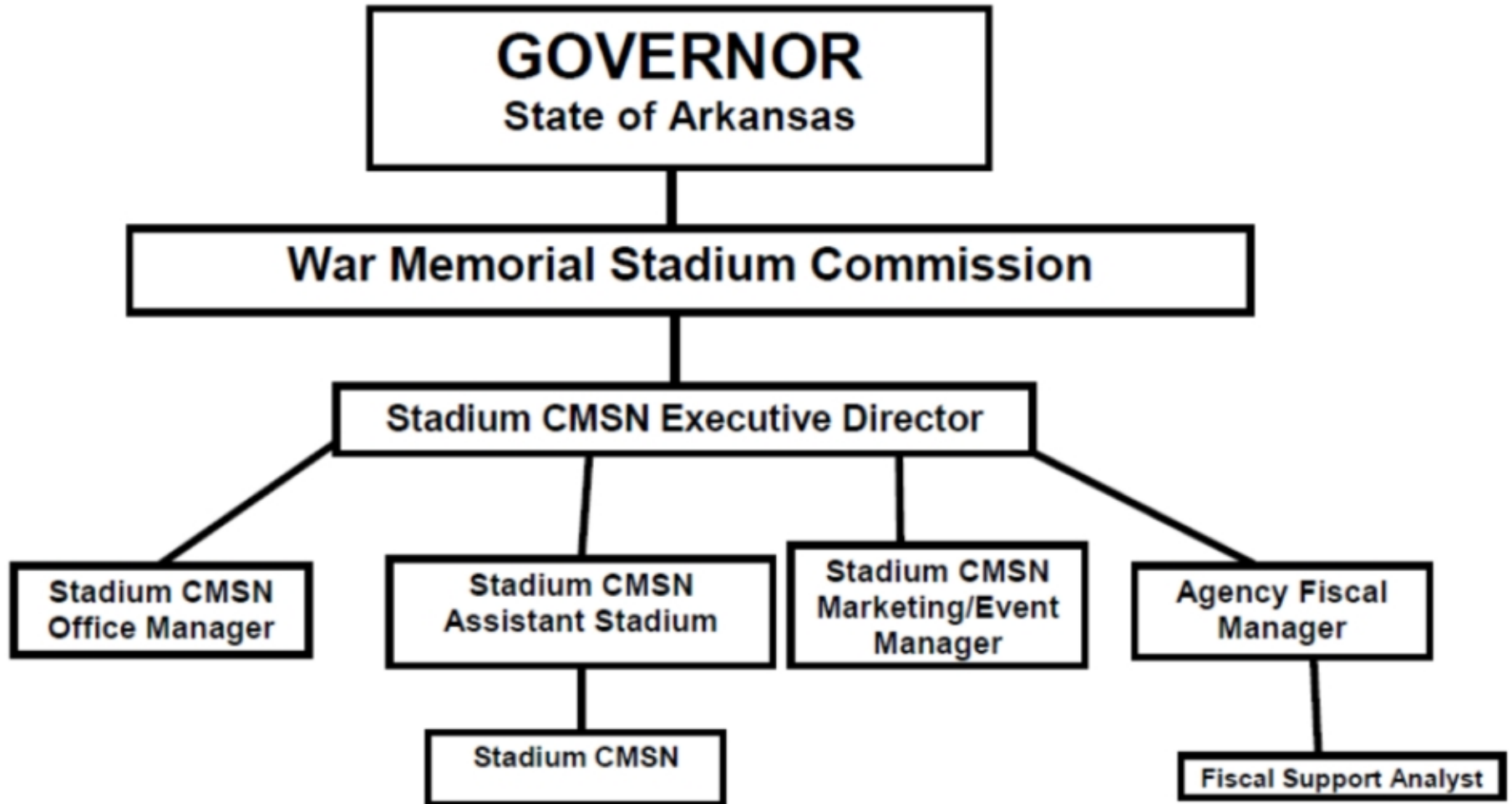
The Stadium Commission consists of eight (8) members appointed by the Governor with the advice and consent of the Senate. Each Congressional District in the State is represented by membership on this commission along with four (4) members from the State at large. This commission has exclusive jurisdiction 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 2015 - 2017 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.

The Commission is requesting Base Level appropriation for the 2015 - 2017 Biennium.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
WAR MEMORIAL STADIUM COMMISSION
FOR THE YEAR ENDED JUNE 30, 2012

Findings

Recommendations

None

None

State Contracts Over \$50,000 Awarded To Minority Owned Businesses Fiscal Year 2014

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, 2014

Fund Account	Balance	Type	Location
3260000	\$154,385	Checking/Payroll Paying	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.

Fund Account	Balance	Type	Location
3260000	\$207,919	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. 25-1-201 et seq.

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution	Unbound Black & White Copies Produced During the Last Two Years	Cost of Unbound Copies Produced During the Last Two Years
		Governor	General Assembly				
None	N/A	N	N	0	N/A	0	0.00

Department Appropriation Summary

Historical Data

Agency Request and Executive Recommendation

Appropriation	2013-2014		2014-2015		2014-2015		2015-2016					2016-2017						
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
2VZ State Operations	884,218	5	892,676	6	892,676	6	897,503	6	897,503	6	897,503	6	898,238	6	898,238	6	898,238	6
A24 War Memorial Operations	1,792,926	0	2,557,186	1	5,957,087	1	2,557,396	1	2,557,396	1	2,557,396	1	2,557,396	1	2,557,396	1	2,557,396	1
Total	2,677,144	5	3,449,862	7	6,849,763	7	3,454,899	7	3,454,899	7	3,454,899	7	3,455,634	7	3,455,634	7	3,455,634	7

Funding Sources		%		%		%		%		%		%		%		%	
Fund Balance	4000005	596,321	19.6	362,304	10.5	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
General Revenue	4000010	884,218	29.1	892,676	25.9	897,503	29.0	897,503	29.0	897,503	29.0	898,238	29.0	898,238	29.0	898,238	29.0
Cash Fund	4000045	1,558,909	51.3	2,194,882	63.6	2,200,000	71.0	2,200,000	71.0	2,200,000	71.0	2,200,000	71.0	2,200,000	71.0	2,200,000	71.0
Total Funds		3,039,448	100.0	3,449,862	100.0	3,097,503	100.0	3,097,503	100.0	3,097,503	100.0	3,098,238	100.0	3,098,238	100.0	3,098,238	100.0
Excess Appropriation/(Funding)		(362,304)		0		357,396		357,396		357,396		357,396		357,396		357,396	
Grand Total		2,677,144		3,449,862		3,454,899		3,454,899		3,454,899		3,455,634		3,455,634		3,455,634	

Variance in Fund Balance is due to unfunded appropriation in (A24) War Memorial Operations.

Agency Position Usage Report

FY2012 - 2013						FY2013 - 2014						FY2014 - 2015					
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 include the continuation of the previously authorized 2015 1% Cost of Living Adjustment and Career Service Payments for eligible employees. Personal Services Matching also includes a \$10 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for 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		
	2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	2015-2016			2016-2017		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	328,090	338,370	338,370	341,538	341,538	341,538	342,138	342,138	342,138
#Positions	5	6	6	6	6	6	6	6	6
Extra Help 5010001	39,784	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
#Extra Help	9	101	101	101	101	101	101	101	101
Personal Services Matching 5010003	111,820	108,745	107,205	110,404	110,404	110,404	110,539	110,539	110,539
Overtime 5010006	527	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Operating Expenses 5020002	403,997	404,061	405,601	404,061	404,061	404,061	404,061	404,061	404,061
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
Total	884,218	892,676	892,676	897,503	897,503	897,503	898,238	898,238	898,238
Funding Sources									
General Revenue 4000010	884,218	892,676		897,503	897,503	897,503	898,238	898,238	898,238
Total Funding	884,218	892,676		897,503	897,503	897,503	898,238	898,238	898,238
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	884,218	892,676		897,503	897,503	897,503	898,238	898,238	898,238

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 include the continuation of the previously authorized 2015 1% Cost of Living Adjustment and Career Service Payments for eligible employees. Personal Services Matching also includes a \$10 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for Merit Pay Increases. The Base Level request for Regular Salaries includes board member stipend payments.

The Agency is requesting Base Level in both years of the 2015-2017 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		
	2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	2015-2016			2016-2017		
				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
#Positions	0	1	1	1	1	1	1	1	1
Extra Help 5010001	15,873	115,000	115,000	115,000	115,000	115,000	115,000	115,000	115,000
#Extra Help	4	49	49	49	49	49	49	49	49
Personal Services Matching 5010003	3,255	21,842	21,743	22,052	22,052	22,052	22,052	22,052	22,052
Overtime 5010006	0	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000
Operating Expenses 5020002	219,439	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	10,914	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	850,124	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	93,960	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	599,361	600,000	4,000,000	600,000	600,000	600,000	600,000	600,000	600,000
Total	1,792,926	2,557,186	5,957,087	2,557,396	2,557,396	2,557,396	2,557,396	2,557,396	2,557,396
Funding Sources									
Fund Balance 4000005	596,321	362,304		0	0	0	0	0	0
Cash Fund 4000045	1,558,909	2,194,882		2,200,000	2,200,000	2,200,000	2,200,000	2,200,000	2,200,000
Total Funding	2,155,230	2,557,186		2,200,000	2,200,000	2,200,000	2,200,000	2,200,000	2,200,000
Excess Appropriation/(Funding)	(362,304)	0		357,396	357,396	357,396	357,396	357,396	357,396
Grand Total	1,792,926	2,557,186		2,557,396	2,557,396	2,557,396	2,557,396	2,557,396	2,557,396

FY15 Budget amount in Personal Services Matching exceeds the authorized amount due to matching rate adjustments during the 2013-2015 Biennium. Expenditure of appropriation is contingent upon available funding.

ARKANSAS WATERWAYS COMMISSION

Enabling Laws

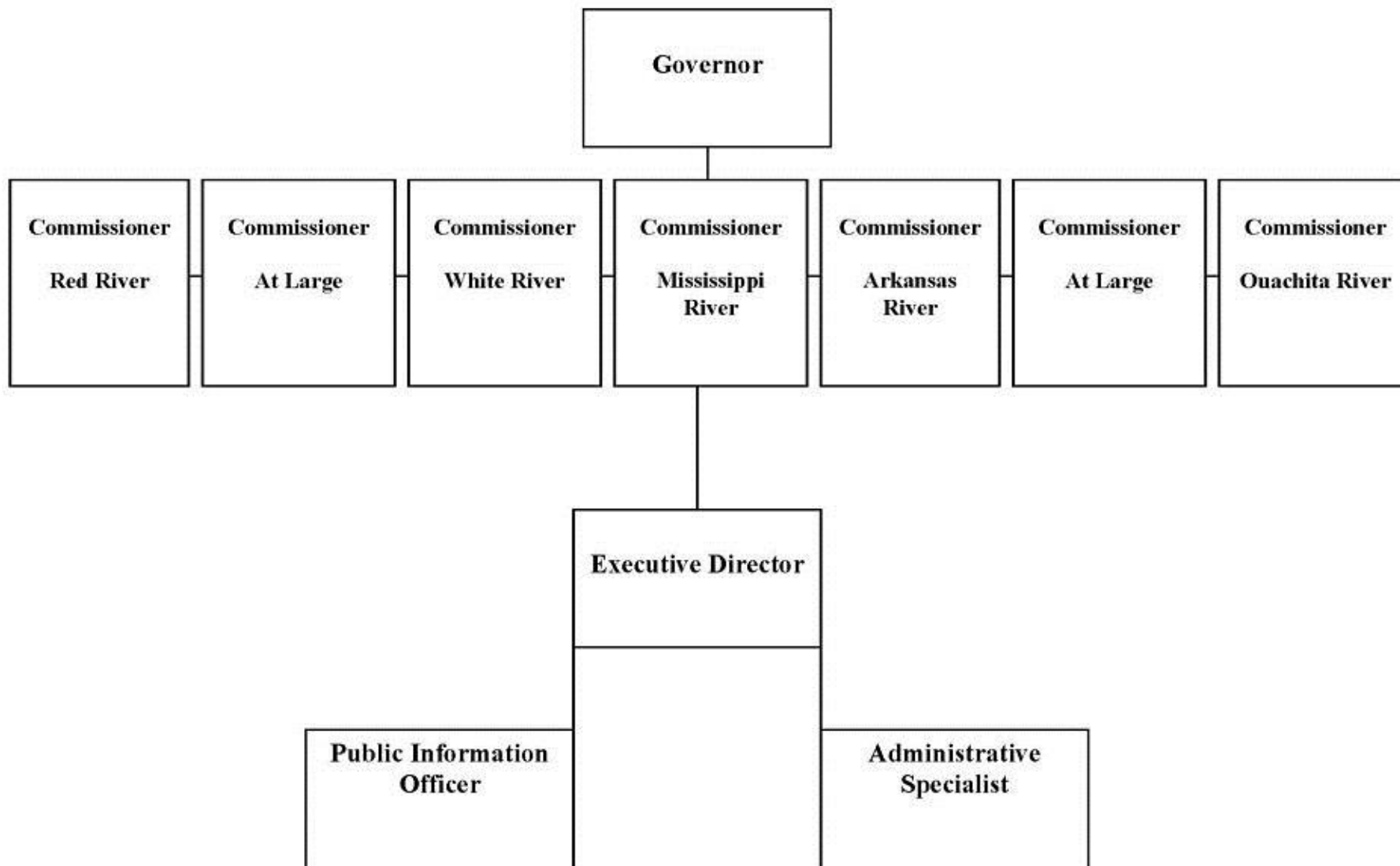
Act 181 of 2014

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 State's Contributions 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 an increase of \$6,600 each year of the biennium. This includes an increase in Operating Expenses of \$5,200, Conference & Travel Expenses of \$500, and State's Contributions line item of \$900.

Operating Expenses increase of \$5,200 includes \$3,100 of travel related expenses for the Executive Director attendance at the National Waterways Conferences, the Mississippi Valley Flood Control Association annual conference, and travel to Washington, D.C. for meetings with the Congressional Delegation and the Corps of Engineers regarding the Three Rivers Study. An increase of \$2,100 is for annual website maintenance.

Conference & Travel Expenses of \$500 is for office staff training in new technologies to become more diverse in communication and updated guidelines and standards.

State's Contributions increase of \$900 is due to an increase in membership dues to the five (5) waterways associations, the Lower Mississippi Valley Flood Control, Ouachita River Valley, Red River Valley, Arkansas Basin, and White River Valley.

The agency requests a position reclassification of the Administrative Specialist III Grade C112 to Business Operations Specialist Grade C116 based upon an OPM job audit.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
ARKANSAS WATERWAYS COMMISSION
FOR THE YEAR ENDED JUNE 30, 2012

Findings

Ark. Code Ann. § 19-4-1103 states, "It shall be the responsibility of each executive head of a state agency to establish adequate internal administrative procedures and controls to ensure prompt and accurate payment of obligations." A sample of 27 maintenance and operation expenditures revealed the following:

- Twenty-one disbursements totaling \$7,690 lacked disbursing officer approval.
- Two disbursements totaling \$105 lacked adequate supporting documentation.

The Commission's lack of adherence to state laws and regulations could create the opportunity for misappropriation of state assets.

Financial Management Guide regulation R1-19-4-903 establishes criteria for reimbursement of travel expenses for state employees and officials. A review of travel expenditures noted the following deficiencies:

- Nine disbursements totaling \$3,583 lacked adequate supporting documentation.
- Twenty-four disbursements totaling \$6,821 lacked approval by the disbursing officer.
- Three reimbursements for lodging exceeded the allowable rate without proper authorization, resulting in overpayments of \$129.
- Six reimbursements for mileage that exceeded map mileage resulted in overpayments of \$74.
- Five TR-1 forms totaling \$675 lacked the signature of the traveler.

The Commission's lack of adherence to travel laws and regulations could lead to misappropriation of state assets and reduction in services to citizens.

Recommendations

Adhere to state laws and regulations related to the disbursement of state funds.

Agency Response:

This finding was delivered with the FY2012 audit, and as I [Executive Director Gene Higginbotham] joined the Commission as Executive Director in June 2012, I immediately developed and implemented new policies effective September 2012. We continue to fine-tune these changes. Also, I continue to place emphasis on professional development for staff and myself. LaWanda Campbell, Administrative Specialist, attended several seminars/trainings to better familiarize herself with state laws related to disbursements. Additionally, we will continue to work with Legislative Audit to develop a system that will ensure that disbursements are adequately documented.

Adhere to travel regulations.

Agency Response:

We have made several changes to our travel policy since I have taken the position of Executive Director in June 2012.

1. We mailed a copy of the State's Travel Policy to each of our Commissioners and asked that they review it and become familiar with the policy.
2. Our office now handles the booking of all travel for each Commissioner. This allows us to seek the State Government rate when booking hotels and provide proper authorization when a State Government rate is not available. In the event that a State Government rate is not available, the Executive Director will document and approve an expenditure exceeding government rates.
3. The Commission has standardized its Map Mileage Policy using MAPQUEST to ensure that map mileage is not exceeded in the future.
4. Before a Commissioner attends a conference, we will send a memo to the traveling Commissioner outlining State Travel limits.

State Contracts Over \$50,000 Awarded To Minority Owned Businesses Fiscal Year 2014

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. 25-1-201 et seq.

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution	Unbound Black & White Copies Produced During the Last Two Years	Cost of Unbound Copies Produced During the Last Two Years
		Governor	General Assembly				
Biennial Report	A.C.A §15-23-204	Y	Y	10	To inform state elected officials, colleagues and other interested parties on activities, goals and accomplishments of the Arkansas Waterways Commission. The Commission will also make the report available in PDF format on its website waterways.arkansas.gov .	17	50.00

Department Appropriation Summary

Historical Data

Agency Request and Executive Recommendation

Appropriation	2013-2014		2014-2015		2014-2015		2015-2016						2016-2017					
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
085 Arkansas Waterways Commission	253,492	3	253,530	3	253,558	3	255,836	3	262,436	3	255,836	3	255,836	3	262,436	3	255,836	3
M63 Waterway Development Grants	0	0	210,000	0	210,000	0	210,000	0	210,000	0	210,000	0	210,000	0	210,000	0	210,000	0
Total	253,492	3	463,530	3	463,558	3	465,836	3	472,436	3	465,836	3	465,836	3	472,436	3	465,836	3

Funding Sources			%		%		%		%		%		%		%		%		
General Revenue	4000010	253,492	100.0	253,530	54.7			255,836	54.9	262,436	55.5	255,836	54.9	255,836	54.9	262,436	55.5	255,836	54.9
Ad Valorem Tax	4000060	0	0.0	210,000	45.3			210,000	45.1	210,000	44.5	210,000	45.1	210,000	45.1	210,000	44.5	210,000	45.1
Total Funds		253,492	100.0	463,530	100.0			465,836	100.0	472,436	100.0	465,836	100.0	465,836	100.0	472,436	100.0	465,836	100.0
Excess Appropriation/(Funding)		0		0				0		0		0		0		0		0	
Grand Total		253,492		463,530				465,836		472,436		465,836		465,836		472,436		465,836	

Agency Position Usage Report

FY2012 - 2013						FY2013 - 2014						FY2014 - 2015					
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	
2	3	0	3	-1	-50.00 %	3	3	0	3	0	0.00 %	3	3	0	3	0	0.00 %

Total Budgeted positions in FY13 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 include the continuation of the previously authorized 2015 1% Cost of Living Adjustment and Career Service payments for eligible employees. Personal Services Matching also includes a \$10 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for Merit Pay Increases. The Base Level request for Regular Salaries includes board member stipend payments.

The Agency's Change Level request of \$6,600 each year reflects the following:

- Operating Expenses of \$5,200, \$3,100 is for the Executive Director's travel related expenses to the National Waterways Conferences, the Mississippi Valley Flood Control Association annual conference, and to Washington, D.C. for meetings with the Congressional Delegation and the Corps of Engineers regarding the Three Rivers Study; and \$2,100 for annual website maintenance.
- Conference & Travel Expenses of \$500 for office staff training in new technologies to become more diverse in communications and updated guidelines and standards.
- State's Contributions line item of \$900 due to an increase in membership to the five (5) waterways associations, the Lower Mississippi Valley Flood Control, the Ouachita River Valley, the Red River Valley, the Arkansas Basin, and the White River Valley.
- Position reclassification for the Administrative Specialist III Grade C112 to a Business Operations Specialist Grade C116 position based upon an OPM job audit.

The Executive Recommendation provides for Base Level with the position reclassification.

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		
		2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	2015-2016			2016-2017		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	158,428	154,774	155,373	156,289	156,289	156,289	156,289	156,289	156,289
#Positions		3	3	3	3	3	3	3	3	3
Personal Services Matching	5010003	50,316	49,126	48,555	49,917	49,917	49,917	49,917	49,917	49,917
Operating Expenses	5020002	39,383	43,879	43,879	43,879	49,079	43,879	43,879	49,079	43,879
Conference & Travel Expenses	5050009	3,136	3,151	3,151	3,151	3,651	3,151	3,151	3,651	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	2,229	2,600	2,600	2,600	3,500	2,600	2,600	3,500	2,600
Total		253,492	253,530	253,558	255,836	262,436	255,836	255,836	262,436	255,836
Funding Sources										
General Revenue	4000010	253,492	253,530		255,836	262,436	255,836	255,836	262,436	255,836
Total Funding		253,492	253,530		255,836	262,436	255,836	255,836	262,436	255,836
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		253,492	253,530		255,836	262,436	255,836	255,836	262,436	255,836

FY15 Budget amount in Personal Services Matching exceeds the authorized amount due to matching rate adjustments during the 2013-2015 Biennium.

Change Level by Appropriation

Appropriation: 085 - Arkansas Waterways Commission
Funding Sources: HUA - Miscellaneous Agencies Fund

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	255,836	3	255,836	100.0	255,836	3	255,836	100.0
C01	Existing Program	4,500	0	260,336	101.8	4,500	0	260,336	101.8
C08	Technology	2,100	0	262,436	102.6	2,100	0	262,436	102.6
C10	Reclass	0	0	262,436	102.6	0	0	262,436	102.6

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	255,836	3	255,836	100.0	255,836	3	255,836	100.0
C01	Existing Program	0	0	255,836	100.0	0	0	255,836	100.0
C08	Technology	0	0	255,836	100.0	0	0	255,836	100.0
C10	Reclass	0	0	255,836	100.0	0	0	255,836	100.0

Justification

C01	The agency requests an increase of \$3,100 for Operating Expenses, \$500 for Conference & Travel, and \$900 for the State's Contributions line item. Operating Expenses increase of \$3,100 is for travel related expenses for the Executive Director attendance at the National Waterways Conferences, attendance at the Mississippi Valley Flood Control Association annual conference, and travel to Washington, D.C. for meetings with Congressional Delegation and Corps of Engineers regarding the Three Rivers Study. The Commission has enhanced its awareness of navigable rivers in the state and requests a \$500 increase in Conference and Travel for office staff training in new technologies to become more diverse in communication and updated guidelines and standards. The State's Contribution \$900 increase is due to increase in membership to the five (5) waterways associations, the Lower Mississippi Valley Flood Control, the Ouachita River Valley, Red River Valley, Arkansas Basin, and White River Valley.
C08	The agency requests an increase of \$2,100 for annual website maintenance. This can be found on the agency's state IT plan support cost page under Contracted Services.
C10	The agency requests a reclassification of the Administrative Specialist III Grade C112 position to a Business Operations Specialist Grade C116 position based upon an OPM job audit.

Analysis of Budget Request

Appropriation: M63 - Waterway Development Grants

Funding Sources: MPW - Ad Valorem Tax Fund

Through the Arkansas Port, Intermodal, and Waterway Development Grant Program, the Arkansas Waterways Commission can provide financial assistance to port authorities and intermodal authorities for port development projects. These projects include without limitation, construction, improvement, facility rehabilitation, expansion of a public port facility, and a maritime-related industrial park infrastructure development.

Taxes and penalties collected from water transportation companies under §26-26-1614 in excess of two million five hundred thousand dollars (\$2,500,000) provides funding for the grant program.

The Agency requests Base Level appropriation for the 2015-2017 Biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: M63 - Waterway Development Grants

Funding Sources: MPW - Ad Valorem Tax Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item	Historical Data			2015-2016			2016-2017		
	2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid 5100004	0	210,000	210,000	210,000	210,000	210,000	210,000	210,000	210,000
Total	0	210,000	210,000	210,000	210,000	210,000	210,000	210,000	210,000
Funding Sources									
Ad Valorem Tax 4000060	0	210,000		210,000	210,000	210,000	210,000	210,000	210,000
Total Funding	0	210,000		210,000	210,000	210,000	210,000	210,000	210,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	0	210,000		210,000	210,000	210,000	210,000	210,000	210,000