



SUMMARY
BUDGET INFORMATION
VOLUME 3
2009-2011 Biennium

Various Boards and Commissions

SUMMARY BUDGET INFORMATION

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2008 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>
Abstracters' Board of Examiners, Arkansas	\$2	\$0	\$0
Accountancy, State Board of	\$12	\$0	\$0
Aeronautics, Arkansas Department of	\$8	\$0	\$0
Appraiser Licensing & Certification Board, Arkansas	\$6	\$0	\$0
Assessment Coordination Department	\$67	\$0	\$53
Auctioneer's Licensing Board	\$2	\$0	\$0
Bail Bondsman Licensing Board, Professional	\$6	\$0	\$0
Bank Department, State	\$148	\$0	\$0
Barber Examiners, State Board of	\$6	\$0	\$0
Collection Agencies, State Board of	\$12	\$0	\$0
Cosmetology, State Board of	\$20	\$0	\$0
Development Finance Authority, Arkansas	\$119	\$0	\$0
Disability Determination for Social Security Administration	\$439	\$1,140	\$0
Fair Housing Commission, Arkansas	\$8	\$0	\$0
Health Services Permit Agency	\$18	\$0	\$105
Information Systems, Department of	\$502	\$0	\$3
Insurance Department	\$338	\$204	\$109,314
Liquefied Petroleum Gas Board	\$12	\$0	\$0
Minority Health Commission, Arkansas	\$16	\$0	\$0
Motor Vehicle Commission, Arkansas	\$14	\$0	\$0
Natural Resources Commission, Arkansas	\$166	\$500	\$11
Oil and Gas Commission	\$51	\$0	\$0
Parks & Tourism, Department of	\$1,359	\$279	\$24,845
Parks & Tourism - History Commission	\$42	\$0	\$0
Physical Therapy, Arkansas State Board of	\$4	\$0	\$0
Private Career Education, State Board of	\$6	\$0	\$552
Psychology Board, Arkansas	\$4	\$0	\$0
Public Service Commission, Arkansas	\$215	\$0	\$22
Real Estate Commission	\$30	\$0	\$0
Rural Services, Department of	\$10	\$2,009	\$0
Securities Department	\$67	\$0	\$0
Tobacco Control Board, Arkansas	\$36	\$0	\$16
Tobacco Settlement Commission, Arkansas	\$4	\$0	\$0
Waterways Commission, Arkansas	\$4	\$0	\$0

AGENCY POSITION USAGE REPORT

Agency	FY2007 - FY2008						3 YEAR AVERAGE(FY07,FY08,FY09)					
	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused
		Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total	
0200 - Abstracters' Board of Examiners, Arkansas	1	1	0	1	0	0.00 %	1	1	0	1	0	0.00 %
0203 - Accountancy, State Board of	9	7	2	9	0	22.22 %	8	6	2	8	0	25.00 %
0290 - Acupuncture & Related Techniques, AR State Board of	0	0	0	0	0	0.00 %	0	0	0	0	0	0.00 %
0402 - Aeronautics, Arkansas Department of	4	4	0	4	0	0.00 %	4	4	0	4	0	0.00 %
0205 - Appraiser Licensing & Certification Board, Arkansas	3	4	0	4	-1	-33.33 %	3	3	0	3	0	0.00 %
0490 - Assessment Coordination Department	36	30	6	36	0	16.67 %	36	32	3	35	1	11.11 %
0210 - Auctioneer's Licensing Board	1	1	0	1	0	0.00 %	1	1	0	1	0	0.00 %
0211 - Bail Bondsman Licensing Board, Professional	3	3	0	3	0	0.00 %	3	3	0	3	0	0.00 %
0405 - Bank Department, State	77	66	11	77	0	14.29 %	77	69	8	77	0	10.39 %
0212 - Barber Examiners, State Board of	3	3	0	3	0	0.00 %	3	3	0	3	0	0.00 %
0221 - Collection Agencies, State Board of	8	6	2	8	0	25.00 %	7	6	1	7	0	14.29 %
0227 - Cosmetology, State Board of	10	8	2	10	0	20.00 %	10	9	1	10	0	10.00 %
0395 - Development Finance Authority, Arkansas	62	55	7	62	0	11.29 %	62	57	4	61	1	8.06 %
0311 - Disability Determination for Social Security Administration	284	225	25	250	34	20.77 %	283	226	23	249	34	20.14 %
0229 - Fair Housing Commission, Arkansas	7	6	1	7	0	14.29 %	6	5	1	6	0	16.67 %
0275 - Health Education, Arkansas Board of	0	0	0	0	0	0.00 %	0	0	0	0	0	0.00 %
0665 - Health Services Permit Agency	11	7	4	11	0	36.36 %	11	8	3	11	0	27.27 %
0271 - Hearing Instrument Dispensers, Arkansas Board of	0	0	0	0	0	0.00 %	0	0	0	0	0	0.00 %
0470 - Information Systems, Department of	263	251	12	263	0	4.56 %	259	247	12	259	0	4.63 %
0425 - Insurance Department	184	172	12	184	0	6.52 %	183	172	11	183	0	6.01 %
0430 - Liquefied Petroleum Gas Board	7	6	1	7	0	14.29 %	7	6	1	7	0	14.29 %
0319 - Minority Health Commission, Arkansas	9	8	1	9	0	11.11 %	8	7	1	8	0	12.50 %
0320 - Motor Vehicle Commission, Arkansas	7	7	0	7	0	0.00 %	7	7	0	7	0	0.00 %
0455 - Natural Resources Commission, Arkansas	93	81	12	93	0	12.90 %	93	80	12	92	1	13.98 %
0440 - Oil and Gas Commission	32	30	2	32	0	6.25 %	30	29	1	30	0	3.33 %
0900 - Parks & Tourism, Department of	766	702	46	748	18	8.36 %	752	694	39	733	19	7.71 %

AGENCY POSITION USAGE REPORT

Agency	FY2007 - FY2008						3 YEAR AVERAGE(FY07,FY08,FY09)					
	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused
		Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total	
0915 - Parks & Tourism - History Commission	23	23	0	23	0	0.00 %	23	23	0	23	0	0.00 %
0246 - Physical Therapy, Arkansas State Board of	2	2	0	2	0	0.00 %	2	2	0	2	0	0.00 %
0216 - Private Career Education, State Board of	4	4	0	4	0	0.00 %	4	3	0	3	1	25.00 %
0289 - Psychology Board, Arkansas	2	2	0	2	0	0.00 %	2	2	0	2	0	0.00 %
0450 - Public Service Commission, Arkansas	114	103	11	114	0	9.65 %	114	104	9	113	1	8.77 %
0248 - Real Estate Commission	15	14	1	15	0	6.67 %	15	14	0	14	1	6.67 %
0250 - Rural Services, Department of	5	5	0	5	0	0.00 %	5	5	0	5	0	0.00 %
0251 - Sanitarians Board, Arkansas State Board of	0	0	0	0	0	0.00 %	0	0	0	0	0	0.00 %
0410 - Securities Department	38	38	0	38	0	0.00 %	37	36	1	37	0	2.70 %
0347 - Student Loan Authority, Arkansas	6	6	0	6	0	0.00 %	6	6	0	6	0	0.00 %
0333 - Teacher Housing Development Foundation	2	2	0	2	0	0.00 %	2	2	0	2	0	0.00 %
0261 - Tobacco Control Board, Arkansas	18	17	1	18	0	5.56 %	18	17	0	17	1	5.56 %
0334 - Tobacco Settlement Commission, Arkansas	2	2	0	2	0	0.00 %	2	2	0	2	0	0.00 %
0341 - Waterways Commission, Arkansas	3	2	1	3	0	33.33 %	3	2	1	3	0	33.33 %

Appraiser Licensing & Certification Board (0205) - The -1 Unbudgeted position for FY08 and FY09 is due to a Supplemental Emergency Position.

ARKANSAS ABSTRACTERS' BOARD

Enabling Laws

Act 783 of 2007
Act 109 of 1969 as amended.
See A.C.A. § 17-11-401

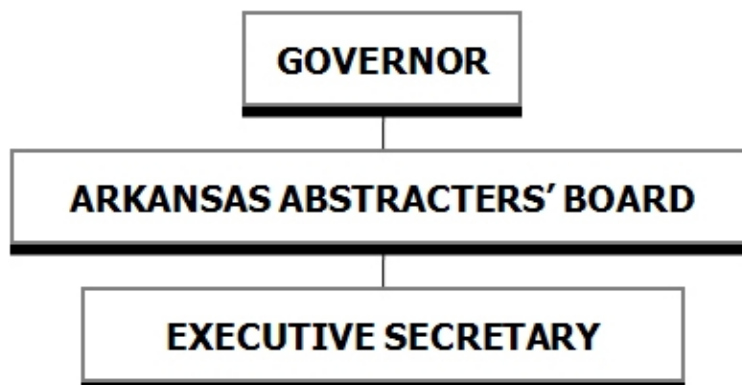
History and Organization

The Arkansas Abstracter's Board of Examiners was created by Act 109 of 1969. This Act established a three-member board, appointed by the Governor, confirmed by the Senate, to serve six (6) year terms. The terms are staggered so that one member is replaced every two years. Act 1042 of 2007 changed the name of the Board to the Arkansas Abstracters' Board. This act increases the number of board members from three to five.

Act 1042 of 2007 provides that two of the board members shall be actively engaged in the making of abstracts to real estate titles in the State of Arkansas for a period of no less than five (5) years prior to their appointment. A third member shall be knowledgeable of the abstract business, and two members shall be at large.

The Arkansas Abstracters' Board is staffed with one (1) part-time employee, an Abstracter Secretary General. This Board is responsible for the proper supervision and renewal of some 100-125 firm licenses and more than 325 individual licenses on an annual basis. In addition, the Board schedules and administers a semi-annual examination to approximately 30 individuals, which is given in the April and October time frames each year. Also, the Board is responsible for the examination of the records of all new firms making application for license.

In addition, the Board is responsible for responding to complaints regarding possible unlicensed operations, etc. and scheduling hearings as needed to resolve the complaints. Enforcement of the provisions of A.C.A. § 17-11-201 is within the duties of this Board and periodic inspections may be made on a random basis to ensure compliance. Revocation of certificates of authority is within the jurisdiction of this Board when non-compliance is determined in a hearing before the Board, when requested by the licensee.



Agency Commentary

The Arkansas Abstracters' Board has the responsibility to regulate and license both abstract companies and individual abstracters of real estate titles. Funding is derived from special revenues collected based on fees charged for licenses, examinations, and transfers. With the increased interest in mineral rights, we are expecting an increase in the demand for abstract licenses.

Two additional board members were appointed during the last biennium. The Board's records and business has been maintained and conducted out of their one employee's home. The Board is requesting additional appropriation to set up and maintain a more professional and accessible office. This will give the Board a location to hold regular meetings. Board member travel reimbursement expenses are requested. The additional Operating Expenses are to cover lease of office space, telephone, printing, office supplies, refunds, computer, computer programs, fax, and copier.

The Agency would like to join and attend the Arkansas Land Title Association (ARLTA). This professional association will provide valuable tools and resources. Most of our clients are members of this association. By participating in ARLTA, they will provide continuing education to our members and provide a way to meet new clients thereby providing increased revenue.

One function of the Board is to hear any legitimate complaints. A need to contract a court reporter is requested, since a court reporter is required to be present.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
ARKANSAS ABSTRACTORS BOARD OF EXAMINERS

FOR THE YEAR ENDED JUNE 30, 2005

Findings

Ms. Judy Conn, the Executive Secretary for the board, was hired July 1, 2002. During the period under review she submitted weekly timesheets to the payroll section of the Department of Finance and Administration (DFA). Although these timesheets reflected that she worked forty (40) hours per week for the Board, she was also employed as a full-time employee for a title company. Ms. Conn has indicated that she actually worked less than forty (40) hours per week for the Board; however, no documentation exists to verify the actual amount of time she spent working for the Board. Ms. Conn received a salary for Board duties of \$17,422 and \$17,999 during the years ended June 30, 2004 and 2005, respectively.

During our review it was noted that documentation to account for licenses issued and fees collected was inadequate and incomplete, or improper disbursement practices, were indicated by the following:

- The Board did not maintain a listing of active and inactive individuals and firms licensed each year.

Recommendations

The Chief Fiscal Officer of the State of Arkansas review the circumstances related to Ms. Conn's employment and determine if a full-time salary was appropriate. Weekly timesheets submitted by Board employees should accurately reflect the hours worked. Also, the Board should comply with established State personnel policies for full-time employees.

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
ARKANSAS ABSTRACTORS BOARD OF EXAMINERS

FOR THE YEAR ENDED JUNE 30, 2005

Findings

Recommendations

-
- As indicated by the Executive Secretary for the Board, only two (2) exams were held between July 1, 2003 and June 30, 2005. Of the thirteen (13) individuals listed as taking the exam, only two (2) exam fees could be traced to deposits and one (1) exam fee was deposited that could not be traced to the testing roster.
 - Five (5) firm, ten (10) individual and ten (10) inactive licenses were issued without collecting the correct fee for the type of license.
 - Two (2) firms and six (6) individuals paid for a license and no license was issued.
 - Three (3) firms and sixteen (16) individuals were issued licenses that did not have licenses in the prior year. The Board did not maintain documentation to indicate that these new licensees were certified during the year.
 - Fees paid by thirty-three (33) firms and ninety-five (95) individuals were deposited after the 60 day renewal deadline. It could not be determined from the Board's records if receipts were deposited in a timely manner or if the licenses were delinquent and needed to be recertified.
 - Three (3) undeposited checks for license fees were found in the Board's files during our review on December 15, 2005. Two (2) of these checks were dated in July 2004 and one (1) was dated in September 2004.
 - Seven (7) disbursements totaling \$1,329.88 were made from the Board's local checking account. Board procedures provide that all receipts are to be deposited into a local checking account and then transferred to the State Treasury. Ark. Code Ann. 17-11-204 requires that all Board expenditures be paid from the Board's State Treasury Fund (SXA).
 - The Board did not maintain documentation to support that they made monthly bank reconciliations.

The Board currently has ownership of six (6) pieces of equipment with a book value of \$1,124. The Board's prior Executive Secretary still has possession of this equipment.

Ark. Code Ann. 25-17-208 requires the Board to meet in regular session at least once in each semiannual period. Subsequent to the Board's regularly scheduled meeting in May 2002, the next meeting was not held until August 2004. Special meetings were held in October 2005 and November 2005 to discuss personnel issues.

The Board take possession of its furniture and equipment or transfer it to Marketing and Redistribution.

The Board comply with Arkansas legal requirements for at least one regular session each semiannual period.

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. 25-1-204

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

Agency Position Usage Report

FY2006 - 2007						FY2007 - 2008						FY2008 - 2009					
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: 069 - Abstracter's Board-Operations

Funding Sources: SXA - Arkansas Abstracters' Board Fund

Act 109 of 1969 established a three member Abstracter's Board of Examiners. During the last biennium, Act 1042 of 2007 increased the Board to five members. The Board has the responsibility to regulate and license both abstract companies and individual abstracters of real estate titles. The Board schedules and administers a semi-annual examination to individuals seeking certification as a registered abstracter. Over 300 individuals and 125 firm licenses are issued and renewed each year. Funding is derived from special revenues collected based on fees charged for licenses, examinations, and transfers in accordance to Arkansas Code 17-11-302 and 17-11-322 (b).

Base Level position was changed from unclassified to classified to reflect the recommendations of the Pay Plan Study and salaries were adjusted accordingly. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries may include board member Stipend payments and Career Service payments for eligible employees. Personal Services Matching includes a \$75 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

The Base Level Request is \$32,618 in FY10 and \$33,191 in FY11.

The Change Level Requests submitted are \$ 26,128 in FY10 and \$ 23,128 in FY11 and are summarized as follows:

1. Operating Expenses of \$23,070 in both FY10 and FY11 for increases in setting up and maintaining an office, an increase in Board member travel expenses, and the ability to utilize a court reporter's services for complaint hearings.
2. Information Technology needs in Operating Expenses of \$3,058 in FY10 and \$58 in FY11. This includes replacement of an outdated computer with the latest Microsoft Office and anti-virus software and a fax/copier.

The Executive Recommendation provides for Base Level and \$10,000 in appropriation each year of the Biennium.

Appropriation Summary

Appropriation: 069 - Abstracter's Board-Operations

Funding Sources: SXA - Arkansas Abstracters' Board Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	10,770	19,993	20,193	21,017	21,017	21,017	21,500	21,500	21,500
#Positions		1	1	1	1	1	1	1	1	1
Personal Services Matching	5010003	5,028	7,930	8,264	9,034	9,034	9,034	9,124	9,124	9,124
Operating Expenses	5020002	2,567	2,567	2,567	2,567	28,695	12,567	2,567	25,695	12,567
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		18,365	30,490	31,024	32,618	58,746	42,618	33,191	56,319	43,191
Funding Sources										
Fund Balance	4000005	19,991	34,483		38,308	38,308	38,308	43,819	17,691	33,819
Special Revenue	4000030	32,857	34,315		38,129	38,129	38,129	38,628	38,628	38,628
Total Funding		52,848	68,798		76,437	76,437	76,437	82,447	56,319	72,447
Excess Appropriation/(Funding)		(34,483)	(38,308)		(43,819)	(17,691)	(33,819)	(49,256)	0	(29,256)
Grand Total		18,365	30,490		32,618	58,746	42,618	33,191	56,319	43,191

Change Level by Appropriation

Appropriation: 069 - Abstracter's Board-Operations
Funding Sources: SXA - Arkansas Abstracters' Board Fund

Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	32,618	1	32,618	100.0	33,191	1	33,191	100.0
C01	Existing Program	23,070	0	55,688	170.7	23,070	0	56,261	169.5
C08	Technology	3,058	0	58,746	180.1	58	0	56,319	169.7

Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	32,618	1	32,618	100.0	33,191	1	33,191	100.0
C01	Existing Program	6,942	0	39,560	121.3	9,942	0	43,133	130.0
C08	Technology	3,058	0	42,618	130.7	58	0	43,191	130.1

Justification

C01	The Board would like to set up and maintain an official office instead of operating from an employee's home. This would give the general public a physical location to contact the Agency as well as give the Board a location to meet and conduct hearings. During the last biennium, two additional board members were added. The Board is in the process of updating the Abstractor's rules and policies. Additional meetings and travel expenses will be incurred by each Board member. The Agency would like to join and attend the Arkansas Land Title Association (ARLTA). A court reporter is needed to transcribe complaint hearings. Additional Operating Expenses are needed for the new office space, which includes rent, telephone, printing, office supplies, and refunds.
C08	Request to purchase a computer, a fax machine, computer software, and upgrade internet connections. These items will be one time purchases. These IT related items can be found in the Agency's IT Plan in the IT Support Cost section under Additional Hardware for the computer and Additional Software and State Network for email/internet connections.

STATE BOARD OF ACCOUNTANCY

Enabling Laws

Act 520 of 2007
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 accountancy; 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.

Salary Expenses:

The Board is requesting an increase for board member stipends and related match in the amount of \$452 in FY10 and in FY11. Act 67 of 2007 now allows the agency to pay stipends to Board members for any day while performing any proper business of the Board. Additional increase will allow Board members to receive a stipend for conducting board business such as the CPA Certificate Ceremony given at the Capitol for new CPAs and serving as the Chair of a Task Force to address agency needs or rule changes due to changes in the accounting profession.

Operating Expenses:

An increase in Operating Expenses of \$62,350 in FY10 and \$66,099 in FY11 is requested.

For FY10 and FY11, the requested increase would be allocated between such expenses as computer equipment, office supplies, freight, other rent & leases, trash pick-up services, mileage; subscriptions/publications; software/license; meals, lodging, tuition & course material, enforcement investigation expense, postage, parking fees, office rent, board member travel, cash fund service charge and other expenses and services due to expected increase in costs, inflation, the rising cost of fuel and mileage rates, increased office space and to provide the resources including replacing outdated computer equipment and the opportunity to stay abreast of current laws and the ever changing accounting environment to effectively accomplish the Board's mission. The costs associated with board member conferences and travel allows the opportunity for dedicated board members and certified public accountants to attend meetings specifically designed to educate and focus on the rapidly changing accounting environment for better protection of the public welfare. A reallocation of resources is requested to properly classify \$22,657 from Data Processing to Operating Expenses for support and maintenance of their web site and licensure database (network services).

Conference & Travel Expenses:

The Board is asking for change level request for Conference & Travel Expenses for employees in the amount of \$431 for FY10 and \$877 for FY11.

This increase would be allocated between mileage, common carrier, meals, lodging, conference/seminar fees related to anticipated increases in these expenses due to mileage reimbursement rates, fuel costs and inflation. These conferences and seminars are to provide the agency's staff training to stay abreast of the

changing accounting environment.

Data Processing:

The Board requests a reallocation of resources to properly classify \$22,657 from Data Processing to Operating Expenses for network services expense for FY10 and FY11.

Capital Outlay:

The Board is requesting the restoration of Capital Outlay of \$10,000 for both years of the biennium and an increase of \$17,500 in FY10 and \$7,500 in FY11 for a total amount of \$27,500 in FY10 and \$17,500 in FY11. These amounts are for anticipated leasehold improvements, to replace a server for the computer network and for equipment and furniture replacement of obsolete, non-repairable equipment or to provide additional equipment as needed during the next biennium.

Exam Fees:

The Board is requesting an increase of \$60,000 for FY10 and \$75,000 for FY11. These estimated costs are for anticipated increases in the third-party costs of administering the CPA Exam and in the number of candidates applying for and taking the exam.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
ARKANSAS STATE BOARD OF PUBLIC ACCOUNTANCY

FOR THE YEAR ENDED JUNE 30, 2007

Findings	Recommendations
None	None

Employment Summary

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

Cash Fund Balance Description as of June 30, 2008

Fund Account	Balance	Type	Location
3030000	\$1,151,751	Investment	Regions Invest/Morgan Keegan

Statutory/Other Restrictions on use:

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

Statutory Provisions for Fees, Fines, Penalties:

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

Revenue Receipts Cycle:

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

Fund Balance Utilization:

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

Fund Account	Balance	Type	Location
3030000	\$59,315	Checking/Savings	Regions Bank

Statutory/Other Restrictions on use:

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

Statutory Provisions for Fees, Fines, Penalties:

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

Revenue Receipts Cycle:

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

Fund Balance Utilization:

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

Publications

A.C.A. 25-1-204

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

Agency Position Usage Report

FY2006 - 2007						FY2007 - 2008						FY2008 - 2009					
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	
8	7	1	8	0	12.50 %	9	6	3	9	0	33.33 %	9	7	2	9	0	22.22 %

Analysis of Budget Request

Appropriation: A25 - Accounting Board-Cash Operations

Funding Sources: 303 - Accountancy Board - Cash

The State Board of Public Accountancy authorized by Arkansas Code Annotated §17-12-201 is responsible for oversight of the practice of public accounting and individuals performing duties as a certified public accountant. 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 unclassified positions were changed to classified and the current classified position reflects the recommendations of the Pay Plan Study. Salaries were adjusted accordingly. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries may include board member Stipend payments and Career Service payments for eligible employees. Personal Services Matching includes a \$75 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

Change Level Requests total \$128,076 for FY10 and \$137,271 for FY11. The increase in Regular Salaries and Personal Services Matching is for board member stipends pursuant to Act 67 of 2007, which allows the Board to pay stipends while performing any proper board business. The increase in the Operating Expenses line item of \$39,693 for FY10 and \$43,442 for FY11 is to cover increases in office rent; due to an increase in office space, board member travel; for attendance at meetings specifically designed to educate and focus on the changing accounting environment, cash fund service charge, office supplies, other services and expenses, and to replace outdated computer equipment. The Board requests an increase in Conference & Travel Expenses of \$431 for FY10 and \$877 for FY11 for the anticipated cost increases for mileage, airfare, and conference/seminar fees to stay current with the changing accounting environment. The request for Capital Outlay of \$27,500 for FY10 is for leasehold improvements; due to the increase in office space, office equipment and furniture for replacement of obsolete, non-repairable equipment or provide additional equipment as needed, and to replace an outdated network server. The request of \$17,500 for FY11 is for leasehold improvements and office equipment and furniture.

The Board also requests a reallocation of \$22,657 from Data Processing to Operating Expenses to properly classify support and maintenance of their website and licensure database(network services expense).

The Board requests an increase in Exam Fees of \$60,000 for FY10 and \$75,000 for FY11 to cover the estimated increased costs of third-party fees of administering the CPA Exam and an increased number of applicants.

Executive Recommendation provides for 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		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	347,599	414,108	411,948	416,795	417,215	417,215	425,751	426,171	426,171
#Positions		8	9	9	9	9	9	9	9	9
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	107,076	123,166	121,076	131,946	131,978	131,978	133,799	133,831	133,831
Operating Expenses	5020002	179,762	204,563	204,563	204,563	266,913	266,913	204,563	270,662	270,662
Conference & Travel Expenses	5050009	14,583	14,706	14,706	14,706	15,137	15,137	14,706	15,583	15,583
Professional Fees	5060010	22,099	39,041	39,041	39,041	39,041	39,041	39,041	39,041	39,041
Data Processing	5090012	19,291	22,657	22,657	22,657	0	0	22,657	0	0
Refunds/Reimbursements	5110014	5,713	10,020	10,020	10,020	10,020	10,020	10,020	10,020	10,020
Capital Outlay	5120011	8,217	10,000	10,000	0	27,500	27,500	0	17,500	17,500
Exam Fees	5900046	197,462	220,000	175,000	175,000	235,000	235,000	175,000	250,000	250,000
Total		901,802	1,063,261	1,014,011	1,019,728	1,147,804	1,147,804	1,030,537	1,167,808	1,167,808
Funding Sources										
Fund Balance	4000005	1,031,065	1,211,066		1,103,901	1,103,901	1,103,901	898,555	898,555	898,555
Cash Fund	4000045	1,081,803	956,096		814,382	942,458	942,458	826,903	964,174	964,174
Total Funding		2,112,868	2,167,162		1,918,283	2,046,359	2,046,359	1,725,458	1,862,729	1,862,729
Excess Appropriation/(Funding)		(1,211,066)	(1,103,901)		(898,555)	(898,555)	(898,555)	(694,921)	(694,921)	(694,921)
Grand Total		901,802	1,063,261		1,019,728	1,147,804	1,147,804	1,030,537	1,167,808	1,167,808

The FY09 Budget amount in Regular Salaries and Personal Services Matching exceeds the authorized amount due to salary and matching rate adjustments during the 2007-2009 biennium. FY08 Actual and FY09 Budget exceeds Authorized Appropriation in Exam Fees due to a transfer from the Cash Fund Holding Account.

Change Level by Appropriation

Appropriation: A25 - Accounting Board-Cash Operations

Funding Sources: 303 - Accountancy Board - Cash

Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	1,019,728	9	1,019,728	100.0	1,030,537	9	1,030,537	100.0
C01	Existing Program	115,376	0	1,135,104	111.3	131,967	0	1,162,504	112.8
C04	Reallocation	0	0	1,135,104	111.3	0	0	1,162,504	112.8
C08	Technology	12,700	0	1,147,804	112.6	5,304	0	1,167,808	113.3

Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	1,019,728	9	1,019,728	100.0	1,030,537	9	1,030,537	100.0
C01	Existing Program	115,376	0	1,135,104	111.3	131,967	0	1,162,504	112.8
C04	Reallocation	0	0	1,135,104	111.3	0	0	1,162,504	112.8
C08	Technology	12,700	0	1,147,804	112.6	5,304	0	1,167,808	113.3

Justification

C01	An increase in salary and related match of \$452 is requested for board member stipends for each year of the biennium pursuant to Act 67 of 2007, which allows the agency to pay stipends for any day while performing any proper board business. An increase in Operating Expenses of \$34,493 for FY10, and \$38,138 for FY11 is requested for office rent, board member travel, cash fund service charge, other expenses and services, and office supplies. The Travel increase request of \$431 for FY10 and \$877 for FY11 is for the anticipated cost increases for mileage, airfare, and conference/seminar fees. The increase for Capital Outlay of \$20,000 for FY10 and \$17,500 for FY11 is for leasehold improvements and office equipment and furniture. The increase in Exam Fees of \$60,000 in FY10 and \$75,000 in FY11 is to cover the estimated increased costs of third-party fees of administering the CPA Exam and an increased number of applicants.
C04	The agency requests a reallocation of resources to properly classify \$22,657 for FY10 and FY11 from Data Processing to Operating Expenses for expenses associated with support and maintenance of their web site and licensure database (network services).
C08	The Board requests an increase in Operating Expenses of \$5,200 for FY10 and \$5,304 for FY11 to replace outdated computer equipment. The Board requests an increase in Capital Outlay of \$7,500 for FY10 to replace a network server. This is referenced on the Operations Tab of the agency's IT Plan.

BOARD OF ACUPUNCTURE & RELATED TECHNIQUES

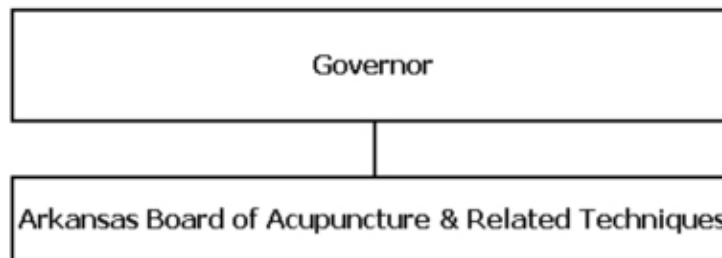
Enabling Laws

Act 1208 of 2007
A.C.A. §17-102-101 et seq.

History and Organization

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

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



Agency Commentary

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

The Board is funded by licensing and administrative fees.

The Arkansas State Board of Acupuncture and Related Techniques is requesting Base Level appropriation for the 2009-2011 biennium. The Board has sufficient funding to cover the appropriation.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
ARKANSAS BOARD OF ACUPUNCTURE AND RELATED TECHNIQUES
FOR THE YEAR ENDED JUNE 30, 2007

Findings	Recommendations
None	None

Cash Fund Balance Description as of June 30, 2008

Fund Account	Balance	Type	Location
3900000	\$15,440	Checking	Bank of America

Statutory/Other Restrictions on use:

A.C.A. 17-102-109 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. 17-102-204 authorizes the Board to collect fees.

Revenue Receipts Cycle:

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

Fund Balance Utilization:

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

Publications

A.C.A. 25-1-204

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

Agency Position Usage Report

FY2006 - 2007						FY2007 - 2008						FY2008 - 2009					
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: C13 - Acupuncture Operations

Funding Sources: 390 - Acupuncture Board Cash

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

The Board requests a Base Level budget of \$11,000 for each year of the 2009-2011 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		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	741	1,000	4,000	1,000	1,000	1,000	1,000	1,000	1,000
Conference & Travel Expenses	5050009	0	0	0	0	0	0	0	0	0
Professional Fees	5060010	7,999	10,000	7,000	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		8,740	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000
Funding Sources										
Fund Balance	4000005	10,548	15,440		18,040	18,040	18,040	20,640	20,640	20,640
Cash Fund	4000045	13,632	13,600		13,600	13,600	13,600	13,600	13,600	13,600
Total Funding		24,180	29,040		31,640	31,640	31,640	34,240	34,240	34,240
Excess Appropriation/(Funding)		(15,440)	(18,040)		(20,640)	(20,640)	(20,640)	(23,240)	(23,240)	(23,240)
Grand Total		8,740	11,000		11,000	11,000	11,000	11,000	11,000	11,000

AR DEPARTMENT OF AERONAUTICS

Enabling Laws

Act 572 of 2007
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.

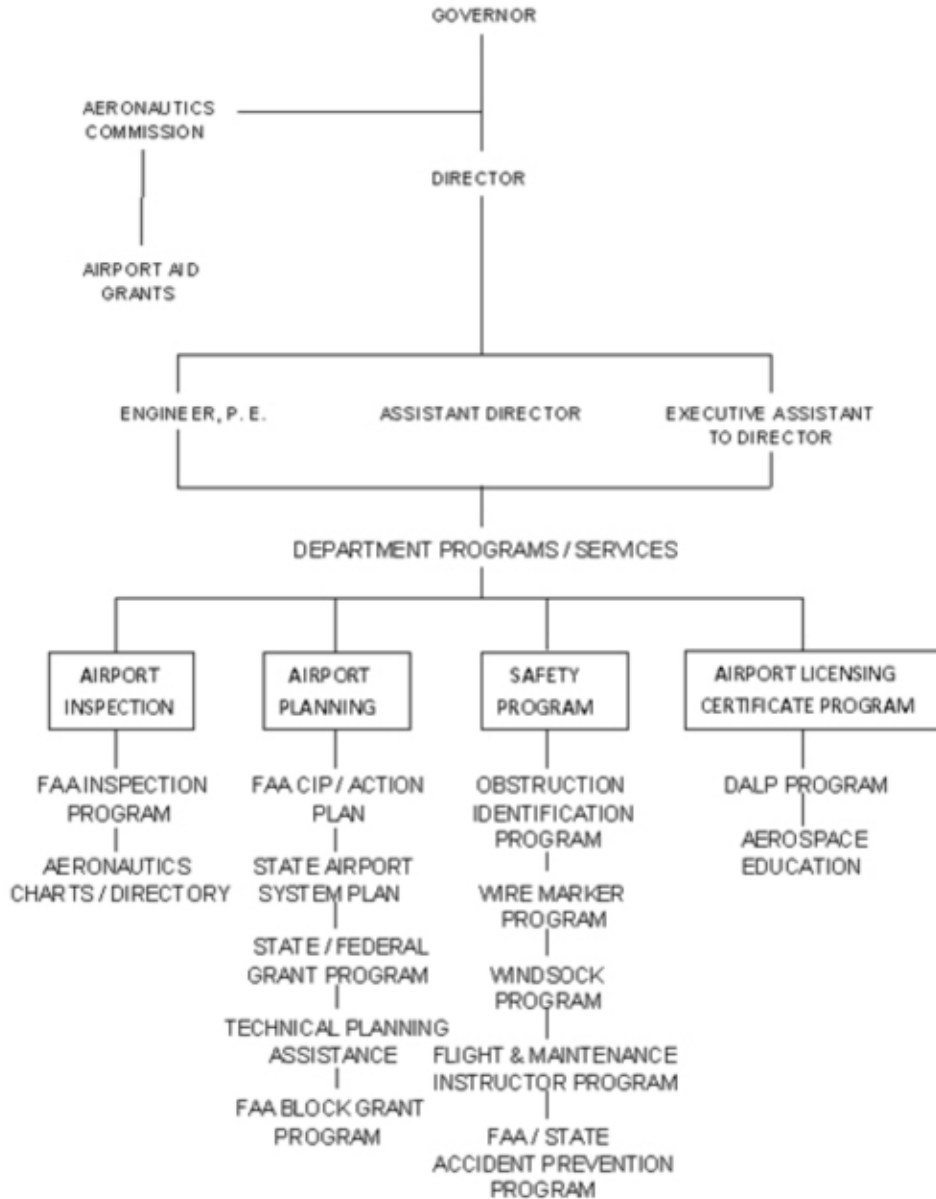
Act 38 of 1971 transferred the Arkansas Department of Aeronautics by a Type 2 transfer to the Department of Planning as the Division of Aeronautics. Act 64 of 1973 increased the Aeronautics Commission from five members to seven.

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.

To insure that the accumulated balance in the Department's treasury account can be efficiently employed for its designated purpose, a substantial increase is requested for each year in the line item for disbursement of state airport aid grants to match a larger amount of federal airport aid funds.

To support an enhanced grant program, additions are requested in Operating Expenses for public safety equipment, fuel, maintenance, rent, and printing costs. Also requested are increases in Professional Fees for the Certified Flight Instructor Course and first year Capital Outlay to replace office equipment and furnishings.

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, 2006

Findings	Recommendations
None	None

Employment Summary

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

Publications

A.C.A. 25-1-204

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

Department Appropriation Summary

Historical Data

Agency Request and Executive Recommendation

Appropriation	2007-2008		2008-2009		2008-2009		2009-2010						2010-2011					
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
665 Aeronautics-State Operations	8,997,529	4	8,993,189	4	9,001,324	4	9,000,220	4	15,537,220	4	15,537,220	4	9,007,149	4	15,548,649	4	15,548,649	4
666 Aeronautics-Federal Grants	0	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	8,997,529	4	20,993,189	4	21,001,324	4	21,000,220	4	27,537,220	4	27,537,220	4	21,007,149	4	27,548,649	4	27,548,649	4

Funding Sources		%		%		%		%		%		%		%		%		%
Fund Balance	4000005	17,839,517	63.6	19,060,045	48.2		18,566,856	47.5	18,566,856	47.5	18,566,856	47.5	18,066,636	46.8	11,529,636	36.0	11,529,636	36.0
Federal Revenue	4000020	0	0.0	12,000,000	30.3		12,000,000	30.7	12,000,000	30.7	12,000,000	30.7	12,000,000	31.1	12,000,000	37.5	12,000,000	37.5
Special Revenue	4000030	10,218,057	36.4	8,500,000	21.5		8,500,000	21.8	8,500,000	21.8	8,500,000	21.8	8,500,000	22.0	8,500,000	26.5	8,500,000	26.5
Total Funds		28,057,574	100.0	39,560,045	100.0		39,066,856	100.0	39,066,856	100.0	39,066,856	100.0	38,566,636	100.0	32,029,636	100.0	32,029,636	100.0
Excess Appropriation/(Funding)		(19,060,045)		(18,566,856)			(18,066,636)		(11,529,636)		(11,529,636)		(17,559,487)		(4,480,987)		(4,480,987)	
Grand Total		8,997,529		20,993,189			21,000,220		27,537,220		27,537,220		21,007,149		27,548,649		27,548,649	

Agency Position Usage Report

FY2006 - 2007						FY2007 - 2008						FY2008 - 2009					
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: 665 - Aeronautics-State Operations

Funding Sources: SDA - Department of Aeronautics Fund

The Department of Aeronautics' State Operations appropriation is funded entirely by Special Revenues derived from a tax on the sale of aviation fuels and aviation related products sold for use in aircraft weighing less than 12,500 lbs., as authorized in Arkansas Code § 27-115-110. Base Level for the Department is \$9,000,220 in FY10 and \$9,007,149 in FY11, with four authorized positions.

Base Level salaries for classified positions reflect the recommendations of the Pay Plan Study and an unclassified position reflects similar adjustments in line item salaries. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries may include board member Stipend payments and Career Service payments for eligible employees. Personal Services Matching includes a \$75 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

Additions to Base Level are requested as follows:

An increase of \$6,500,000 each year is requested in the Grants and Aid line item for disbursements of State airport aid grants to match a larger amount of federal airport aid funds to be provided directly by the Federal Aviation Administration to local projects. This is 76% more than the current authorization.

To support an enhanced airport aid program, the Department is requesting increases in Operating Expenses of \$30,000 for FY10 and \$40,000 for FY11 for additional costs for public safety equipment, fuel, aircraft maintenance, rent, and printing. The total of both years is 0.5% of the additional amount requested for airport aid grants.

Also requested are increases in Professional Fees of \$500 in the first year and \$1,500 in the second year for the Certified Flight Instructor Course and Capital Outlay of \$6,500 in FY10 for replacement of office equipment and furnishings.

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		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	247,501	243,856	247,397	251,676	251,676	251,676	257,514	257,514	257,514
#Positions		4	4	4	4	4	4	4	4	4
Personal Services Matching	5010003	65,345	62,304	66,898	67,515	67,515	67,515	68,606	68,606	68,606
Operating Expenses	5020002	139,375	160,029	160,029	160,029	190,029	190,029	160,029	200,029	200,029
Conference & Travel Expenses	5050009	4,678	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000
Professional Fees	5060010	10,895	12,000	12,000	12,000	12,500	12,500	12,000	13,500	13,500
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Grants and Aid	5100004	8,500,000	8,500,000	8,500,000	8,500,000	15,000,000	15,000,000	8,500,000	15,000,000	15,000,000
Capital Outlay	5120011	29,735	6,000	6,000	0	6,500	6,500	0	0	0
Total		8,997,529	8,993,189	9,001,324	9,000,220	15,537,220	15,537,220	9,007,149	15,548,649	15,548,649
Funding Sources										
Fund Balance	4000005	17,839,517	19,060,045		18,566,856	18,566,856	18,566,856	18,066,636	11,529,636	11,529,636
Special Revenue	4000030	10,218,057	8,500,000		8,500,000	8,500,000	8,500,000	8,500,000	8,500,000	8,500,000
Total Funding		28,057,574	27,560,045		27,066,856	27,066,856	27,066,856	26,566,636	20,029,636	20,029,636
Excess Appropriation/(Funding)		(19,060,045)	(18,566,856)		(18,066,636)	(11,529,636)	(11,529,636)	(17,559,487)	(4,480,987)	(4,480,987)
Grand Total		8,997,529	8,993,189		9,000,220	15,537,220	15,537,220	9,007,149	15,548,649	15,548,649

Actual for Regular Salaries exceeds Authorized due to salary adjustments made during the 2007-2009 Biennium.
 Actual for Capital Outlay exceeds Authorized due to a higher authorized amount for 2007-2008.

Change Level by Appropriation

Appropriation: 665 - Aeronautics-State Operations
Funding Sources: SDA - Department of Aeronautics Fund

Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	9,000,220	4	9,000,220	100.0	9,007,149	4	9,007,149	100.0
C01	Existing Program	6,537,000	0	15,537,220	172.6	6,541,500	0	15,548,649	172.6

Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	9,000,220	4	9,000,220	100.0	9,007,149	4	9,007,149	100.0
C01	Existing Program	6,537,000	0	15,537,220	172.6	6,541,500	0	15,548,649	172.6

Justification

C01	An increase of \$6,500,000 each year is requested in the line item for disbursement of airport aid grants to employ accumulated fund balances to match a larger amount of federal airport aid funds. To support an enhanced airport aid program, increases of \$30,000 in the first year and \$40,000 in the second year in Operating Expenses are requested for additional costs in public safety equipment, fuel, aircraft maintenance, rent, and printing. Also requested are increases of \$500 for FY10 and \$1,500 for FY11 in Professional Fees for the Certified Flight Instructor Course and Capital Outlay in the amount of \$6,500 in the first year for replacement of office equipment and furnishings.
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Analysis of Budget Request

Appropriation: 666 - Aeronautics-Federal Grants

Funding Sources: FAA - Aeronautics Department - Federal Funds

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

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 666 - Aeronautics-Federal Grants
Funding Sources: FAA - Aeronautics Department - Federal Funds

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2007-2008	2008-2009	2008-2009	2009-2010			2010-2011		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid 5100004	0	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	0	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	0	12,000,000		12,000,000	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000
Total Funding	0	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	0	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 113 of 2007
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 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."

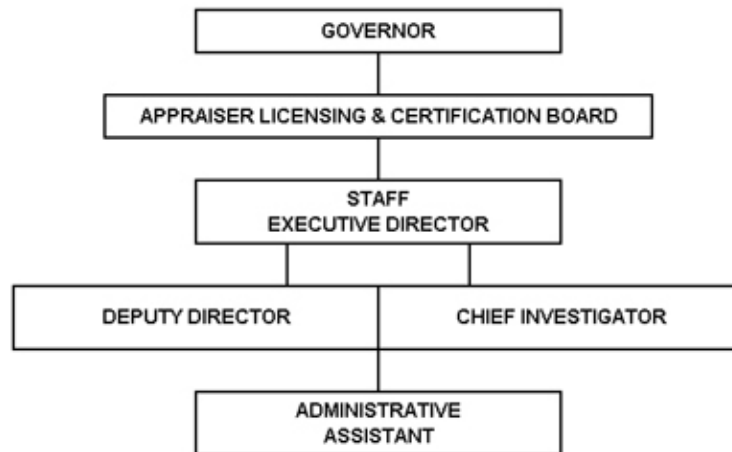
The mission of the state agency is primarily to maintain a system for licensing and regulating real estate appraisers, which is in compliance with federal guidelines and results in license holders that have verified qualifying education, experience, and have demonstrated a competency to provide quality 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 projected income generated by annual fees collected from the registered, licensed, and certified appraisers and the established reserves, seminar registration fees, and interest income are believed to be sufficient to cover the expenditures noted in this proposed budget request by the Arkansas Appraiser Licensing and Certification Board.

The more significant part of this budget is the operating expense for this board. The operating expenses are becoming more defined in many areas resulting in our ability to make more intelligent projections based on agency history. In the past year, the Board added a Deputy Director position through an Emergency Supplemental Position request approved during the 2007-2009 biennium. The Deputy Director is responsible for the daily operations of the agency, including training and supervision of the Administrative Assistant position, monitoring the status of disciplinary actions and ensuring Board

compliance with federal criteria. The Board requests continuation of this position as a Regular Position for this budget; therefore, we are anticipating the added expense for salaries and matching in this budget.

This Board operates with ten Board members and there exists a constant turn over due to staggered terms and the limitation on years served. This turnover results in a need to educate and inform the members of their responsibilities and participation. To enhance their competency when rendering decisions on policy matters, not only are there internal orientation sessions but encourage all Board members to participate whenever possible, in out-of-state seminars and conferences which afford them an opportunity to learn more about their role in the regulatory process.

The Board has developed a website and interfacing with the Arkansas Home Page on behalf of this Board. On-line renewals are also being utilized.

The Board believes it incumbent on the budget process to provide for these anticipated purchases as well as a contingency for the unknown.

Additional expenditures are proposed for the Board and staff to participate in educational seminars and out-of-state conferences. This proposed budget incorporates an increase in several areas of the general operating expense, which will cover the rising cost of office rent, postage, office supplies, staff parking, etc. and the out-of-state travel for the staff.

In summary, this proposed Biennial Budget Request reflects essentially the above which is anticipated for an expanded and maturing regulatory and enforcement agency and with minor increases in general operating expenses.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
ARKANSAS APPRAISER LICENSING AND CERTIFICATE BOARD

FOR THE YEAR ENDED JUNE 30, 2007

Findings	Recommendations
None	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, 2008

Fund Account	Balance	Type	Location
3450000	\$660,571	State Treasury MM	State Treasury

Statutory/Other Restrictions on use:

N/A

Statutory Provisions for Fees, Fines, Penalties:

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

Revenue Receipts Cycle:

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

Fund Balance Utilization:

Use for payroll account and to secure additional CD's.

Fund Account	Balance	Type	Location
3450000	\$62,065	Certificate of Deposit	First Security Bank - Fayetteville

Statutory/Other Restrictions on use:

N/A

Statutory Provisions for Fees, Fines, Penalties:

N/A

Revenue Receipts Cycle:

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

Fund Balance Utilization:

To secure funds for future use

Fund Account	Balance	Type	Location
3450000	\$61,746	Checking	Regions Bank

Statutory/Other Restrictions on use:

A.C.A. 17-14-203(10) authorizes the setting and collection of fees and for pass through payment of a fee as required by Section 1109 (a)(2) of FIRREA of 1989, currently set at \$25 per licensee.

Statutory Provisions for Fees, Fines, Penalties:

A.C.A. 17-14-203 (6) (G) establishes maximum fees not including exams for license. ACA 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 CD's and transfer money into the money market trust fund at the State Treasury.

Fund Account	Balance	Type	Location
3450000	\$101,112	Certificate of Deposit	Pulaski Bank – Little Rock

Statutory/Other Restrictions on use:

A.C.A. 17-14-203(10) authorizes the setting and collection of fees and for pass through payment of a fee as required by Section 1109 (a)(2) of FIRREA of 1989, currently set at \$25 per licensee.

Statutory Provisions for Fees, Fines, Penalties:

A.C.A. 17-14-203 (6) (G) establishes maximum fees not including exams for license. ACA 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 CD's and transfer money into the money market trust fund at the State Treasury.

Fund Account	Balance	Type	Location
3450000	\$58,340	Certificate of Deposit	Simmons First Bank/Lincoln

Statutory/Other Restrictions on use:

A.C.A. 17-14-203(10) authorizes the setting and collection of fees and for pass through payment of a fee as required by Section 1109 (a)(2) of FIRREA of 1989, currently set at \$25 per licensee.

Statutory Provisions for Fees, Fines, Penalties:

A.C.A. 17-14-203 (6) (G) establishes maximum fees not including exams for license. ACA 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 CD's and transfer money into the money market trust fund at the State Treasury.

Publications

A.C.A. 25-1-204

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

Agency Position Usage Report

FY2006 - 2007						FY2007 - 2008						FY2008 - 2009					
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 %

The -1 Unbudgeted position for FY08 and FY09 is due to a Supplemental Emergency Position.

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 Board is funded from the receipt of application fees and annual license renewals.

Base Level positions were changed from unclassified to classified to reflect the recommendations of the Pay Plan Study and salaries were adjusted accordingly. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries may include board member stipend payments and Career Service payments for eligible employees. Personal Services Matching includes a \$75 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

The Board requests a Change Level of \$55,799 for each year of the biennium. The increase includes a request to continue as a Regular Position, the Supplemental Emergency Position approved during the 2007-2009 biennium for a Deputy Director. The position is responsible for daily operations of the agency, including training and supervision of the Administrative Assistant position, monitoring the status of disciplinary actions and ensuring Board compliance with federal criteria.

The Board also requests an increase in the Operating Expenses line item of \$6,500 for each year of the biennium and an increase in the Travel line item of \$4,000 each year of the biennium. The Operating Expenses increase is primarily for postage, board member travel expenses, office rent, and cash fund service charge. The Travel increase is for staff travel to the Appraiser Association of Regulatory Officials (AARO) to network with other state agencies and to keep current with the many federal changes. This also includes an increase for out of state conferences and training sessions for the individuals who will replace the retiring investigator and executive director.

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

Appropriation Summary

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

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	187,558	188,833	187,433	193,559	227,420	227,420	197,770	231,631	231,631
#Positions		3	3	3	3	4	4	3	4	4
Personal Services Matching	5010003	51,527	59,039	49,423	50,537	61,975	61,975	51,327	62,765	62,765
Supplemental Emerg Positions	5010007	8,885	42,840	0	0	0	0	0	0	0
Operating Expenses	5020002	109,562	140,578	140,578	140,578	147,078	147,078	140,578	147,078	147,078
Conference & Travel Expenses	5050009	6,933	5,700	5,700	5,700	9,700	9,700	5,700	9,700	9,700
Professional Fees	5060010	5,748	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		370,213	448,490	394,634	401,874	457,673	457,673	406,875	462,674	462,674
Funding Sources										
Fund Balance	4000005	876,434	943,834		843,344	843,344	843,344	729,671	729,671	729,671
Cash Fund	4000045	437,613	348,000		288,201	344,000	344,000	288,201	344,000	344,000
Total Funding		1,314,047	1,291,834		1,131,545	1,187,344	1,187,344	1,017,872	1,073,671	1,073,671
Excess Appropriation/(Funding)		(943,834)	(843,344)		(729,671)	(729,671)	(729,671)	(610,997)	(610,997)	(610,997)
Grand Total		370,213	448,490		401,874	457,673	457,673	406,875	462,674	462,674

Budget amount in Personal Services Matching and Supplemental Emergency Positions exceeds the authorized amount due to a transfer from the Cash Fund Holding Account and an authorized Supplemental Emergency Position.

Actual amount in Regular Salaries and Personal Services Matching exceeds the authorized amount due to a transfer from the Salary Holding Account.

Conference & Travel Actual Expenses exceeds authorized appropriation by authority of a Budget Classification Transfer.

The Actual amount of Cash funding in FY08 is significantly higher than FY09 and biennial estimates due to fewer licensees and applicants because of the real estate market and increased requirements to maintain appraiser status.

Change Level by Appropriation

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

Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	401,874	3	401,874	100.0	406,875	3	406,875	100.0
C01	Existing Program	10,500	0	412,374	102.6	10,500	0	417,375	102.6
C06	Restore Position/Approp	45,299	1	457,673	113.9	45,299	1	462,674	113.7

Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	401,874	3	401,874	100.0	406,875	3	406,875	100.0
C01	Existing Program	10,500	0	412,374	102.6	10,500	0	417,375	102.6
C06	Restore Position/Approp	45,299	1	457,673	113.9	45,299	1	462,674	113.7

Justification

C01	The Board requests an increase in Operating Expenses of \$6,500 for FY10 and FY11. This is to cover increases in postage, board member travel, office rent, and cash fund service charge. The agency requests an increase in Travel of \$4,000 for FY10 and FY11 for staff travel to the Appraiser Association of Regulatory Officials (AARO) to network with other state agencies and stay abreast of the many federal changes. This budget also anticipates additional out of state conferences and training sessions for those individuals who will be replacing a retiring investigator and executive director.
C06	The Board requests that the Emergency Supplemental Position approved during the 2007-2009 biennium be continued as a Regular Position. This position is responsible for day to day operations, including training and supervising the Administrative Assistant position, monitoring disciplinary actions, and ensuring compliance with federal criteria. With the impending retirement of the current investigator and executive director, the Board deems it critical to have staff who can manage the agency's affairs during any period of personnel change.

ASSESSMENT COORDINATION DEPARTMENT

Enabling Laws

Act 1218 of 2007
A.C.A. §25-28-101 et seq.

History and Organization

MISSION STATEMENT

The Assessment Coordination Department 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 Division'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 increased the funds payable from each county assessor's office to the amount of \$450 per year.

Act 1185 of 1999 was to establish a uniform system of assessments and to prevent large increases in

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

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

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

ORGANIZATION AND RESPONSIBILITIES

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

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

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

The duties of the Section include: (1) promulgating rules and regulations; (2) rendering interpretations of law; (3) preparing and managing budgets and fiscal operations; (4) preparing and promulgating Real Estate Manuals and Personal Property Manuals for the use and guidance of County Assessors and Equalization Boards; (5) preparing a ratio study for the purpose of determining the average ratio of assessed value to the true or actual market value of real property, by classification, and personal property in each of the taxing units of the State; (6) comparing the Equalization Board's Abstract with the Assessor's Abstract to determine if such Board has complied with the less than 5% deviation; (7) assisting counties in administering millage rollbacks and utility tax adjustments; (8) holding and conducting such schools and institutional meetings as deemed necessary for county officials, their

employees, and Equalization Boards, dealing with assessment problems, regulations, and new methods for record keeping and appraising; (9) conducting impact studies on various proposed changes in the ad valorem system in Arkansas; (10) performing other duties and furnishing assistance as necessary.

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

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

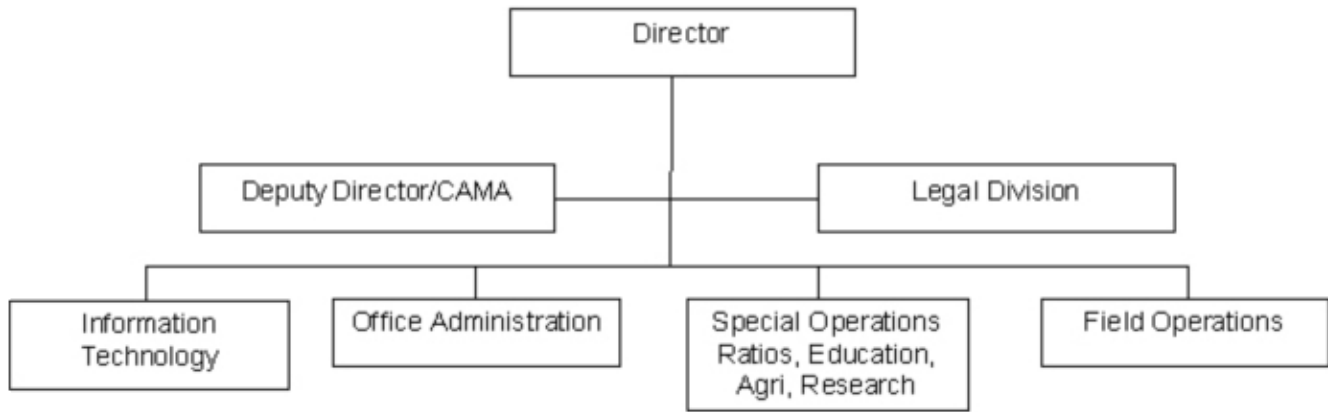
The Cash Operations function was created for budget purposes to separate operating funds of the Department from cash funds created from the sale of manuals and educational materials that are used to replenish such and to fund participation in educational programs.

GOALS

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

CONCLUSION

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



Agency Commentary

The primary purposes of the Assessment Coordination Department are to assist counties in the equalization and appraisal of property for ad valorem tax purposes, conduct schools and educational seminars, prepare guidelines for valuation, measure assessments through ratio studies and performance audits, and provide pertinent data necessary for the upkeep of appraisals. For 2009-2011, the Department indicates it will operate with half its usual amount of general revenue, or \$450,000 each year. Fund balances and revenues from other sources will support all other amounts appropriated, including these requested additions:

Increases of \$750,000 each year are requested for the Real Property Reappraisal Program. Growth in the number of parcels to be reappraised at the rate of \$7 each now exceeds the Base Level amount of \$14,250,000 each year. The Department is seeking authorization by special language to transfer excess funds from the State Operations Program fund account to support these increases for the 2009-2011 Biennium only.

For the County Assessors Continuing Education Program, additions of \$11,600 each year in Operating Expenses and \$8,400 each year in Professional Fees are requested to conduct additional training courses for county assessment personnel.

For the Assessment Coordination - Cash in Bank Program, additions of \$5,000 each year in Operating Expenses and \$2,000 each year in Professional Fees are requested to use accumulated fund balances to provide course materials and instructors for additional training sessions for county assessors.

For the State Operations Program, additions of \$52,467 each year in Operating Expenses are requested for anticipated increases in rent and in travel costs for field personnel.

To maintain the Department's information technology capabilities, Capital Outlay of \$5,500 each year is requested to replace and upgrade data processing and other technology equipment, along with \$80,000 in the first year and \$86,400 in the second year to obtain and distribute to counties the yearly Marshall & Swift Commercial Pricing Guide.

These changes are designed to make the Department more effective and valuable to the assessment process in Arkansas.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
ASSESSMENT COORDINATION DEPARTMENT

FOR THE YEAR ENDED JUNE 30, 2006

Findings	Recommendations
None	None

Employment Summary

	Male	Female	Total	%
White Employees	18	7	25	83 %
Black Employees	3	2	5	17 %
Other Racial Minorities	0	0	0	0 %
Total Minorities			5	17 %
Total Employees			30	100 %

Cash Fund Balance Description as of June 30, 2008

Fund Account	Balance	Type	Location
1180100	\$63,591	Checking	Regions Bank

Statutory/Other Restrictions on use:

Created from the sale of manuals, publications, educational materials, and tuition, to be used as operating and training expenses and for the replacement of such.

Statutory Provisions for Fees, Fines, Penalties:

N/A

Revenue Receipts Cycle:

Funds are collected on an irregular basis. They are used to replenish publications and to participate in educational programs.

Fund Balance Utilization:

Used to pay for printing of additional publications for resale, to provide educational materials, and for some tuition costs.

Publications

A.C.A. 25-1-204

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
Agri Land Values	A.C.A. 26-4-407	N	N	100	Statute requires every county and appraisal company to be provided with listing of agri land values.
AR Property Tax Equalization and Appeals System - A Synopsis	None	N	N	400	Biennial update of the property tax system intended to aid public understanding and used as a guide by county equalization boards.
Biennial Report	A.C.A. 26-24-121	Y	N	50	Provides information on assessment trends and agency functions.
Millage Report	None	N	N	50	Provided upon request to be used as a source to identify all taxing units and their millage rates.
Real Estate Manual	None	N	N	50	Provided upon request as a guide in counties for assessment of real property.

Department Appropriation Summary

Historical Data

Agency Request and Executive Recommendation

Appropriation	2007-2008		2008-2009		2008-2009		2009-2010					2010-2011						
	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	14,249,994	0	14,250,000	0	14,250,000	0	14,250,000	0	15,000,000	0	15,000,000	0	14,250,000	0	15,000,000	0	15,000,000	0
215 County Assessors Continuing Education	35,940	0	40,000	0	40,000	0	40,000	0	60,000	0	60,000	0	40,000	0	60,000	0	60,000	0
258 Assessment Coordination-State Operations	2,449,296	35	2,672,534	36	2,729,461	36	2,787,888	36	2,925,855	36	2,925,855	36	2,824,671	36	2,969,038	36	2,969,038	36
C73 Assessment Coordination - Cash	12,338	0	48,000	0	48,000	0	48,000	0	55,000	0	55,000	0	48,000	0	55,000	0	55,000	0
Total	16,747,568	35	17,010,534	36	17,067,461	36	17,125,888	36	18,040,855	36	18,040,855	36	17,162,671	36	18,084,038	36	18,084,038	36

Funding Sources		%		%		%		%		%		%		%		%		%
Fund Balance	4000005	1,130,421	6.1	1,911,306	9.9		2,309,131	12.0	2,309,131	12.0	2,309,131	12.0	2,124,993	11.1	1,210,026	6.7	1,210,026	6.7
General Revenue	4000010	868,063	4.7	899,759	4.7		450,000	2.3	450,000	2.3	450,000	2.3	450,000	2.4	450,000	2.5	450,000	2.5
Cash Fund	4000045	33,148	0.2	33,000	0.2		33,000	0.2	33,000	0.2	33,000	0.2	33,000	0.2	33,000	0.2	33,000	0.2
Merit Adjustment Fund	4000055	0	0.0	16,850	0.1		0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Ad Valorem Tax	4000060	2,408,809	12.9	2,160,000	11.2		2,160,000	11.2	2,160,000	11.2	2,160,000	11.2	2,160,000	11.3	2,160,000	11.9	2,160,000	11.9
County Assessors Cont Educ	4000170	34,408	0.2	48,750	0.3		48,750	0.3	48,750	0.3	48,750	0.3	48,750	0.3	48,750	0.3	48,750	0.3
Intra-agency Fund Transfer	4000317	0	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	14,182,743	76.0	14,250,000	73.8		14,250,000	74.0	14,250,000	74.0	14,250,000	74.0	14,250,000	74.7	14,250,000	78.5	14,250,000	78.5
Refunds	4000415	1,282	0.0	0	0.0		0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Total Funds		18,658,874	100.0	19,319,665	100.0		19,250,881	100.0	19,250,881	100.0	19,250,881	100.0	19,066,743	100.0	18,151,776	100.0	18,151,776	100.0
Excess Appropriation/(Funding)		(1,911,306)		(2,309,131)			(2,124,993)		(1,210,026)		(1,210,026)		(1,904,072)		(67,738)		(67,738)	
Grand Total		16,747,568		17,010,534			17,125,888		18,040,855		18,040,855		17,162,671		18,084,038		18,084,038	

The Department reduced its Base Level request for general revenue funding to \$450,000 each year of the 2009-2011 Biennium. Also proposed are Intra-agency fund transfers of \$526,757 for FY10 and \$750,000 for FY11 from excess fund balances in the Assessment Coordination-State Operations Program (258) to the Real Property Reappraisal Program (1VC). On this composite form, the transfer and receipt reflect a net zero result on the funding line for Intra-agency Fund Transfer.

Agency Position Usage Report

FY2006 - 2007						FY2007 - 2008						FY2008 - 2009					
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	34	2	36	0	5.56 %	36	33	3	36	0	8.33 %	36	30	6	36	0	16.67 %

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 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%). Base Level is \$14,250,000 each year.

The Department requests increases in appropriation of \$750,000 each year, with additional special language allowing the Department to fund the increased amounts by transferring excess funds from the State Operations Program fund account to the Real Property Reappraisal Fund. Since excess funds would be depleted in just two fiscal years, this request is for the 2009-2011 Biennium only.

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	2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Real Property Reappraisal 5900046	14,249,994	14,250,000	14,250,000	14,250,000	15,000,000	15,000,000	14,250,000	15,000,000	15,000,000
Total	14,249,994	14,250,000	14,250,000	14,250,000	15,000,000	15,000,000	14,250,000	15,000,000	15,000,000
Funding Sources									
Fund Balance 4000005	290,494	223,243		223,243	223,243	223,243	223,243	0	0
Intra-agency Fund Transfer 4000317	0	0		0	526,757	526,757	0	750,000	750,000
Real Property Reappraisal 4000405	14,182,743	14,250,000		14,250,000	14,250,000	14,250,000	14,250,000	14,250,000	14,250,000
Total Funding	14,473,237	14,473,243		14,473,243	15,000,000	15,000,000	14,473,243	15,000,000	15,000,000
Excess Appropriation/(Funding)	(223,243)	(223,243)		(223,243)	0	0	(223,243)	0	0
Grand Total	14,249,994	14,250,000		14,250,000	15,000,000	15,000,000	14,250,000	15,000,000	15,000,000

The requested Intra-Agency fund transfer shown above would transfer excess fund balances from the State Operations Program to assist in funding this program for the 2009-2011 Biennium.

Change Level by Appropriation

Appropriation: 1VC - Real Property Reappraisal Program

Funding Sources: GPR - Real Property Reappraisal Fund

Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	14,250,000	0	14,250,000	100.0	14,250,000	0	14,250,000	100.0
C01	Existing Program	750,000	0	15,000,000	105.3	750,000	0	15,000,000	105.3

Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	14,250,000	0	14,250,000	100.0	14,250,000	0	14,250,000	100.0
C01	Existing Program	750,000	0	15,000,000	105.3	750,000	0	15,000,000	105.3

Justification

C01	This request is for increases of \$750,000 each year in appropriation for the Real Property Reappraisal Program. Growth in the number of parcels to be reappraised at the rate of \$7 each is now exceeding the Base Level amount of \$14,250,000 each year. The Department proposes to seek authorization to transfer excess funds in its State Operations Program to support these increases for the 2009-2011 Biennium only.
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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 \$650 assessments collected annually from the counties, as authorized by A.C.A. §19-5-944. These proceeds are used to provide educational courses for local assessment personnel.

The Department is requesting increases of \$11,600 each year in Operating Expenses and \$8,400 each year in Professional Fees to conduct additional training courses using excess funds accumulated in this program's fund account.

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		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	35,940	40,000	40,000	40,000	51,600	51,600	40,000	51,600	51,600
Conference & Travel Expenses	5050009	0	0	0	0	0	0	0	0	0
Professional Fees	5060010	0	0	0	0	8,400	8,400	0	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		35,940	40,000	40,000	40,000	60,000	60,000	40,000	60,000	60,000
Funding Sources										
Fund Balance	4000005	48,778	47,246		55,996	55,996	55,996	64,746	44,746	44,746
County Assessors Cont Educ	4000170	34,408	48,750		48,750	48,750	48,750	48,750	48,750	48,750
Total Funding		83,186	95,996		104,746	104,746	104,746	113,496	93,496	93,496
Excess Appropriation/(Funding)		(47,246)	(55,996)		(64,746)	(44,746)	(44,746)	(73,496)	(33,496)	(33,496)
Grand Total		35,940	40,000		40,000	60,000	60,000	40,000	60,000	60,000

Change Level by Appropriation

Appropriation: 215 - County Assessors Continuing Education
Funding Sources: TCA - County Assessors Continuing Education Fund

Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	40,000	0	40,000	100.0	40,000	0	40,000	100.0
C01	Existing Program	20,000	0	60,000	150.0	20,000	0	60,000	150.0

Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	40,000	0	40,000	100.0	40,000	0	40,000	100.0
C01	Existing Program	20,000	0	60,000	150.0	20,000	0	60,000	150.0

Justification

C01	This request is for increases of \$11,600 each year in Operating Expenses and \$8,400 each year in Professional Fees with which to conduct additional training courses for county assessment personnel employing excess fund balances that were originally collected for training purposes.
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Analysis of Budget Request

Appropriation: 258 - Assessment Coordination-State Operations

Funding Sources: HUA - Miscellaneous Agencies Fund

The Assessment Coordination Department's State Operations appropriation is funded by a mix of general revenues and Ad Valorem Taxes that are authorized by A.C.A. §19-5-906. Base Level for this appropriation is \$2,787,888 for FY10 and \$2,824,671 for FY11, with 36 positions authorized and budgeted.

Base Level salaries for classified positions reflect the recommendations of the Pay Plan Study and unclassified positions reflect similar adjustments in line item salaries. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries may include Career Service payments for eligible employees. Personal Services Matching includes a \$75 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

For the 2009-2011 Biennium, the Department plans to reduce the amount of general revenues that normally support this program to \$450,000 each year. Fund balances and revenues from other sources will provide support for these requested changes:

Additions of \$52,467 each year in Operating Expenses are requested for anticipated increases in rent and in travel costs for field personnel.

Capital Outlay of \$5,500 each year is requested to replace and upgrade data processing and other technology equipment.

Also requested are \$80,000 in FY10 and \$86,400 in FY11 in Operating Expenses to obtain and distribute to counties the yearly Marshall & Swift Commercial Pricing Guide.

The Department proposes special language authorization to transfer excess fund balances from this program to help fund the requested increases in the Real Property Reappraisal Program. Since these excess funds would be depleted in just two fiscal years, this request is for the 2009-2011 Biennium only.

The Executive Recommendation provides for the Agency Request. The Executive is also in agreement with the Agency's proposal of general revenue funding at \$450,000 each year.

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		
	2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010 Base Level	2009-2010 Agency	2009-2010 Executive	2010-2011 Base Level	2010-2011 Agency	2010-2011 Executive
Regular Salaries 5010000	1,311,314	1,470,526	1,488,422	1,534,158	1,534,158	1,534,158	1,565,140	1,565,140	1,565,140
#Positions	35	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	402,583	413,766	452,797	470,988	470,988	470,988	476,789	476,789	476,789
Operating Expenses 5020002	455,972	483,373	483,373	483,373	615,840	615,840	483,373	622,240	622,240
Conference & Travel Expenses 5050009	43,434	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	5,374	5,500	5,500	0	5,500	5,500	0	5,500	5,500
Assessor's School 5900046	124,619	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000
Assessment Educ Incentive 5900047	106,000	112,000	112,000	112,000	112,000	112,000	112,000	112,000	112,000
Total	2,449,296	2,672,534	2,729,461	2,787,888	2,925,855	2,925,855	2,824,671	2,969,038	2,969,038
Funding Sources									
Fund Balance 4000005	748,368	1,577,226		1,981,301	1,981,301	1,981,301	1,803,413	1,138,689	1,138,689
General Revenue 4000010	868,063	899,759		450,000	450,000	450,000	450,000	450,000	450,000
Merit Adjustment Fund 4000055	0	16,850		0	0	0	0	0	0
Ad Valorem Tax 4000060	2,408,809	2,160,000		2,160,000	2,160,000	2,160,000	2,160,000	2,160,000	2,160,000
Intra-agency Fund Transfer 4000317	0	0		0	(526,757)	(526,757)	0	(750,000)	(750,000)
Refunds 4000415	1,282	0		0	0	0	0	0	0
Total Funding	4,026,522	4,653,835		4,591,301	4,064,544	4,064,544	4,413,413	2,998,689	2,998,689
Excess Appropriation/(Funding)	(1,577,226)	(1,981,301)		(1,803,413)	(1,138,689)	(1,138,689)	(1,588,742)	(29,651)	(29,651)
Grand Total	2,449,296	2,672,534		2,787,888	2,925,855	2,925,855	2,824,671	2,969,038	2,969,038

The requested Intra-Agency fund transfer shown above would transfer excess fund balances from this program to assist in funding the Real Property Reappraisal Program for the 2009-2011 Biennium. The Department reduced its Base Level request for general revenue funding to \$450,000 each year of the 2009-2011 Biennium.

Change Level by Appropriation

Appropriation: 258 - Assessment Coordination-State Operations

Funding Sources: HUA - Miscellaneous Agencies Fund

Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	2,787,888	36	2,787,888	100.0	2,824,671	36	2,824,671	100.0
C01	Existing Program	52,467	0	2,840,355	101.9	52,467	0	2,877,138	101.9
C08	Technology	85,500	0	2,925,855	104.9	91,900	0	2,969,038	105.1

Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	2,787,888	36	2,787,888	100.0	2,824,671	36	2,824,671	100.0
C01	Existing Program	52,467	0	2,840,355	101.9	52,467	0	2,877,138	101.9
C08	Technology	85,500	0	2,925,855	104.9	91,900	0	2,969,038	105.1

Justification

C01	Additions in Operating Expenses of \$52,467 each year are requested for anticipated increases in rent and in travel costs for field personnel.
C08	Requested is increases in Operating Expenses of \$80,000 for FY10 and \$86,400 for FY11 to obtain and distribute to counties the yearly Marshall & Swift Commercial Pricing Guide. This Guide was previously purchased with real property reappraisal funds which is no longer a viable option.----- Capital Outlay of \$5,500 each year is requested for replacement and upgrading of information technology equipment as specified in the Department's IT Plan. The Pricing Guide is referenced under the Operations tab in the Major Applications section and the hardware replacement is under the Operations-Hardware tab in the Future Hardware Purchases section.

Analysis of Budget Request

Appropriation: C73 - Assessment Coordination - Cash

Funding Sources: 118 - Assessment Coordination Department - Cash in Bank

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

The Department is requesting increases of \$5,000 each year in Operating Expenses and \$2,000 each year in Professional Fees to provide course study materials and instructors to conduct additional training sessions for county assessors.

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

Appropriation Summary

Appropriation: C73 - Assessment Coordination - Cash

Funding Sources: 118 - Assessment Coordination Department - Cash in Bank

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	12,338	28,000	28,000	28,000	33,000	33,000	28,000	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	0	15,000	15,000	15,000	17,000	17,000	15,000	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		12,338	48,000	48,000	48,000	55,000	55,000	48,000	55,000	55,000
Funding Sources										
Fund Balance	4000005	42,781	63,591		48,591	48,591	48,591	33,591	26,591	26,591
Cash Fund	4000045	33,148	33,000		33,000	33,000	33,000	33,000	33,000	33,000
Total Funding		75,929	96,591		81,591	81,591	81,591	66,591	59,591	59,591
Excess Appropriation/(Funding)		(63,591)	(48,591)		(33,591)	(26,591)	(26,591)	(18,591)	(4,591)	(4,591)
Grand Total		12,338	48,000		48,000	55,000	55,000	48,000	55,000	55,000

Change Level by Appropriation

Appropriation: C73 - Assessment Coordination - Cash

Funding Sources: 118 - Assessment Coordination Department - Cash in Bank

Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	48,000	0	48,000	100.0	48,000	0	48,000	100.0
C01	Existing Program	7,000	0	55,000	114.6	7,000	0	55,000	114.6

Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	48,000	0	48,000	100.0	48,000	0	48,000	100.0
C01	Existing Program	7,000	0	55,000	114.6	7,000	0	55,000	114.6

Justification

C01	This request is for increases of \$5,000 each year in Operating Expenses and \$2,000 each year in Professional Services to employ accumulated fund balances to provide course materials and instructors for additional training sessions for county assessors.
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AUCTIONEER'S LICENSING BOARD

Enabling Laws

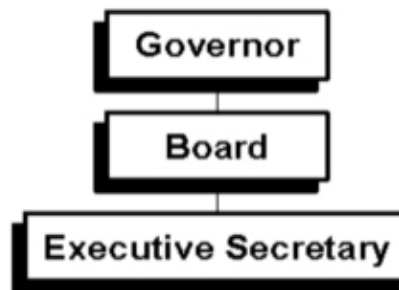
Act 82 of 2007
Act 266 of 1989 as amended
A.C.A. § 17-17-201

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 2009 - 2011 Biennium.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
ARKANSAS AUCTIONEER'S LICENSING BOARD

FOR THE YEAR ENDED JUNE 30, 2007

Findings	Recommendations
None	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, 2008

Fund Account	Balance	Type	Location
3440000	\$58,429	Checking and TMMP	US Bank, Bank of America, 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. § 17-17-114, A.C.A. § 17-17-301 and A.C.A. § 17-17-302 - authorizes agency to collect and use fees, fines and penalties.

Revenue Receipts Cycle:

Fees, fines and penalties are collected during the year.

Fund Balance Utilization:

Funds are collected during the year and used for expenses.

Fund Account	Balance	Type	Location
3440100	\$215,831	TMMP and CD	Treasury and Twin City Bank

Statutory/Other Restrictions on use:

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

Statutory Provisions for Fees, Fines, Penalties:

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

Revenue Receipts Cycle:

Funds are collected from new licensees during the year.

Fund Balance Utilization:

Funds are collected from new licensees during the year. and 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 the improvement of the profession.

Publications

A.C.A. 25-1-204

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
Licensee List	A.C.A. 17-17-206	N	N	75	Required by A.C.A. 17-17-206

Agency Position Usage Report

FY2006 - 2007						FY2007 - 2008						FY2008 - 2009					
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 Board consists of seven (7) Commissioners that are appointed by the Governor. Their revenues are generated from receipt of fees charged by the Board for examinations, licensing, renewals, and penalties.

Base Level position was changed from unclassified to classified to reflect the recommendations of the Pay Plan Study and salaries were adjusted accordingly. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries may include board member Stipend payments and Career Service payments for eligible employees. Personal Services Matching includes a \$75 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

The Board is requesting Base Level for the 2009-2011 Biennium.

The Executive Recommendation provides for 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	2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	40,657	42,704	41,904	44,011	44,011	44,011	44,900	44,900	44,900
#Positions	1	1	1	1	1	1	1	1	1
Extra Help 5010001	125	15,780	15,780	15,780	15,780	15,780	15,780	15,780	15,780
#Extra Help	1	1	1	1	1	1	1	1	1
Personal Services Matching 5010003	12,232	12,875	13,329	14,053	14,053	14,053	14,219	14,219	14,219
Operating Expenses 5020002	29,553	49,808	49,808	49,808	49,808	49,808	49,808	49,808	49,808
Conference & Travel Expenses 5050009	1,925	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500
Professional Fees 5060010	4,300	13,688	13,688	13,688	13,688	13,688	13,688	13,688	13,688
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Refunds/Reimbursements 5110014	0	500	500	500	500	500	500	500	500
Claims 5110015	0	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Capital Outlay 5120011	0	0	0	0	0	0	0	0	0
Total	88,792	189,855	189,509	192,340	192,340	192,340	193,395	193,395	193,395
Funding Sources									
Fund Balance 4000005	250,211	274,260		181,308	181,308	181,308	92,468	92,468	92,468
Cash Fund 4000045	112,841	96,903		103,500	103,500	103,500	109,500	109,500	109,500
Total Funding	363,052	371,163		284,808	284,808	284,808	201,968	201,968	201,968
Excess Appropriation/(Funding)	(274,260)	(181,308)		(92,468)	(92,468)	(92,468)	(8,573)	(8,573)	(8,573)
Grand Total	88,792	189,855		192,340	192,340	192,340	193,395	193,395	193,395

PROFESSIONAL BAIL BONDSMAN LICENSING BOARD

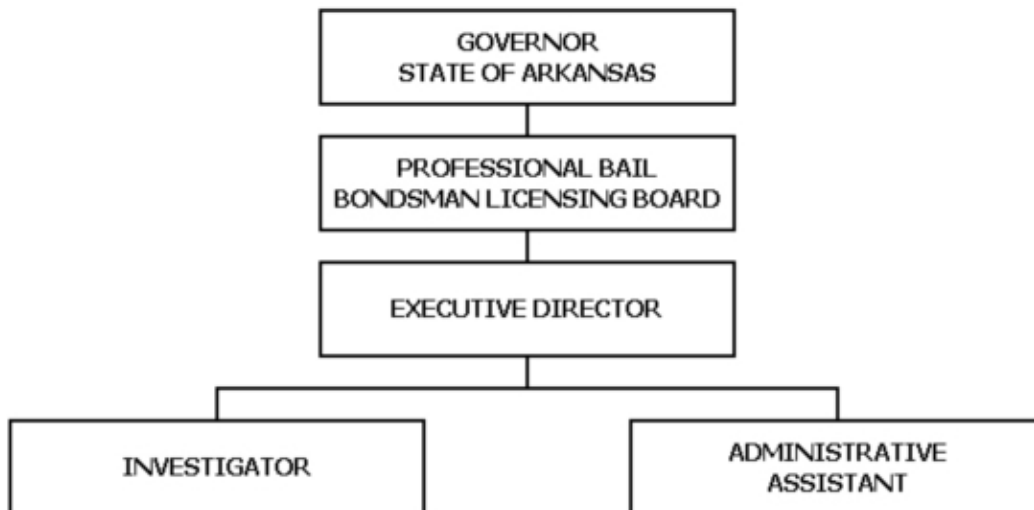
Enabling Laws

Act 108 of 2007
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.

The Board is organized as follows: An executive director, appointed by the Board, is responsible for the day-to-day administration of the duties and functions of the Board. The Board employs an investigator and an administrative assistant.



Agency Commentary

Act 500 of 1993 established the Professional Bail Bond Company & Professional Bail Bondsman Licensing Board and provided the Board with the authority and responsibility of administering and enforcing the provisions of Arkansas Code Annotated Title 17, Chapter 19. The Board was given authority to adopt and enforce such reasonable rules and regulations as it determines are necessary to enable the effective and efficient administration of its official duty of licensing and regulating professional bail bond companies and professional bail bondsman.

The primary activities of the Board are as follows: 1) Administer the Professional Bail Bondsman Examination weekly, 2) License those who pass the examination and otherwise qualify, 3) Determine

whether those who apply for an Arkansas Bail Bond Company License qualify, 4) Annually issue renewal licenses to all qualified bail bondsman and bail bond companies, 5) Conduct investigations into allegations of violations of Statutes and Rules & Regulations based on complaints and/or information received by the Board office, 6) Conduct hearings and take disciplinary action where appropriate, 7) Monitor mandatory continuing professional education for professional bail bondsman who hold a valid Arkansas license, and 8) Conduct yearly audits of bail bond companies to ensure compliance with record keeping and reporting requirements.

The Board is requesting the following changes above Base Level for the 2009-2011 biennium: \$8,600 in FY2010 and \$9,600 in FY2011 as follows: \$2,600 in Operating Expenses in FY 2010 and \$3,600 in FY2011 for telecommunication wireless and fuel purchases. The increases are requested to bring these line items closer to expected actual expenditures and to cover expected increases in fuel costs. The Board is requesting a reallocation of resources to properly classify \$1,786 from Data Processing to Operating Expenses for FY2010 and FY2011. The Board is requesting a reallocation in Operating Expenses of \$5,400 for postage, telephone, board member travel, and vehicle insurance to other expenditure codes. The Board is requesting a Capital Outlay of \$6,000 in each fiscal year to replace one (1) vehicle in each fiscal year. The replacement vehicles will be purchased from the State Marketing & Redistribution. The Board has two vehicles - one with approximately 115,000 miles; the other has approximately 150,000 miles.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
PROFESSIONAL BAIL BONDSMAN LICENSING BOARD

FOR THE YEAR ENDED JUNE 30, 2007

Findings	Recommendations
None	None

Employment Summary

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

Publications

A.C.A. 25-1-204

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
Bail Bonds Company and Bail Bondsman Licensing Board	A.C.A. §17-29-206 (f)	N	N	150	Required by law. Public Use.

Department Appropriation Summary

Historical Data

Agency Request and Executive Recommendation

Appropriation	2007-2008		2008-2009		2008-2009		2009-2010						2010-2011					
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
1DV Bail Bondsman-Operations	268,820	3	304,350	3	299,337	3	310,824	3	319,424	3	319,424	3	314,230	3	323,830	3	323,830	3
4HD Treasury Cash Reimbursement	197,918	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
Total	466,738	3	804,350	3	799,337	3	810,824	3	819,424	3	819,424	3	814,230	3	823,830	3	823,830	3

Funding Sources		%		%		%		%		%		%		%		%		%	
Fund Balance	4000005	264,503	34.7	296,571	28.5			236,962	22.9	236,962	22.7	236,962	22.7	222,348	21.6	222,348	21.4	222,348	21.4
Cash Fund	4000045	364,747	47.8	650,000	62.4			641,400	62.1	650,000	62.4	650,000	62.4	640,400	62.3	650,000	62.6	650,000	62.6
AR Insurance Fund	4000100	296,572	38.9	299,337	28.7			296,572	28.7	296,572	28.5	296,572	28.5	296,572	28.8	296,572	28.6	296,572	28.6
M & R Sales	4000340	3,906	0.5	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	(166,419)	(21.8)	(204,596)	(19.6)			(141,762)	(13.7)	(141,762)	(13.6)	(141,762)	(13.6)	(130,801)	(12.7)	(130,801)	(12.6)	(130,801)	(12.6)
Total Funds		763,309	100.0	1,041,312	100.0			1,033,172	100.0	1,041,772	100.0	1,041,772	100.0	1,028,519	100.0	1,038,119	100.0	1,038,119	100.0
Excess Appropriation/(Funding)		(296,571)		(236,962)				(222,348)		(222,348)		(222,348)		(214,289)		(214,289)		(214,289)	
Grand Total		466,738		804,350				810,824		819,424		819,424		814,230		823,830		823,830	

FY09 Budgeted Amount in Operations [1DV] exceeds authorized amount due to Regular Salaries adjustments during the 2007-2009 biennium.
 At fiscal year end, all but 25% of Bail Bondsman-Operations [appropriation 1DV] fund balance must be transferred to the General Revenue Fund Account in the State Treasury.

Agency Position Usage Report

FY2006 - 2007						FY2007 - 2008						FY2008 - 2009					
Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused
	Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total	
3	3	0	3	0	0.00 %	3	3	0	3	0	0.00 %	3	3	0	3	0	0.00 %

Analysis of Budget Request

Appropriation: 1DV - Bail Bondsman-Operations

Funding Sources: MBB - Professional Bail Bondsman Licensing Board

The Professional Bail Bondsman Licensing Board uses this appropriation to cover operating expenses and to administer and enforce the provisions of the law relating to the licensing and regulating of professional bail bond companies and bondsmen. The Insurance Department collects \$10 per bond written in the State, and by statute must provide the Board with funding up to the appropriated level each fiscal year. Receipts from examination fees, license renewals and penalties also fund operations of the Board. The Board also uses this appropriation to comply with Section 4 of Act 700 of 1993, which requires the Board to transfer all but 25% of its fund balance to the State Treasury at the end of each fiscal year.

Base Level salaries for classified positions reflect the recommendations of the Pay Plan Study and unclassified positions reflect similar adjustments in line item salaries. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries may include board member Stipend payments and Career Service payments for eligible employees. Personal Services Matching includes a \$75 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

The Board requests an increase in the Operating Expenses line item of \$2,600 in FY10 and \$3,600 in FY11 for telecommunications expense and fuel purchases, due to the rising cost of fuel. The board requests a reallocation of resources to properly classify \$1,786 from Data Processing to Operating Expenses for miscellaneous technical services to update the Board's website.

The Board requests an increase in the Capital Outlay line item of \$6,000 for FY10 and FY11, for one (1) vehicle replacement each year from State Marketing & Redistribution. The Board has two (2) vehicles, one with approximately 115,000 miles and the other approximately 150,000.

Executive Recommendation provides for Agency Request.

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		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	125,525	131,536	125,739	134,653	134,653	134,653	137,522	137,522	137,522
#Positions		3	3	3	3	3	3	3	3	3
Personal Services Matching	5010003	37,236	36,228	37,012	39,585	39,585	39,585	40,122	40,122	40,122
Operating Expenses	5020002	94,817	96,800	96,800	96,800	101,186	101,186	96,800	102,186	102,186
Conference & Travel Expenses	5050009	0	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Professional Fees	5060010	8,242	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000
Data Processing	5090012	0	1,786	1,786	1,786	0	0	1,786	0	0
Capital Outlay	5120011	3,000	0	0	0	6,000	6,000	0	6,000	6,000
Total		268,820	304,350	299,337	310,824	319,424	319,424	314,230	323,830	323,830
Funding Sources										
Fund Balance	4000005	222,567	248,625		189,016	189,016	189,016	174,402	174,402	174,402
Cash Fund	4000045	160,819	150,000		141,400	150,000	150,000	140,400	150,000	150,000
AR Insurance Fund	4000100	296,572	299,337		296,572	296,572	296,572	296,572	296,572	296,572
M & R Sales	4000340	3,906	0		0	0	0	0	0	0
Transfer to General Revenue	4000635	(166,419)	(204,596)		(141,762)	(141,762)	(141,762)	(130,801)	(130,801)	(130,801)
Total Funding		517,445	493,366		485,226	493,826	493,826	480,573	490,173	490,173
Excess Appropriation/(Funding)		(248,625)	(189,016)		(174,402)	(174,402)	(174,402)	(166,343)	(166,343)	(166,343)
Grand Total		268,820	304,350		310,824	319,424	319,424	314,230	323,830	323,830

Actual and/or Budget amounts in Regular Salaries and Personal Services Matching exceeds the authorized amount due to salary and matching rate adjustments during the 2007-2009 biennium.

At fiscal year end, all but 25% of its fund balance must be transferred to the General Revenue Fund Account in the State Treasury. Actual ending fund balances are reflected prior to transfer.

Change Level by Appropriation

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

Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	310,824	3	310,824	100.0	314,230	3	314,230	100.0
C01	Existing Program	8,600	0	319,424	102.8	9,600	0	323,830	103.1
C04	Reallocation	0	0	319,424	102.8	0	0	323,830	103.1

Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	310,824	3	310,824	100.0	314,230	3	314,230	100.0
C01	Existing Program	8,600	0	319,424	102.8	9,600	0	323,830	103.1
C04	Reallocation	0	0	319,424	102.8	0	0	323,830	103.1

Justification

C01	The Board requests an increase in Operating Expenses of \$2,600 for FY10 and \$3,600 for FY11, for wireless telecommunications and fuel purchases due to increased travel costs of the investigator. The Board also requests an increase in Capital Outlay of \$6,000 each fiscal year to replace one (1) vehicle each year from M&R. The board has two (2) vehicles, one with approximately 115,000 miles and the other approximately 150,000.
C04	The agency requests a reallocation of resources to properly classify \$1,786 from Data Processing to Operating Expenses for FY10 and FY11 for miscellaneous technical services to update the Board's website.

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.

Board requests Base Level of \$500,000 for each year of the new biennium.

Executive Recommendation provides for 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	2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Refunds/Reimbursements 5110014	197,918	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Total	197,918	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Funding Sources									
Fund Balance 4000005	41,936	47,946		47,946	47,946	47,946	47,946	47,946	47,946
Cash Fund 4000045	203,928	500,000		500,000	500,000	500,000	500,000	500,000	500,000
Total Funding	245,864	547,946		547,946	547,946	547,946	547,946	547,946	547,946
Excess Appropriation/(Funding)	(47,946)	(47,946)		(47,946)	(47,946)	(47,946)	(47,946)	(47,946)	(47,946)
Grand Total	197,918	500,000		500,000	500,000	500,000	500,000	500,000	500,000

STATE BANK DEPARTMENT

Enabling Laws

Act 782 of 2007
A.C.A. §23-46-101 et seq.

History and Organization

The State Bank Department was created by the General Assembly in 1913. It has the responsibility 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. He 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, 2008, this included 110 state-chartered banks, 91 bank holding companies, two regional industrial development corporations, two trust companies, one capital development corporation and the Arkansas Capital Corporation. The Mission of the State Bank Department is to allocate available human and other resources existing in our Examination, Information Technology and Administrative Services Divisions to ensure the continuance of safe and sound financial practices in state chartered financial institutions. The Department will continue its policy of being an advocate of banking and seeking every means available to improve those financial institutions found to be in need of assistance. In order to execute these responsibilities and fulfill the mission and goals of the Department, certain budget requests are imperative.

The Department requests Capital Outlay appropriation to replace state vehicles according to the State's mileage and time of service policy, to purchase additional vehicles, if needed, and to replace fully

depreciated Department equipment.

Other Capital Outlay resources are requested for replacement of obsolete data processing equipment according to the Department's three-year replacement plan. This is the cornerstone of the Department's IT plan which has been filed with the Office of Information Technology per their instruction for the new biennium.

Also proposed is the elimination of three Base Level positions that would not be filled during the 2009-2011 Biennium. These are two Bank Examiners and an Administrative Specialist. This action would reduce the Agency's staff from 77 to 74 positions.

Approval of all requests will allow the Bank Department to continue to meet demands placed upon it by the financial industry and to continue to monitor the safety and soundness of all Arkansas state banking institutions under its jurisdiction. This will be accomplished by priorities set by the Department to regulate and supervise the changing banking environment.

Funding for the State Bank Department is provided by semi-annual assessments of all institutions under the supervisory authority of the Department.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT

AUDIT OF :

STATE BANK DEPARTMENT

FOR THE YEAR ENDED JUNE 30, 2006

Findings	Recommendations
None	None

Employment Summary

	Male	Female	Total	%
White Employees	41	19	60	91 %
Black Employees	4	1	5	8 %
Other Racial Minorities	1	0	1	1 %
Total Minorities			6	9 %
Total Employees			66	100 %

Publications

A.C.A. 25-1-204

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

Department Appropriation Summary

Historical Data

Agency Request and Executive Recommendation

Appropriation	2007-2008		2008-2009		2008-2009		2009-2010						2010-2011					
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
051 State Bank Department-Operations	6,908,746	77	8,376,691	77	8,453,267	77	8,323,234	77	8,378,296	74	8,378,296	74	8,435,345	77	8,490,407	74	8,490,407	74
NOT REQUESTED FOR THE BIENNIUM																		
D23 Bank Department Building-Cash	0	0	0	0	1,850,000	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	6,908,746	77	8,376,691	77	10,303,267	77	8,323,234	77	8,378,296	74	8,378,296	74	8,435,345	77	8,490,407	74	8,490,407	74

Funding Sources		%		%		%		%		%		%		%		%		
Fund Balance	4000005	3,998,440	35.1	4,494,352	37.6		3,563,661	32.1	3,563,661	31.9	3,563,661	31.9	2,779,080	26.7	2,779,080	26.6	2,779,080	26.6
Special Revenue	4000030	7,404,658	64.9	7,446,000	62.4		7,538,653	67.9	7,593,715	68.1	7,593,715	68.1	7,614,590	73.3	7,669,652	73.4	7,669,652	73.4
Total Funds		11,403,098	100.0	11,940,352	100.0		11,102,314	100.0	11,157,376	100.0	11,157,376	100.0	10,393,670	100.0	10,448,732	100.0	10,448,732	100.0
Excess Appropriation/(Funding)		(4,494,352)		(3,563,661)			(2,779,080)		(2,779,080)		(2,779,080)		(1,958,325)		(1,958,325)		(1,958,325)	
Grand Total		6,908,746		8,376,691			8,323,234		8,378,296		8,378,296		8,435,345		8,490,407		8,490,407	

Agency Position Usage Report

FY2006 - 2007						FY2007 - 2008						FY2008 - 2009					
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	
77	73	4	77	0	5.19 %	77	68	9	77	0	11.69 %	77	66	11	77	0	14.29 %

Analysis of Budget Request

Appropriation: 051 - State Bank Department-Operations

Funding Sources: SIB - Bank Department Fund

The State Bank Department is funded entirely by special revenue fees assessed and collected on a semi-annual basis, as authorized in Arkansas Code §19-6-412. Base Level is \$8,158,294 for FY10 and \$8,270,406 for FY11, with 74 positions budgeted from a total authorization of 77.

Base Level salaries for classified positions reflect the recommendations of the Pay Plan Study and unclassified positions reflect similar adjustments in line item salaries. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries may include board member Stipend payments and Career Service payments for eligible employees. Personal Services Matching includes a \$75 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

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

Discontinue three Base Level positions that are not needed for the 2009-2011 Biennium. These are two Bank Examiners and one Administrative Specialist III. This request will reduce Regular Salaries and Personal Services Matching by a total of \$164,938 each year.

Capital Outlay of \$130,000 each year for replacement of vehicles and fully depreciated office equipment.

As enumerated in the Department's Information Technology Plan, Capital Outlay is also requested in amounts of \$90,000 each year for upgrading of data processing equipment.

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		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	4,210,354	5,155,306	5,128,006	5,211,749	5,085,706	5,085,706	5,306,054	5,180,011	5,180,011
#Positions		77	77	77	77	74	74	77	74	74
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	1,126,957	1,257,277	1,361,153	1,367,377	1,328,482	1,328,482	1,385,183	1,346,288	1,346,288
Operating Expenses	5020002	1,042,684	1,269,108	1,269,108	1,269,108	1,269,108	1,269,108	1,269,108	1,269,108	1,269,108
Conference & Travel Expenses	5050009	294,110	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000
Professional Fees	5060010	32,450	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	202,191	220,000	220,000	0	220,000	220,000	0	220,000	220,000
Total		6,908,746	8,376,691	8,453,267	8,323,234	8,378,296	8,378,296	8,435,345	8,490,407	8,490,407
Funding Sources										
Fund Balance	4000005	3,998,440	4,494,352		3,563,661	3,563,661	3,563,661	2,779,080	2,779,080	2,779,080
Special Revenue	4000030	7,404,658	7,446,000		7,538,653	7,593,715	7,593,715	7,614,590	7,669,652	7,669,652
Total Funding		11,403,098	11,940,352		11,102,314	11,157,376	11,157,376	10,393,670	10,448,732	10,448,732
Excess Appropriation/(Funding)		(4,494,352)	(3,563,661)		(2,779,080)	(2,779,080)	(2,779,080)	(1,958,325)	(1,958,325)	(1,958,325)
Grand Total		6,908,746	8,376,691		8,323,234	8,378,296	8,378,296	8,435,345	8,490,407	8,490,407

Budget for Regular Salaries exceeds Authorized due to salary adjustments made during the 2007-2009 Biennium.

Change Level by Appropriation

Appropriation: 051 - State Bank Department-Operations

Funding Sources: SIB - Bank Department Fund

Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	8,323,234	77	8,323,234	100.0	8,435,345	77	8,435,345	100.0
C01	Existing Program	130,000	0	8,453,234	101.6	130,000	0	8,565,345	101.5
C03	Discontinue Program	(164,938)	(3)	8,288,296	99.6	(164,938)	(3)	8,400,407	99.6
C08	Technology	90,000	0	8,378,296	100.7	90,000	0	8,490,407	100.7

Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	8,323,234	77	8,323,234	100.0	8,435,345	77	8,435,345	100.0
C01	Existing Program	130,000	0	8,453,234	101.6	130,000	0	8,565,345	101.5
C03	Discontinue Program	(164,938)	(3)	8,288,296	99.6	(164,938)	(3)	8,400,407	99.6
C08	Technology	90,000	0	8,378,296	100.7	90,000	0	8,490,407	100.7

Justification

C01	Capital Outlay of \$130,000 each year is requested for replacement of state vehicles and for replacement of fully depreciated office equipment.
C03	The elimination of three positions from Base Level is requested. These are two Bank Examiners and one Administrative Specialist III that are not planned for usage in the 2009-2011 Biennium. The total saved each year is \$164,938.
C08	Capital Outlay of \$90,000 each year is requested for replacement and upgrading of information technology equipment in accordance with the Department's Technology Plan submitted to the Office of Information Technology. This request is shown in the Future Hardware Purchases Section of the Plan.

Appropriation Summary

Appropriation: D23 - Bank Department Building-Cash
Funding Sources: 149 - Bank Building Fund - Cash in Bank

Historical Data

Agency Request and Executive Recommendation

Commitment Item	Historical Data			2009-2010			2010-2011		
	2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Building Expenses 5900046	0	0	1,850,000	0	0	0	0	0	0
Total	0	0	1,850,000	0	0	0	0	0	0

THIS APPROPRIATION IS NOT BEING REQUESTED FOR THE 2009-2011 BIENNIUM.

STATE BOARD OF BARBER EXAMINERS

Enabling Laws

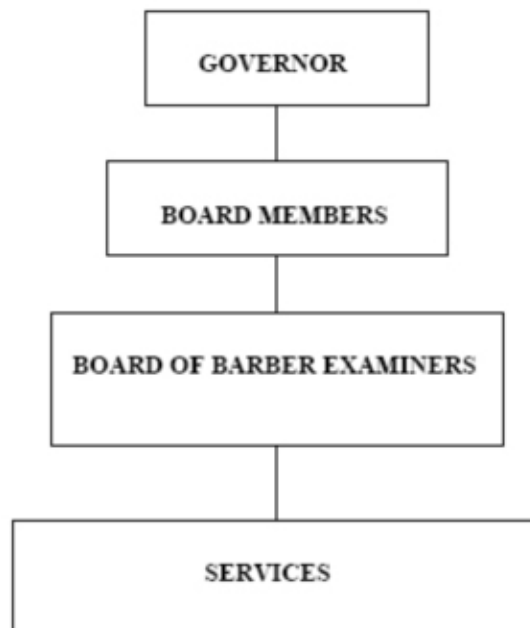
Act 776 of 2007
Act 313 of 1937 as amended
See A.C.A. §17-20-101 et seq.

History and Organization

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

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

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



Agency Commentary

The State Board of Barber Examiners is responsible for making sure all persons, students, shops and schools are properly licensed and that the sanitation and sterilization rules are being met in accordance with the laws set forth in the Laws, Rules and Regulations for Barbering. To be in compliance with Arkansas Barber Law, Act 313 of 1937; we need to make sure these laws are being upheld, therefore we must conduct random inspections on each and every shop and school throughout the State of Arkansas, and investigate and resolve every complaint submitted to our office. This must be done to ensure the health and safety of the public. Additional appropriation is needed for the increase for mileage and meals and lodging, as the number of inspections has increased. The Board is asking for an additional appropriation increase in the amount of \$1,500.00 to cover these expenses.

Under A.C.A. §17-20-201, five appointed Board Members receive expense reimbursements and stipends. Additional appropriation is needed for the increase in Board member travel expenses due to the increase in gasoline prices that have impacted airfare and lodging. The Board is asking for an additional increase in appropriation in the amount of \$1,000.00 for Board Member travel expenses.

Due to an increase in office rent, additional appropriation in the amount of \$1,000.00 is needed for rent of facilities.

Due to the recent increase in postage, additional appropriation in the amount of \$500.00 is needed for postage.

Overall the Board is asking for an appropriation increase in the amount of \$4,000.00 for Operating Expenses.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
ARKANSAS STATE BOARD OF BARBER EXAMINERS

FOR THE YEAR ENDED JUNE 30, 2007

Findings	Recommendations
None	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 %

Cash Fund Balance Description as of June 30, 2008

Fund Account	Balance	Type	Location
3060000	\$46,414	Certificate of Deposit	Elk Horn Bank

Statutory/Other Restrictions on use:

ACA §17-20-209 establishes the fees collected to reimburse expenses that allow the agency to operate.

Statutory Provisions for Fees, Fines, Penalties:

ACA §17-20-208 authorizes the agency to collect fees, fines, and penalties.

Revenue Receipts Cycle:

Funds are collected on an annual basis from all barbers, barber shops, barber colleges, instructors, and barber students.

Fund Balance Utilization:

Funds are collected on an annual basis and used for expenditures that occur during the year and any savings plans that are implemented.

Fund Account	Balance	Type	Location
3060000	\$63,436	Certificate of Deposit	Metropolitan Bank

Statutory/Other Restrictions on use:

ACA §17-20-209 establishes the fees collected to reimburse expenses that allow the agency to operate.

Statutory Provisions for Fees, Fines, Penalties:

ACA §17-20-208 authorizes the agency to collect fees, fines, and penalties.

Revenue Receipts Cycle:

Funds are collected on an annual basis from all barbers, barber shops, barber colleges, instructors, and barber students.

Fund Balance Utilization:

Funds are collected on an annual basis and used for expenditures that occur during the year and any savings plans that are implemented.

Fund Account	Balance	Type	Location
3060000	\$85,926	Peak II Savings Account	Summit Bank

Statutory/Other Restrictions on use:

ACA §17-20-209 establishes the fees collected to reimburse expenses that allow the agency to operate.

Statutory Provisions for Fees, Fines, Penalties:

ACA §17-20-208 authorizes the agency to collect fees, fines, and penalties.

Revenue Receipts Cycle:

Funds are collected on an annual basis from all barbers, barber shops, barber colleges, instructors, and barber students.

Fund Balance Utilization:

Funds are collected on an annual basis and used for expenditures that occur during the year and any savings plans that are implemented.

Fund Account	Balance	Type	Location
3060000	\$36,405	Checking Account	Regions Bank

Statutory/Other Restrictions on use:

ACA §17-20-209 establishes the fees collected to reimburse expenses that allow the agency to operate.

Statutory Provisions for Fees, Fines, Penalties:

ACA §17-20-208 authorizes the agency to collect fees, fines, and penalties.

Revenue Receipts Cycle:

Funds are collected on an annual basis from all barbers, barber shops, barber colleges, instructors, and barber students.

Fund Balance Utilization:

Funds are collected on an annual basis and used for expenditures that occur during the year and any savings plans that are implemented.

Fund Account	Balance	Type	Location
3060000	\$10,095	Checking Account	Twin City Bank

Statutory/Other Restrictions on use:

ACA §17-20-209 establishes the fees collected to reimburse expenses that allow the agency to operate.

Statutory Provisions for Fees, Fines, Penalties:

ACA §17-20-208 authorizes the agency to collect fees, fines, and penalties.

Revenue Receipts Cycle:

Funds are collected on an annual basis from all barbers, barber shops, barber colleges, instructors, and barber students.

Fund Balance Utilization:

Funds are collected on an annual basis and used for expenditures that occur during the year and any savings plans that are implemented.

Publications

A.C.A. 25-1-204

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

Agency Position Usage Report

FY2006 - 2007						FY2007 - 2008						FY2008 - 2009					
Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused
	Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total	
3	3	0	3	0	0.00 %	3	3	0	3	0	0.00 %	3	3	0	3	0	0.00 %

Analysis of Budget Request

Appropriation: A11 - Barber Examiners-Cash Operations

Funding Sources: 306 - Barber Examiners - Cash

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 positions were changed from unclassified to classified to reflect the recommendations of the Pay Plan Study and salaries were adjusted accordingly. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries may include board member stipends and Career Service payments for eligible employees. Personal Services Matching includes a \$75 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

The Board requests a Change Level of \$4,000 for each year of the biennium in Operating Expenses for mileage, meals and lodging; due to the increase in the number of inspections, board member travel expenses, an increase in office rent, and increases in postage.

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

Appropriation Summary

Appropriation: A11 - Barber Examiners-Cash Operations

Funding Sources: 306 - Barber Examiners - Cash

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	111,859	137,990	136,590	141,377	141,377	141,377	145,098	145,098	145,098
#Positions		3	3	3	3	3	3	3	3	3
Extra Help	5010001	9,385	10,802	10,802	10,802	10,802	10,802	10,802	10,802	10,802
#Extra Help		1	2	2	2	2	2	2	2	2
Personal Services Matching	5010003	34,127	38,713	40,563	42,133	42,133	42,133	42,831	42,831	42,831
Operating Expenses	5020002	38,496	42,150	42,150	42,150	46,150	46,150	42,150	46,150	46,150
Conference & Travel Expenses	5050009	1,721	2,550	2,550	2,550	2,550	2,550	2,550	2,550	2,550
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		195,588	232,705	233,155	239,512	243,512	243,512	243,931	247,931	247,931
Funding Sources										
Fund Balance	4000005	246,371	242,276		197,571	197,571	197,571	142,659	142,659	142,659
Cash Fund	4000045	191,493	188,000		184,600	188,600	188,600	188,100	192,100	192,100
Total Funding		437,864	430,276		382,171	386,171	386,171	330,759	334,759	334,759
Excess Appropriation/(Funding)		(242,276)	(197,571)		(142,659)	(142,659)	(142,659)	(86,828)	(86,828)	(86,828)
Grand Total		195,588	232,705		239,512	243,512	243,512	243,931	247,931	247,931

The FY09 Budget amount in Regular Salaries exceeds the authorized amount due to salary adjustments during the 2007-2009 biennium.

Change Level by Appropriation

Appropriation: A11 - Barber Examiners-Cash Operations

Funding Sources: 306 - Barber Examiners - Cash

Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	239,512	3	239,512	100.0	243,931	3	243,931	100.0
C01	Existing Program	4,000	0	243,512	101.7	4,000	0	247,931	101.6

Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	239,512	3	239,512	100.0	243,931	3	243,931	100.0
C01	Existing Program	4,000	0	243,512	101.7	4,000	0	247,931	101.6

Justification

C01	The Board requests an increase of \$4,000 in Operating Expenses for FY10 and FY11. This increase is for mileage and meals and lodging due to the increase in the number of inspections; board member travel expenses, an increase in office rent, and increases in postage.
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STATE BOARD OF COLLECTION AGENCIES

Enabling Laws

Act 1217 of 2007

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

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

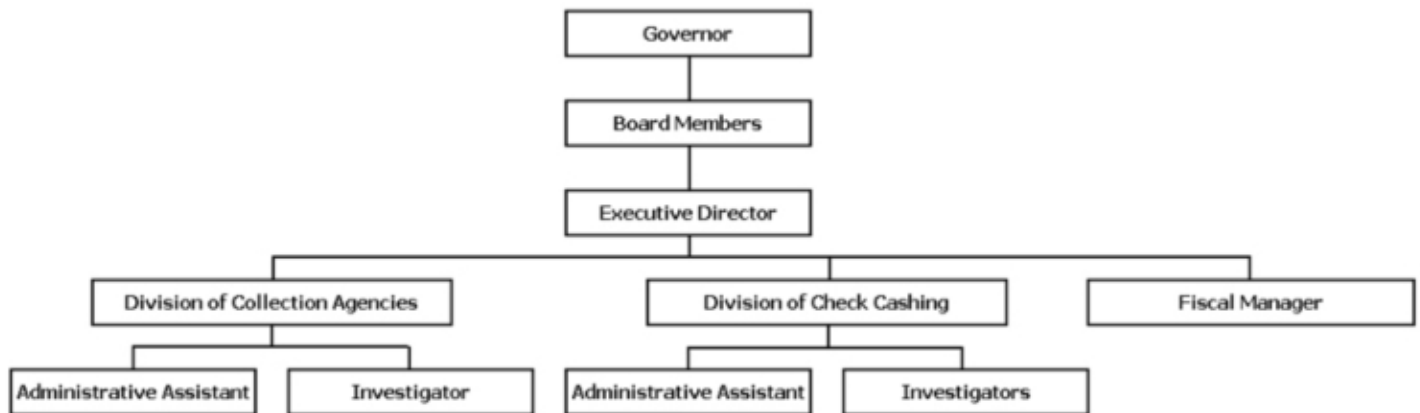
History and Organization

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

The Division of Collection Agencies is responsible for licensing collection agencies, investigating and prosecuting violations of Arkansas collection law, enforcing bonding requirements and monitoring the activities of approximately 1200 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 a formal hearing before the Board which may result in suspension or revocation of the collection agency's license, civil fines and/or criminal prosecution.

The Division of Check-Cashing is charged with licensing and regulating check-cashing and deferred presentment of checks; imposing fines and penalties for violations of the check-cashing laws and granting exemptions from licensing. The Division of Check-Cashing currently oversees the activities of approximately 200 check-cashing locations in Arkansas.

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



Agency Commentary

The Arkansas State Board of Collection Agencies consists of two Divisions: the Division of Collection Agencies and the Division of Check-cashing. The Division of Collection Agencies licenses and monitors collection agencies located within Arkansas and those outside Arkansas that contact Arkansas residents or solicit accounts from Arkansas creditors. The Division of Check-cashing licenses and regulates check-cashing stores located in Arkansas.

The Board receives no funding from the State; the operations of the agency are funded from receipts of licensing fees, audit fees, and fines imposed by the Board. The Board is requesting an increase in Conference and Travel Expenses for both divisions due to the increase in fuel costs which has resulted in higher air fares. The Board also requests a reallocation of resources for both divisions to properly classify budget from Data Processing to Operating Expenses.

Audit Findings

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

FOR THE YEAR ENDED JUNE 30, 2007

Findings	Recommendations
None	None

Employment Summary

	Male	Female	Total	%
White Employees	1	4	5	83 %
Black Employees	0	1	1	17 %
Other Racial Minorities	0	0	0	0 %
Total Minorities			1	17 %
Total Employees			6	100 %

Cash Fund Balance Description as of June 30, 2008

Fund Account	Balance	Type	Location
3100000	\$3,937,957	CD	Metropolitan National Bank

Statutory/Other Restrictions on use:

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

Statutory Provisions for Fees, Fines, Penalties:

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

Revenue Receipts Cycle:

Funds are deposited in bank account as received.

Fund Balance Utilization:

Funds are collected throughout the year and used for expenses.

Fund Account	Balance	Type	Location
3100000	\$1,741,693	Checking	Metropolitan National Bank

Statutory/Other Restrictions on use:

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

Statutory Provisions for Fees, Fines, Penalties:

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

Revenue Receipts Cycle:

Funds are deposited in bank account as received.

Fund Balance Utilization:

Funds are collected throughout the year and used for expenses.

Fund Account	Balance	Type	Location
3850100	\$597,297	Checking	Metropolitan National Bank

Statutory/Other Restrictions on use:

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

Statutory Provisions for Fees, Fines, Penalties:

A.C.A. 23-52-108 62-108, 109 authorizes the Board to collect licensing fees. A.C.A. 23-52-115, 116 authorizes the Board to impose fines and penalties.

Revenue Receipts Cycle:

Funds are deposited in bank account as received.

Fund Balance Utilization:

Funds are collected throughout the year and used for expenses.

Publications

A.C.A. 25-1-204

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

Department Appropriation Summary

Historical Data

Agency Request and Executive Recommendation

Appropriation	2007-2008		2008-2009		2008-2009		2009-2010						2010-2011					
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
A56 Division of Collections - Cash Operations	1,216,493	3	1,333,527	4	1,334,999	4	1,337,202	4	1,338,202	4	1,337,202	4	1,341,460	4	1,342,460	4	1,341,460	4
B99 Division of Check Cashing	248,131	3	336,312	4	338,638	4	333,138	4	334,138	4	333,138	4	336,106	4	337,106	4	336,106	4
Total	1,464,624	6	1,669,839	8	1,673,637	8	1,670,340	8	1,672,340	8	1,670,340	8	1,677,566	8	1,679,566	8	1,677,566	8

Funding Sources		%		%		%		%		%		%		%		%		%
Fund Balance 4000005	5,915,153	76.4	6,276,947	83.8			5,817,108	82.8	5,817,108	82.8	5,817,108	82.8	5,354,768	81.6	5,354,768	81.6	5,356,768	81.6
Cash Fund 4000045	1,826,418	23.6	1,210,000	16.2			1,208,000	17.2	1,210,000	17.2	1,210,000	17.2	1,208,000	18.4	1,210,000	18.4	1,210,000	18.4
Total Funds	7,741,571	100.0	7,486,947	100.0			7,025,108	100.0	7,027,108	100.0	7,027,108	100.0	6,562,768	100.0	6,564,768	100.0	6,566,768	100.0
Excess Appropriation/(Funding)	(6,276,947)		(5,817,108)				(5,354,768)		(5,354,768)		(5,356,768)		(4,885,202)		(4,885,202)		(4,889,202)	
Grand Total	1,464,624		1,669,839				1,670,340		1,672,340		1,670,340		1,677,566		1,679,566		1,677,566	

Agency Position Usage Report

FY2006 - 2007						FY2007 - 2008						FY2008 - 2009					
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	6	1	7	0	14.29 %	8	6	2	8	0	25.00 %	8	6	2	8	0	25.00 %

Analysis of Budget Request

Appropriation: A56 - Division of Collections - Cash Operations

Funding Sources: 310 - Collection Agencies Board - Cash

The State Board of Collection Agencies (SBCA) is responsible for 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 475 collection agencies presently operating in Arkansas. The SBCA works to reduce undesirable collection activity, fraud, misrepresentation of client funds, and unprofessional conduct.

The Board is funded with the receipts of license fees for collection agencies as set out in A.C.A §17-24-305.

Base Level positions were changed from unclassified to classified to reflect the recommendations of the Pay Plan Study and salaries were adjusted accordingly. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries may include board member Stipend payments and Career Service payments for eligible employees. Personal Services Matching includes a \$75 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

The Board requests a Change Level of \$1,000 for each year of the biennium for Conference & Travel Expenses. The increase is due to anticipated higher costs of travel and travel related expenses for staff to attend the North American Collection Agency Regulatory Association conference.

The Board also requests a reallocation of \$935 each year from Data Processing to Operating Expenses to properly classify expenses.

Executive Recommendation provides for Base Level and reallocation from Data Processing to Operating Expenses. 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		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	157,918	184,689	183,489	184,657	184,657	184,657	188,243	188,243	188,243
#Positions		3	4	4	4	4	4	4	4	4
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	48,684	51,480	54,152	55,187	55,187	55,187	55,859	55,859	55,859
Operating Expenses	5020002	38,673	59,481	59,481	59,481	60,416	60,416	59,481	60,416	60,416
Conference & Travel Expenses	5050009	3,916	4,500	4,500	4,500	5,500	4,500	4,500	5,500	4,500
Professional Fees	5060010	2,302	2,800	2,800	2,800	2,800	2,800	2,800	2,800	2,800
Data Processing	5090012	0	935	935	935	0	0	935	0	0
Grants and Aid	5100004	965,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
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		1,216,493	1,333,527	1,334,999	1,337,202	1,338,202	1,337,202	1,341,460	1,342,460	1,341,460
Funding Sources										
Fund Balance	4000005	5,471,999	5,679,650		5,446,123	5,446,123	5,446,123	5,207,921	5,207,921	5,208,921
Cash Fund	4000045	1,424,144	1,100,000		1,099,000	1,100,000	1,100,000	1,099,000	1,100,000	1,100,000
Total Funding		6,896,143	6,779,650		6,545,123	6,546,123	6,546,123	6,306,921	6,307,921	6,308,921
Excess Appropriation/(Funding)		(5,679,650)	(5,446,123)		(5,207,921)	(5,207,921)	(5,208,921)	(4,965,461)	(4,965,461)	(4,967,461)
Grand Total		1,216,493	1,333,527		1,337,202	1,338,202	1,337,202	1,341,460	1,342,460	1,341,460

The FY09 Budget amount in Regular Salaries exceeds the authorized amount due to salary adjustments during the 2007-2009 biennium.

Change Level by Appropriation

Appropriation: A56 - Division of Collections - Cash Operations

Funding Sources: 310 - Collection Agencies Board - Cash

Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	1,337,202	4	1,337,202	100.0	1,341,460	4	1,341,460	100.0
C01	Existing Program	1,000	0	1,338,202	100.1	1,000	0	1,342,460	100.1
C04	Reallocation	0	0	1,338,202	100.1	0	0	1,342,460	100.1

Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	1,337,202	4	1,337,202	100.0	1,341,460	4	1,341,460	100.0
C01	Existing Program	0	0	1,337,202	100.0	0	0	1,341,460	100.0
C04	Reallocation	0	0	1,337,202	100.0	0	0	1,341,460	100.0

Justification

C01	Agency personnel attended only the North American Collection Agency Regulatory Association conference in FY 2008 spending all but \$582 of the travel budget. The Board is requesting an increase in Conference and Travel Expenses due to anticipated higher travel cost for the next biennium. The increase will ensure the agency can send the necessary personnel to the NACARA conference.
C04	The agency requests a reallocation of resources to properly classify \$935 from Data Processing to Operating Expenses for FY10 and FY11.

Analysis of Budget Request

Appropriation: B99 - Division of Check Cashing

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

The Division of Check Cashing authorized by Arkansas Code Annotated §23-52-101 et seq. is responsible for licensing and regulating check cashing and deferred presentment of checks, imposing fines and penalties for violations of the check cashing laws and granting exemptions from licensing. The Division of Check Cashing currently oversees the activities of 200 check cashing companies.

Base Level positions were changed from unclassified to classified to reflect the recommendations of the Pay Plan Study and salaries were adjusted accordingly. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries may include board member Stipend payments and Career Service payments for eligible employees. Personal Services Matching includes a \$75 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

The Board requests a Change Level of \$1,000 for each year of the biennium for the Conference & Travel Expenses so field investigators may attend yearly training seminars hosted by the National Association of Consumer Credit Administrators.

The Board also requests a reallocation of resources to properly classify \$800 from Data Processing to Operating Expenses for each year of the biennium.

Executive Recommendation provides for Base Level and reallocation of Data Processing to Operating Expenses. Expenditure of appropriation is contingent upon available funding.

Appropriation Summary

Appropriation: B99 - Division of Check Cashing

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

Historical Data

Agency Request and Executive Recommendation

Commitment Item		2007-2008	2008-2009	2008-2009	2009-2010			2010-2011		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	103,128	145,983	145,983	140,200	140,200	140,200	142,702	142,702	142,702
#Positions		3	4	4	4	4	4	4	4	4
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	37,665	44,423	46,749	47,032	47,032	47,032	47,498	47,498	47,498
Operating Expenses	5020002	39,207	69,006	69,006	69,006	69,806	69,806	69,006	69,806	69,806
Conference & Travel Expenses	5050009	395	3,300	3,300	3,300	4,300	3,300	3,300	4,300	3,300
Professional Fees	5060010	67,736	67,800	67,800	67,800	67,800	67,800	67,800	67,800	67,800
Data Processing	5090012	0	800	800	800	0	0	800	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Total		248,131	336,312	338,638	333,138	334,138	333,138	336,106	337,106	336,106
Funding Sources										
Fund Balance	4000005	443,154	597,297		370,985	370,985	370,985	146,847	146,847	147,847
Cash Fund	4000045	402,274	110,000		109,000	110,000	110,000	109,000	110,000	110,000
Total Funding		845,428	707,297		479,985	480,985	480,985	255,847	256,847	257,847
Excess Appropriation/(Funding)		(597,297)	(370,985)		(146,847)	(146,847)	(147,847)	80,259	80,259	78,259
Grand Total		248,131	336,312		333,138	334,138	333,138	336,106	337,106	336,106

Change Level by Appropriation

Appropriation: B99 - Division of Check Cashing
Funding Sources: 385 - Collection Agencies Division of Check Cashing - Cash

Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	333,138	4	333,138	100.0	336,106	4	336,106	100.0
C01	Existing Program	1,000	0	334,138	100.3	1,000	0	337,106	100.3
C04	Reallocation	0	0	334,138	100.3	0	0	337,106	100.3

Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	333,138	4	333,138	100.0	336,106	4	336,106	100.0
C01	Existing Program	0	0	333,138	100.0	0	0	336,106	100.0
C04	Reallocation	0	0	333,138	100.0	0	0	336,106	100.0

Justification

C01	The Board is requesting an increase in Conference and Travel Expenses so that the check-cashing field investigators may attend yearly training seminars hosted by the National Association of Consumer Credit Administrators. The agency has recently hired a new investigator. This increase would ensure that all necessary personnel could attend the training seminars.
C04	The agency requests a reallocation of resources to properly classify \$800 from Data Processing to Operating Expenses for FY10 and FY11.

STATE BOARD OF COSMETOLOGY

Enabling Laws

Act 791 of 2007
A.C.A. §17-26-101 et seq.

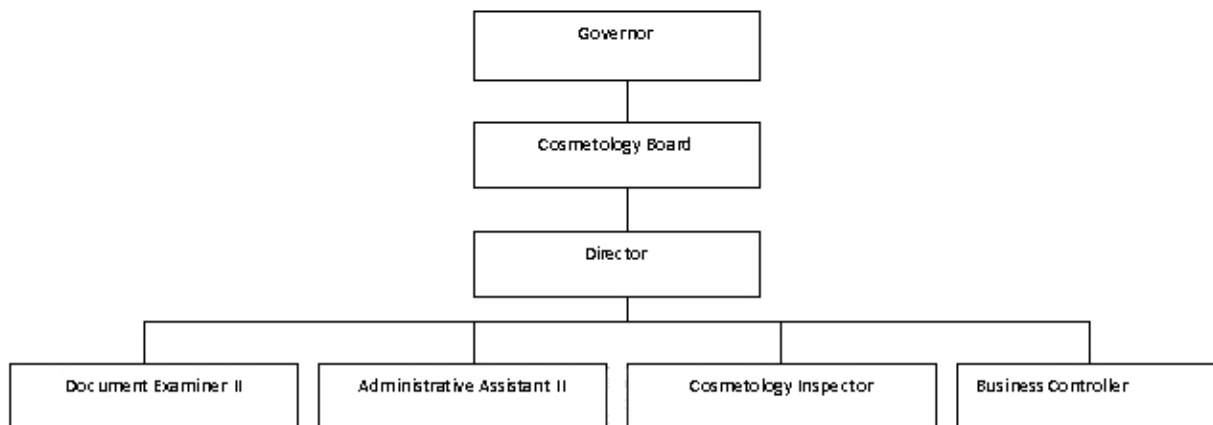
History and Organization

The Arkansas State Board of Cosmetic Therapy was created in 1925 to protect the public through the regulation of the practice of Cosmetology. Act 358 of 1955 created the State Board of Cosmetology and provides the basic authority from which the Board operates today.

The mission is to protect the public welfare by establishing, maintaining, and enforcing appropriate standards of competency and practice in the Cosmetology Profession.

Statutory responsibility is to regulate the vocation of cosmetic therapy; develop and maintain a curriculum of study; develop and conduct examinations for registration and licensing of applicants; register and regulate the conduct and sanitation of cosmetological establishments and schools; adopt rules and regulations to carry out the provisions of the Cosmetology Code; and determine penalties for violation of the Code and regulations promulgated by the Board.

The primary activities: 1) Administer the licensure examination on a monthly basis to qualified applicants pursuing licensure in the following occupational areas (Cosmetologists, Aestheticians, Electrologists, Manicurists, Cosmetology and Electrology Instructors); 2) Grant certification to those who pass the examinations and otherwise qualify, 3) Determine whether those who apply for license by reciprocity are qualified to practice; (4) Register and issue renewable licenses to practitioners and cosmetological establishments; (5) Inspect cosmetological establishments and schools for compliance with licensing code and health and safety regulations; (6) Investigate violations of the Cosmetology Act and where appropriate take disciplinary action after conducting a hear; (7) Monitor mandatory continuing education on Instructors who hold licenses to practice.



Agency Commentary

The Arkansas State Board of Cosmetology operates from two appropriations, Cosmetology Operations (053) and Disciplinary Hearings (850). Agency operations are funded from the receipt of fees as established by the Board pursuant to A.C.A. §17-26-09.

The Board requests continuation of Base Level for the 2009-2011 biennium with the following Change Level requests:

Cosmetology Operations (053) - Fund SXC0100

This appropriation is funded from the fees collected by the Board pursuant to A.C.A. §17-26-209 to support the agency's daily operations and to carry out the responsibilities of the Board to conduct examinations, maintain a system for issuing certificates of registration and licenses, conduct health and safety inspections/operations audits, conduct meetings and maintain a principle office that provides administrative support to the Board.

The Base Level request for this appropriation is \$714,711 for FY10 and \$723,875 for FY11. The Board is requesting to reallocate \$21,200 each fiscal year from Data Processing to Operating Expenses resulting in a net increase request in appropriation of \$9,850 each fiscal year. The additional appropriation is requested to cover the increase in office rent, mileage and meals/lodging in anticipation of the Board's decision to resume testing in-house. The reallocation from Data Processing to Operating Expenses of \$15,700 will allow for the correct expenditure of appropriation for network and technical services; the reallocation to Professional Fees of \$5,500 will allow sufficient appropriation to purchase testing materials.

Disciplinary Hearings (850) - Fund NBC0000

This appropriation is funded from the penalties assessed by the Board pursuant to the authority granted in A.C.A. §17-26-101 et seq. Use of this appropriation is currently limited to those expenses associated with disciplinary hearings (i.e. court reporter, subpoenas, witnesses and expenses), enforcement actions and investigations, as well as development and staffing needs for educational training purposes as outlined in A.C.A. §17-26-104(c)(5)(C).

The Base Level request for this appropriation is \$10,764 each fiscal year. The Board is requesting additional appropriation of \$29,236 each fiscal year to bring the total authorized for expenses associated with disciplinary hearings and training to \$40,000 each year. The Board processes Notice of Violation letters, Notice and Orders for Board Hearings as well as Notice of Findings and mails them via Certified Mail/Return Receipt for legal purposes. A court reporter is always retained for the hearings and if necessary, an interpreter is also used to assist non-English speaking licensees so they can fully participate in the hearing process. The additional appropriation is needed to ensure that all hearing related expenditures are recorded in this appropriation and not in the agency operations appropriation.

Anticipated receipts generated from fees/penalties are sufficient to support the Board's Biennial Budget Request.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
ARKANSAS STATE BOARD OF COSMETOLOGY

FOR THE YEAR ENDED JUNE 30, 2005

Findings	Recommendations
None	None

Employment Summary

	Male	Female	Total	%
White Employees	1	6	7	88 %
Black Employees	0	1	1	12 %
Other Racial Minorities	0	0	0	0 %
Total Minorities			1	12 %
Total Employees			8	100 %

Publications

A.C.A. 25-1-204

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
Rules and Regulations	A.C.A. 17-26-205 (a) (D)	N	N	1,200	Required by Law. All new licensees receive copy.

Department Appropriation Summary

Historical Data

Agency Request and Executive Recommendation

Appropriation	2007-2008		2008-2009		2008-2009		2009-2010					2010-2011						
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
053 Operations	768,448	10	669,729	10	762,001	10	714,711	10	724,561	10	724,561	10	723,875	10	733,725	10	733,725	10
850 Disciplinary Hearings	7,324	0	10,764	0	10,764	0	10,764	0	40,000	0	40,000	0	10,764	0	40,000	0	40,000	0
Total	775,772	10	680,493	10	772,765	10	725,475	10	764,561	10	764,561	10	734,639	10	773,725	10	773,725	10

Funding Sources		%		%		%		%		%		%		%		%		%	
Fund Balance	4000005	1,075,866	61.0	987,656	82.3			519,392	18.8	519,392	18.5	519,392	18.5	2,040,621	91.8	2,040,621	90.2	2,040,621	90.2
Special Revenue	4000030	645,995	36.6	169,729	14.1			2,233,440	80.7	2,243,290	80.0	2,243,290	80.0	170,150	7.7	180,000	8.0	180,000	8.0
Cash Fund	4000045	41,567	2.4	42,500	3.5			13,264	0.5	42,500	1.5	42,500	1.5	13,264	0.6	42,500	1.9	42,500	1.9
Total Funds		1,763,428	100.0	1,199,885	100.0			2,766,096	100.0	2,805,182	100.0	2,805,182	100.0	2,224,035	100.0	2,263,121	100.0	2,263,121	100.0
Excess Appropriation/(Funding)		(987,656)		(519,392)				(2,040,621)		(2,040,621)		(2,040,621)		(1,489,396)		(1,489,396)		(1,489,396)	
Grand Total		775,772		680,493				725,475		764,561		764,561		734,639		773,725		773,725	

Actual exceeds Authorized and Budget in Operations [053] due to a higher amount in Operating Expenses in FY08.

Agency Position Usage Report

FY2006 - 2007						FY2007 - 2008						FY2008 - 2009					
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			Total	Total	Total	Total			Total				
10	10	0	10	0	0.00 %	10	9	1	10	0	10.00 %	10	8	2	10	0	20.00 %

Analysis of Budget Request

Appropriation: 053 - Operations

Funding Sources: SXC - Cosmetology - Special Revenue

Arkansas Code Annotated §17-26-201 authorized the State Board of Cosmetology consisting of ten members appointed by the Governor. The members of the Board may not be directly or indirectly connected to the wholesale business or the manufacture, rental, sale, or distribution of cosmetological appliances or supplies. The Board is responsible for holding examinations, issuing certificates of registration and licenses, registering cosmetological establishments and schools of cosmetology, approving disbursement of funds, adopting rules and regulations, and enforcing the rules and regulations adopted. Funding is derived from special revenues received from the collection of license fees, and all funds remaining at the end of each fiscal year carry forward. This appropriation is utilized for the operating expenses for examinations, certifications, licenses, inspections, and other Board related activities.

The Base Level unclassified position was changed to classified and the current classified positions reflect the recommendations of the Pay Plan Study. Salaries were adjusted accordingly. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries may include board member Stipend payments and Career Service payments for eligible employees. Personal Services Matching includes a \$75 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

The Board requests a net increase of \$9,850 for each year of the biennium. The increase is for office rent, and travel related expenses in anticipation of the Board's decision to resume testing by the Board. The Board requests a reallocation of resources to properly classify \$21,200 for FY10 and FY11 from Data Processing to Operating Expenses of \$15,700 for support and maintenance of their licensure database and \$5,500 to Professional Fees to cover purchase of testing materials in anticipation of the Board's decision to resume testing by the Board.

The significant increase in funding from the 2007-2009 biennium to the 2009-2011 biennium is due to Act 223 of 2007, which changed the fee structure allowing the Board to promulgate a fee schedule by rule and collect fees accordingly. The Board has increased fees during the current biennium. The Act also changed the expiration date of cosmetologists, instructors, electrologists, aestheticians, and manicurists to the licensee's birthday on a biennial basis. Licenses for schools and establishments either expire annually on December 31, biennially on December 31, or biennially on the owner's birthday in conjunction with that individual's license. Timing of the majority of the license renewals being received in the first year reduces income in the second year of the biennium.

Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 053 - Operations

Funding Sources: SXC - Cosmetology - Special Revenue

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	246,393	263,484	256,214	293,236	293,236	293,236	300,828	300,828	300,828
#Positions		10	10	10	10	10	10	10	10	10
Personal Services Matching	5010003	100,909	94,875	99,625	110,105	110,105	110,105	111,677	111,677	111,677
Operating Expenses	5020002	369,611	251,321	310,881	251,321	276,871	276,871	251,321	276,871	276,871
Conference & Travel Expenses	5050009	3,428	6,349	6,349	6,349	6,349	6,349	6,349	6,349	6,349
Professional Fees	5060010	30,750	32,500	47,500	32,500	38,000	38,000	32,500	38,000	38,000
Data Processing	5090012	17,357	21,200	41,432	21,200	0	0	21,200	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Total		768,448	669,729	762,001	714,711	724,561	724,561	723,875	733,725	733,725
Funding Sources										
Fund Balance	4000005	685,529	563,076		63,076	63,076	63,076	1,581,805	1,581,805	1,581,805
Special Revenue	4000030	645,995	169,729		2,233,440	2,243,290	2,243,290	170,150	180,000	180,000
Total Funding		1,331,524	732,805		2,296,516	2,306,366	2,306,366	1,751,955	1,761,805	1,761,805
Excess Appropriation/(Funding)		(563,076)	(63,076)		(1,581,805)	(1,581,805)	(1,581,805)	(1,028,080)	(1,028,080)	(1,028,080)
Grand Total		768,448	669,729		714,711	724,561	724,561	723,875	733,725	733,725

The FY09 Budget amount in Regular Salaries exceeds the Authorized amount due to salary adjustments during the 2007-2009 biennium.

Actual exceeds Authorized in Personal Services Matching due to a transfer from the Salary Holding Account.

Actual exceeds Authorized and Budget in Operating Expenses due to an authorized appropriation of \$421,081 in FY08.

Change Level by Appropriation

Appropriation: 053 - Operations
Funding Sources: SXC - Cosmetology - Special Revenue

Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	714,711	10	714,711	100.0	723,875	10	723,875	100.0
C01	Existing Program	9,850	0	724,561	101.4	9,850	0	733,725	101.4
C04	Reallocation	0	0	724,561	101.4	0	0	733,725	101.4

Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	714,711	10	714,711	100.0	723,875	10	723,875	100.0
C01	Existing Program	9,850	0	724,561	101.4	9,850	0	733,725	101.4
C04	Reallocation	0	0	724,561	101.4	0	0	733,725	101.4

Justification

C01	The Board requests an increase in Operating Expenses of \$9,850 for FY10 and FY11, this will cover the increase in office rent, mileage, and meals and lodging in anticipation of the Board's decision to resume testing by the Board.
C04	The agency requests a reallocation of resources from Data Processing of \$21,200 for FY10 and FY11 to Operating Expenses of \$15,700 for network services and miscellaneous technical services expense and Professional Fees of \$5,500 to cover purchase of testing materials in anticipation of the Board's decision to resume testing by the Board.

Analysis of Budget Request

Appropriation: 850 - Disciplinary Hearings

Funding Sources: NBC - Cash in Treasury

The Board of Cosmetology is authorized under Arkansas Code Annotated §17-26-208 to initiate investigations and conduct administrative disciplinary hearings. This appropriation allows the Board to pay expenses of administrative hearings of licensed cosmetologists. In settlement of some disciplinary matters, penalties are assessed rather than license suspension or revocation. The penalties are deposited as cash.

The Board requests a Change Level of \$29,236 for both years of the biennium in Operating Expenses. The increase is for postage; due to increases in postal rates, office supplies, and for the retention of a court reporter for hearings and an interpreter when necessary to assist non-English speaking licensee to participate in the hearings. These expenses have not been previously paid from this fund although it is intended to cover such services.

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

Appropriation Summary

Appropriation: 850 - Disciplinary Hearings

Funding Sources: NBC - Cash in Treasury

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	7,324	10,764	10,764	10,764	40,000	40,000	10,764	40,000	40,000
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		7,324	10,764	10,764	10,764	40,000	40,000	10,764	40,000	40,000
Funding Sources										
Fund Balance	4000005	390,337	424,580		456,316	456,316	456,316	458,816	458,816	458,816
Cash Fund	4000045	41,567	42,500		13,264	42,500	42,500	13,264	42,500	42,500
Total Funding		431,904	467,080		469,580	498,816	498,816	472,080	501,316	501,316
Excess Appropriation/(Funding)		(424,580)	(456,316)		(458,816)	(458,816)	(458,816)	(461,316)	(461,316)	(461,316)
Grand Total		7,324	10,764		10,764	40,000	40,000	10,764	40,000	40,000

Change Level by Appropriation

Appropriation: 850 - Disciplinary Hearings

Funding Sources: NBC - Cash in Treasury

Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	10,764	0	10,764	100.0	10,764	0	10,764	100.0
C01	Existing Program	29,236	0	40,000	371.6	29,236	0	40,000	371.6

Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	10,764	0	10,764	100.0	10,764	0	10,764	100.0
C01	Existing Program	29,236	0	40,000	371.6	29,236	0	40,000	371.6

Justification

C01	These expenses are related to the processing of Notice of Violation letters, Notice and Orders for Board Hearings, Notice of Findings. All documents related to this process are sent via Certified Mail/Return Receipt for legal purposes. Also, a court reporter is always retained for these hearings and an interpreter is sometimes necessary to assist the non-English speaking licensee to fully participate in the hearing process. These expenses have not previously been paid from this fund although it is intended to cover such services.
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AR DEVELOPMENT FINANCE AUTHORITY

Enabling Laws

Act 784 of 2007
A.C.A. § 15-5-101 et seq.

History and Organization

Indebtedness of the Authority:

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

Operational Funding of the Authority:

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

Mission and Activities of the Authority:

The mission statement of the Authority, reviewed and revised in 2001, is as follows:

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

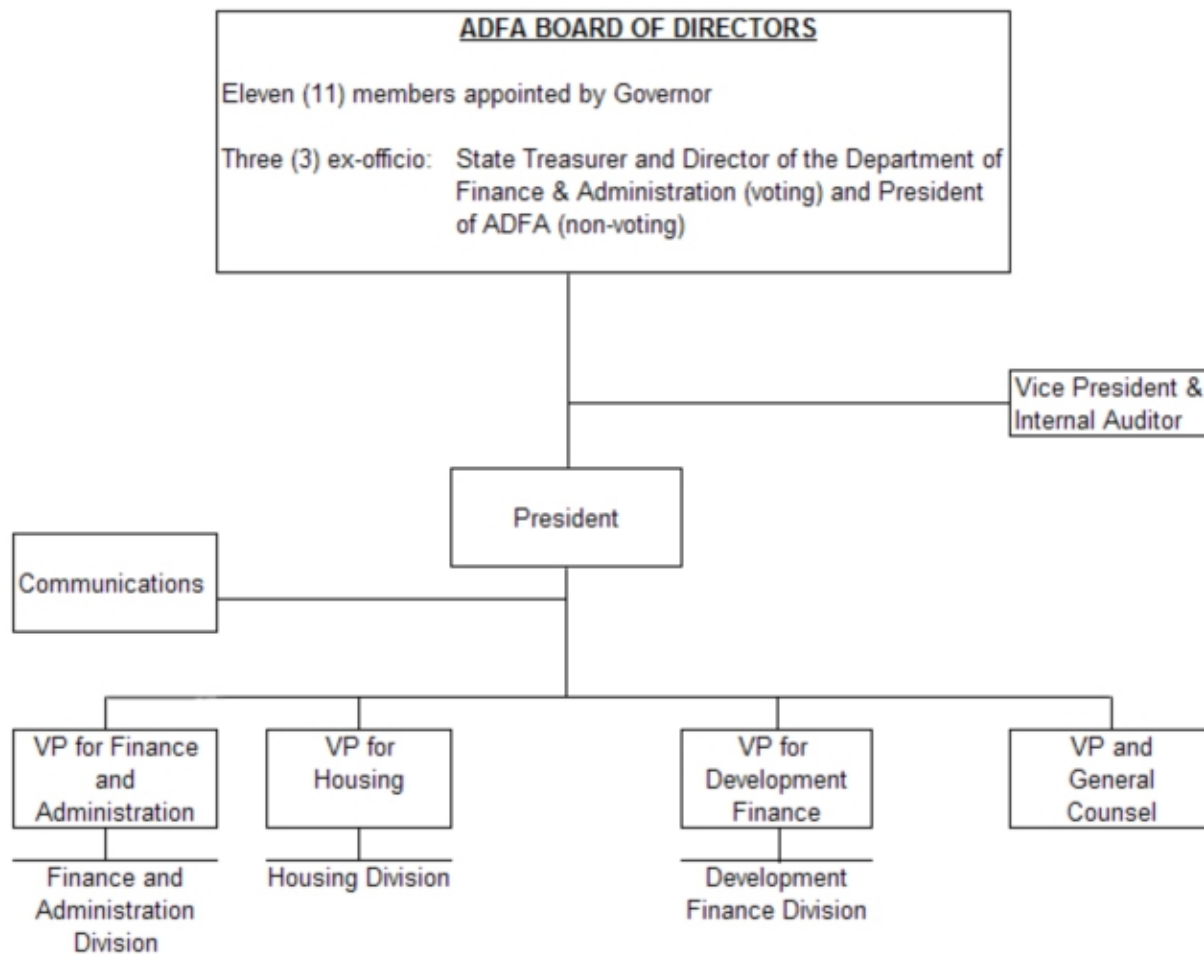
ADFA administers several different programs in each of these activity areas that further the cause of each goal. With the business-like flexibility afforded ADFA by its statutory charge and, under the guidance of a very active and professional Board of Directors, ADFA has added and discontinued programs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

Oversight of the Authority:

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

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

A final (and very comprehensive and publicly reported) area of oversight is provided by Standard & Poors, the rating agency that rates the bonds issued by the Authority. Pursuant to an application submitted by ADFA, Standard & Poor's in May, 1999, published what is called an "Issuer Credit Rating" (comparable to the general obligation rating that is maintained by the State of Arkansas), assigning an 'A' rating to ADFA. In December 2006, the rating was upgraded to 'A+'. In assigning and maintaining this rating, ADFA annually undergoes a thorough review of its balance sheet and general finances, as well as a comprehensive review of, among other things, (a) the expertise and experience of its management team and Board of Directors, (b) the efficiency and operation of its accounting, operating and management information systems, (c) its reputation and relationship with the legislature, the Governor's office and other political constituencies and (d) the strength of its internal accounting controls and compliance areas.



Agency Commentary

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

The Agency requests to restore \$23,000 of appropriation to the Capital Outlay line item each year. 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 requests a reallocation of appropriation increasing Operating Expenses and decreasing Conference and Travel Expenses in the amount of \$20,600. This transfer of appropriation is needed due to increases in ADFA's national housing association dues, parking rental, office rent and fuel purchases.

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

The HOME Program, currently budgeted at \$14,261,800 for each fiscal year, will be funded through

federal grants. The agency requests an appropriation increase for this program in the amount of \$2,079,415 for each year. This will result in a total budgeted amount of \$16,341,215 per fiscal year. This increase in appropriation is needed in response to an increase in HOME fund applications and eligible developments. The increase will allow ADFA to provide adequate resources to develop and support affordable housing throughout the state. Federal funds will be the funding source for this change level increase.

The Grants and Aid Program, budgeted at \$6,600,000 for each fiscal year, will be funded through federal grants. The Mediation Program will be funded partly by cash and partly from federal reimbursement (up to \$76,411 per year) for costs associated with the Loan Mediation Program.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
ARKANSAS DEVELOPMENT FINANCE AUTHORITY

FOR THE YEAR ENDED JUNE 30, 2006

Findings	Recommendations
None	None

Employment Summary

	Male	Female	Total	%
White Employees	14	28	42	76 %
Black Employees	6	7	13	24 %
Other Racial Minorities	0	0	0	0 %
Total Minorities			13	24 %
Total Employees			55	100 %

Cash Fund Balance Description as of June 30, 2008

Fund Account	Balance	Type	Location
1230200	\$93,684	Checking	Regions Bank, Little Rock, AR

Statutory/Other Restrictions on use:

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

Statutory Provisions for Fees, Fines, Penalties:

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

Revenue Receipts Cycle:

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

Fund Balance Utilization:

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

Publications

A.C.A. 25-1-204

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

Agency Position Usage Report

FY2006 - 2007						FY2007 - 2008						FY2008 - 2009					
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	
64	60	1	61	3	6.25 %	62	57	5	62	0	8.06 %	62	55	7	62	0	11.29 %

The Authorized Position amount decreased in FY07 due to the Authority's decision to leave 3 positions unbudgeted in FY06 and only ask to restore 1 of the positions in the 2007-09 Biennial Request.

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 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.

The Base Level request of \$3,466,137 in FY10 and \$3,534,380 in FY11 includes board member Stipend payments and Career Service payments for eligible employees. Base Level salaries for classified positions reflect the recommendations of the Pay Plan Study and unclassified positions reflect similar adjustments in line item salaries. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. Personal Services Matching includes a \$75 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

The Authority's total Base Level is \$26,391,464 for FY10 and \$26,473,024 for FY11. The Authority's request reflects an increase of \$2,102,415 for each year. The request includes Capital Outlay of \$23,000 each year to replace one existing vehicle each year; an increase in appropriation of \$2,102,415 million each year to compensate for an increase in the federally funded HUD HOME program grant availability; and a \$20,600 per year reallocation from Conference and Travel Expenses into Operating Expenses to account for a rise in office rent, fuel and membership dues for national associations.

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

Appropriation Summary

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

Historical Data

Agency Request and Executive Recommendation

Commitment Item	Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
	2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010 Base Level	2009-2010 Agency	2009-2010 Executive	2010-2011 Base Level	2010-2011 Agency	2010-2011 Executive
Regular Salaries 5010000	3,095,921	3,421,298	3,488,420	3,466,137	3,466,137	3,466,137	3,534,380	3,534,380	3,534,380
#Positions	58	62	62	62	62	62	62	62	62
Extra Help 5010001	22,875	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
#Extra Help	4	5	5	5	5	5	5	5	5
Personal Services Matching 5010003	866,106	912,314	975,555	985,542	985,542	985,542	998,859	998,859	998,859
Operating Expenses 5020002	566,792	558,858	558,858	558,858	579,458	579,458	558,858	579,458	579,458
Conference & Travel Expenses 5050009	62,884	102,315	102,315	102,315	81,715	81,715	102,315	81,715	81,715
Professional Fees 5060010	93,122	112,300	112,300	112,300	112,300	112,300	112,300	112,300	112,300
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Grants and Aid 5100004	2,079,415	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	3,316	23,000	23,000	0	23,000	23,000	0	23,000	23,000
Data Processing Services 5900044	252,087	264,512	264,512	264,512	264,512	264,512	264,512	264,512	264,512
Hud Home Program 5900046	14,006,171	14,261,800	14,261,800	14,261,800	16,341,215	16,341,215	14,261,800	16,341,215	16,341,215
Total	21,048,689	26,296,397	26,426,760	26,391,464	28,493,879	28,493,879	26,473,024	28,575,439	28,575,439
Funding Sources									
Fund Balance 4000005	71,852	93,684		93,684	93,684	93,684	32,699	32,699	32,699
Federal Revenue 4000020	16,085,586	20,861,800		20,861,800	22,941,215	22,941,215	20,861,800	22,941,215	22,941,215
Cash Fund 4000045	4,984,935	5,434,597		5,468,679	5,491,679	5,491,679	5,600,239	5,623,239	5,623,239
Total Funding	21,142,373	26,390,081		26,424,163	28,526,578	28,526,578	26,494,738	28,597,153	28,597,153
Excess Appropriation/(Funding)	(93,684)	(93,684)		(32,699)	(32,699)	(32,699)	(21,714)	(21,714)	(21,714)
Grand Total	21,048,689	26,296,397		26,391,464	28,493,879	28,493,879	26,473,024	28,575,439	28,575,439

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

Change Level by Appropriation

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

Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	26,391,464	62	26,391,464	100.0	26,473,024	62	26,473,024	100.0
C01	Existing Program	2,102,415	0	28,493,879	108.0	2,102,415	0	28,575,439	107.9
C04	Reallocation	0	0	28,493,879	108.0	0	0	28,575,439	107.9

Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	26,391,464	62	26,391,464	100.0	26,473,024	62	26,473,024	100.0
C01	Existing Program	2,102,415	0	28,493,879	108.0	2,102,415	0	28,575,439	107.9
C04	Reallocation	0	0	28,493,879	108.0	0	0	28,575,439	107.9

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 requests a Change Level increase to the HUD Home Program in the amount of \$2,079,415 in order to provide adequate funding to develop and support affordable housing, in response to an increase for HOME funds and eligible developments (source of increase: U.S. HUD federal dollars).
C04	The Agency requests to reallocate Conference and Travel Expenses (09) to Operating Expenses (02) in the amount of \$20,600, due to increases in the Agency's national housing association dues, parking rental, office rent and fuel purchases.

CARRY FORWARD OF ANY UNEXPENDED BALANCE OF APPROPRIATION AND/OR FUNDING FROM FISCAL YEAR 2008 TO FISCAL YEAR 2009

Agency: Development Finance Authority

Program: ADFA-Cash Operations

Act #: 784 of 2007 Section(s) #: 3 & 4

Estimated Carry Forward Amount \$ 0.00 Appropriation Funds

Funding Source: Federal

Accounting Information:

Business Area: 0395 Funds Center: A57 Fund: 123 Functional Area: COMM

Line Item	Commitment Item	Estimated Carry Forward Amount	Actual Carry Forward Amount
Total		\$ 0.00	\$ 0.00

Current law requires a written statement be submitted to the DFA Office of Budget stating the reason(s) to carry forward appropriation and/or funding for a program or a specific line item within a program from the first fiscal year of the biennium to the second fiscal year of the biennium.

Justification for carry forward of unexpended balance of appropriation and/or funding:

We expect funds to be expended by June 30, 2008 therefore no carry forward will be necessary.

Actual Funding Carry Forward Amount \$ 0.00

Current status of carry forward appropriation/funding:

All appropriation was used in FY08, no carry forward is available.

Mac Dodson
President

08-14-2008
Date

DISABILITY DETERMINATION

Enabling Laws

Act 327 of 2007
A.C.A. §20-76-301 et seq.
Titles II and XVI of the Social Security Act

History and Organization

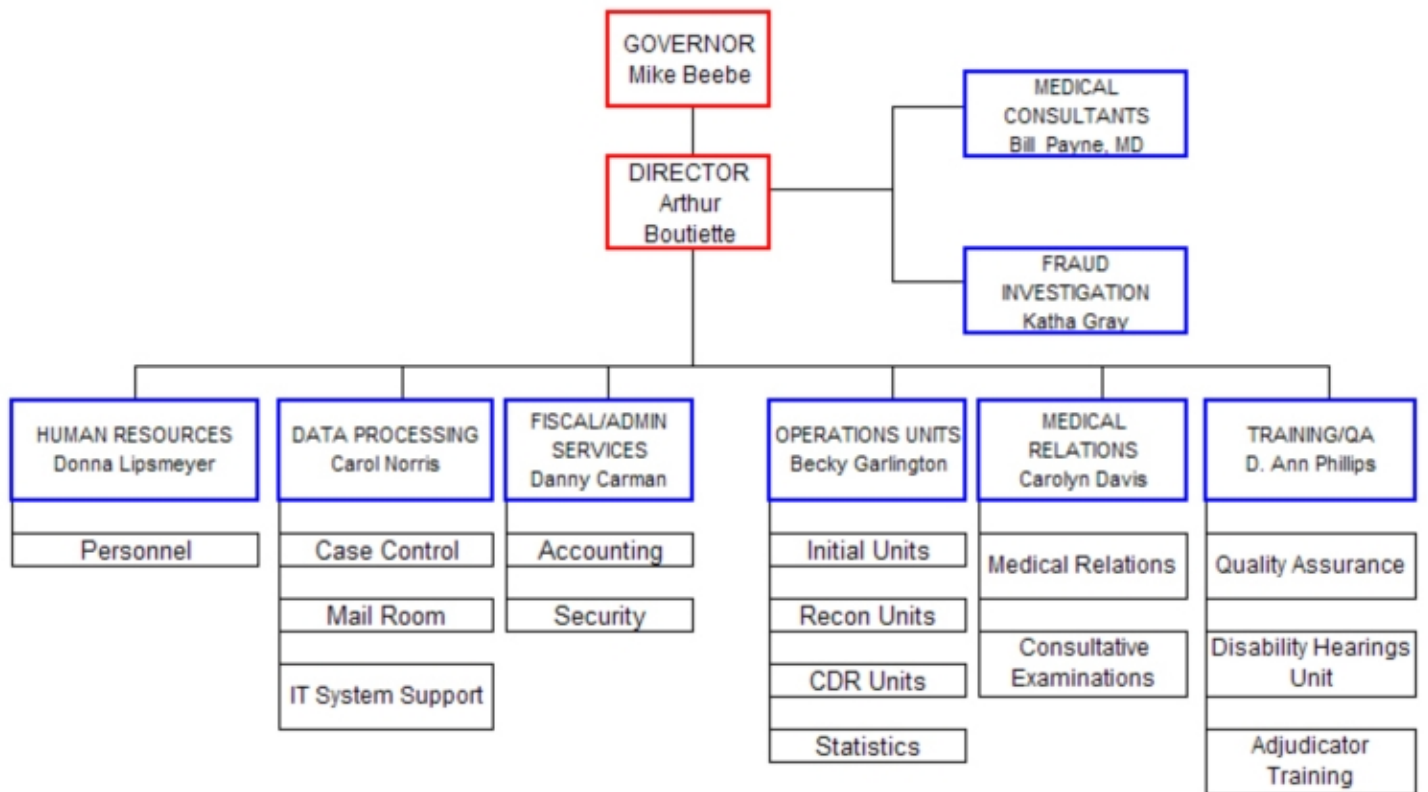
The State Department for Social Security Administration Disability Determination was created by Act 14 of the Second Extraordinary Session of the 1961 Arkansas General Assembly and codified in State law under A.C.A. §20-76-301 et seq. Act 177 of the 1965 Arkansas General Assembly changed the agency title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

The Social Security Administration continues to move the disability determination process toward a totally electronic environment. The paper disability folder has been replaced with an electronic file. During the past three years, the Agency's disability process for initial and reconsideration claims has transitioned from a paper process to an electronic process. The Social Security Administration documents the disability application and interview through the Electronic Disability Collection System (EDCS), and the Agency downloads this data into its legacy case processing system. This enables the Agency to access all disability documentation via an interface with EDCS. At the present time, all initial and reconsideration disability claims filed in Arkansas are being processed electronically without a paper file. The electronic business process has been expanded through the use of the electronic disability folder and electronic medical evidence. Social Security continues to expand this process and will eventually include continuing disability reviews and hearings adjudicated by the Agency. In 2008, Social Security provided software and faxing procedures that allow medical entities to electronically transmit medical records directly to the Electronic Disability Collection System thereby reducing the processing time for gathering medical information on disability claims.



Agency Commentary

The Social Security Administration (SSA) has created an infrastructure to support a totally paperless disability process. New technologies are constantly being incorporated into the electronic system, and the entire business process for disability adjudication by this Agency is being revised. New tools, equipment, and software have been required. The process for requesting and receiving medical evidence now integrates fax and imaging capability. Secure transmission standards are required for receiving medical records. Paper medical reports must be scanned into an electronic file. Employees have been added to the staff to perform and monitor the scanning operations. Medical sources are encouraged to send more medical evidence electronically. This requires extensive activity in the medical community by Agency professional relations staff. There must be staffing for user training for the Agency and time allowed for adjudicators, medical consultants, systems and other support staff to participate in required training. As the electronic process is implemented in this Agency, many job duties must change and additional staff is needed in key areas. Ergonomic issues must be addressed by providing employees with appropriate furniture and equipment needed for constant computer use.

The 2009 - 2011 Biennial Budget Request has been designed to allow the Agency to continue to pursue the expansion of electronic health records and electronic transmissions. Accordingly, in addition to Base Level the Agency requests the continuation of seventeen (17) Miscellaneous Federal Grant (MFG) positions as well as the restoration of thirty four (34) positions that are authorized but not budgeted.

The Agency also requests the continuation of MFG appropriation for \$250,000 in the Overtime line item with related Personal Services Matching.

The Agency requests an increase in Operating Expense appropriation of \$283,702 in FY2010 and

\$319,502 in FY2011 for the rising costs of travel related expenses, and overhead including rent, building and ground maintenance, office equipment maintenance, wireless service, office supplies, indirect costs to the State and postage.

Appropriation increase in Professional Fees and Services of \$209,400 in FY2010 and \$425,200 in FY2011 to cover the increased costs associated with eleven (11) professional services contractors and the rising costs of medical services purchased in the open market.

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

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
DISABILITY DETERMINATION FOR SOCIAL SECURITY ADMINISTRATION
FOR THE YEAR ENDED JUNE 30, 2005

Findings	Recommendations
None	None

Employment Summary

	Male	Female	Total	%
White Employees	55	117	172	76 %
Black Employees	7	45	52	24 %
Other Racial Minorities	1	0	1	0 %
Total Minorities			53	24 %
Total Employees			225	100 %

Publications

A.C.A. 25-1-204

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

Agency Position Usage Report

FY2006 - 2007						FY2007 - 2008						FY2008 - 2009					
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	
283	225	25	250	33	20.49 %	284	230	20	250	34	19.01 %	284	225	25	250	34	20.77 %

Analysis of Budget Request

Appropriation: 2QQ - DDSSA-Operations

Funding Sources: FSD - 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.

DDSSA is responsible for the adjudicative process to make disability decisions in accordance with precise federal regulations. The Federal Social Security Administration is responsible for establishing criteria, approving the agency budget, issuing national instructions and developing policies and procedures. Applications for disability benefits are filed with Social Security district offices, who then forward the application to the State Agency to determine eligibility. Funding for the DDSSA is derived from federal reimbursements received from the Social Security Administration.

Base Level salaries for classified positions reflect the recommendations of the Pay Plan Study and unclassified positions reflect similar adjustments in line item salaries. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries may include board member Stipend payments and Career Service payments for eligible employees. Personal Services Matching includes a \$75 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

The Agency's Base Level request is federal appropriation in the amount of \$24,543,904 in FY2010 and \$24,818,729 in FY2011 with two hundred thirty three (233) regular positions, and twenty (20) Extra Help positions.

The Agency's Change Level Request includes additional federal appropriation in the amount of \$3,219,332 in FY2010 and \$3,517,786 in FY2011 and includes the following:

- Regular Salaries - \$1,741,188 in FY2010 and \$1,780,618 in FY2011 with related Personal Services Matching for the restoration of thirty-four (34) positions authorized but not budgeted during FY2009. Also included is the continuation of seventeen (17) previously authorized Miscellaneous Federal Grant (MFG) positions. In turn, the Agency is discontinuing 17 currently authorized positions. The Agency is requesting continuation as Regular positions in order to provide sufficient staffing levels to accommodate new Social Security Administration regulations published in 2006 that mandate revised procedures at all levels of adjudication.
- Overtime - \$250,000 each year with related Personal Services Matching to continue previously authorized appropriation through a Miscellaneous Federal Grant in FY2009. The Social Security Administration will continue to provide funding to support this appropriation. This appropriation is necessary to eliminate a backlog of cases by reviewing disability claims waiting for face-to-face hearings with Federal Administrative Law Judges.

- Operating Expenses - \$283,702 in FY2010 and \$319,502 in FY2011 of which \$200,000 each year will provide for the Agency's Indirect Cost Expenses, which are billed to the Agency by the State of Arkansas for support services provided by the State including Accounting, Budgeting, Purchasing, Payroll, Information Technology, etc. The rest of the total is needed for increases in rent due to a new lease, office equipment and building and ground maintenance, and costs associated with travel including fuel, mileage, airfare, and food and lodging. Also included, are basic operational increases including postage, wireless phone service, courier, and office supplies.
- Professional Fees - \$209,400 in FY2010 and \$425,200 in FY2011 due to increases afforded to contract doctors and medical fees related to an expected increase in disability claims.
- Capital Outlay - \$100,000 each year to restore the currently authorized appropriation level. This appropriation is necessary for anticipated equipment expenses.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 2QQ - DDSSA-Operations

Funding Sources: FSD - Federal

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	9,891,886	11,052,788	11,932,406	10,956,389	12,697,577	12,697,577	11,185,514	12,966,132	12,966,132
#Positions		257	250	284	233	284	284	233	284	284
Extra Help	5010001	95,242	240,000	240,000	240,000	240,000	240,000	240,000	240,000	240,000
#Extra Help		9	20	20	20	20	20	20	20	20
Personal Services Matching	5010003	2,877,719	3,063,857	3,642,381	3,283,517	3,918,559	3,918,559	3,329,217	3,971,683	3,971,683
Overtime	5010006	273,166	460,000	210,000	210,000	460,000	460,000	210,000	460,000	460,000
Operating Expenses	5020002	2,234,210	2,441,998	2,441,998	2,441,998	2,725,700	2,725,700	2,441,998	2,761,500	2,761,500
Conference & Travel Expenses	5050009	15,185	42,000	42,000	42,000	42,000	42,000	42,000	42,000	42,000
Professional Fees	5060010	7,196,964	7,370,000	7,370,000	7,370,000	7,579,400	7,579,400	7,370,000	7,795,200	7,795,200
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	100,000	100,000	0	100,000	100,000	0	100,000	100,000
Total		22,584,372	24,770,643	25,978,785	24,543,904	27,763,236	27,763,236	24,818,729	28,336,515	28,336,515

Funding Sources										
Federal Revenue	4000020	22,584,372	24,770,643		24,543,904	26,439,720	26,439,720	24,818,729	26,986,562	26,986,562
Total Funding		22,584,372	24,770,643		24,543,904	26,439,720	26,439,720	24,818,729	26,986,562	26,986,562
Excess Appropriation/(Funding)		0	0		0	1,323,516	1,323,516	0	1,349,953	1,349,953
Grand Total		22,584,372	24,770,643		24,543,904	27,763,236	27,763,236	24,818,729	28,336,515	28,336,515

Actual # of Positions is higher than Budget due to the approval of 17 Miscellaneous Federal Grant (MFG) positions in FY08. 257 positions were used, but never filled simultaneously over the Budget amount of 250.

Actual amount exceeds Authorized in Overtime due a transfer from the Miscellaneous Federal Grant Holding Account.

Special Language provides for the carryforward of appropriation in Capital Outlay from the first year of the biennium to the second year of the biennium. The actual amount that carried forward from FY2008 to FY2009 was \$100,000.

Change Level by Appropriation

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

Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	24,543,904	233	24,543,904	100.0	24,818,729	233	24,818,729	100.0
C01	Existing Program	593,102	0	25,137,006	102.4	844,702	0	25,663,431	103.4
C05	Unfunded Appropriation	1,323,516	34	26,460,522	107.8	1,349,953	34	27,013,384	108.8
C06	Restore Position/Approp	1,302,714	17	27,763,236	113.1	1,323,131	17	28,336,515	114.2

Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	24,543,904	233	24,543,904	100.0	24,818,729	233	24,818,729	100.0
C01	Existing Program	593,102	0	25,137,006	102.4	844,702	0	25,663,431	103.4
C05	Unfunded Appropriation	1,323,516	34	26,460,522	107.8	1,349,953	34	27,013,384	108.8
C06	Restore Position/Approp	1,302,714	17	27,763,236	113.1	1,323,131	17	28,336,515	114.2

Justification

C01	The Agency is requesting to restore appropriation in the amount of \$250,000 each year of the biennium in Overtime with related Personal Services Matching that was authorized in FY2009 through a Miscellaneous Federal Grant. The Agency is also requesting to increase appropriation in the amount of \$283,702 in FY2010 and \$319,502 in FY2011 in Operating Expenses for increases in postage, wireless phone service, office equipment and building and ground maintenance, increases in rent due to a new lease, and costs associated with travel including mileage, food, lodging, and fuel. Also included is a request to increase appropriation in the amount of \$200,000 each year for indirect cost charges billed to the Agency by the State of Arkansas. Additionally the Agency is requesting an increase of \$209,400 in FY2010 and \$425,200 in FY2011 for Professional Fees due to increases in fees afforded to contract doctors and medical fees related to an expected increase in disability claims. Finally, the Agency is requesting to restore Capital Outlay appropriation in the amount of \$100,000 for anticipated equipment expenses.
C05	The Agency is requesting to restore 34 positions that were authorized in the previous biennium but were not budgeted during FY2009.
C06	The Agency is requesting to restore 17 Miscellaneous Federal Grant (MFG) Positions that were approved for FY2009 and is requesting to discontinue 17 positions that the MFG positions will replace.

CARRY FORWARD OF ANY UNEXPENDED BALANCE OF APPROPRIATION AND/OR FUNDING FROM FISCAL YEAR 2008 TO FISCAL YEAR 2009

Agency: Disability Determination for Social Security Administration

Program: DDSSA-Operations

Act #: 327 of 2007 Section(s) #: 3 & 5

Estimated Carry Forward Amount \$ 15,000.00 Appropriation Funds

Funding Source: Federal

Accounting Information:

Business Area: 0311 Funds Center: 2QQ Fund: FSD Functional Area: HHS

Line Item	Commitment Item	Estimated Carry Forward Amount	Actual Carry Forward Amount
Capital Outlay	5120011	15,000.00	100,000.00
Total		\$ 15,000.00	\$ 100,000.00

Current law requires a written statement be submitted to the DFA Office of Budget stating the reason(s) to carry forward appropriation and/or funding for a program or a specific line item within a program from the first fiscal year of the biennium to the second fiscal year of the biennium.

Justification for carry forward of unexpended balance of appropriation and/or funding:

The Carry Forward is requested to engage in planned or unforeseen projects as the agency deems necessary for normal operations. Next fiscal year, this will be utilized on a security surveillance system for the agency.

Actual Funding Carry Forward Amount \$ 0.00

Current status of carry forward appropriation/funding:

At the present time we have no expenses for equipment but we will spend \$62,000 for replacement and enhancement of our security camera system. Also, we intend to purchase a closed circuit television system which will link all of our operations units with our training room. This will facilitate the dissemination of training because we do not have the space to gather large groups for training. The cost of the closed circuit television system will cost an estimated \$38,000.

Arthur W. Boutiette
Director

08-15-2008
Date

ARKANSAS FAIR HOUSING COMMISSION

Enabling Laws

Act 1222 of 2007
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 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 are appointed by the Governor, three by the President Pro Tempore of the Senate and three by the Speaker of the House. Six of the appointees are industry representatives and seven are consumers. Each Congressional District must be represented by a Commissioner.



Agency Commentary

The Arkansas Fair Housing Commission was created in 2001 for the purpose of:

- Receiving, investigating, conciliating and/or resolving complaints alleging violations of the Arkansas Fair Housing Act, which prohibits discriminatory 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.
- Assisting other entities (both public and private) in the formulation and operation of programs that prevent or eliminate discriminatory housing practices
- Providing for an education and outreach program to prevent discriminatory housing practices.

The Commission receives funding for appropriation from state general revenue, federal Fair Housing Assistance Program (FHAP) Funds, and trust funds consisting of administrative or civil penalties levied

and collected pursuant to A.C.A. §16-123-301 et seq.

In addition to Base Level, the Commission seeks an increase in appropriation in the amount of \$167,478 with general revenue funding of \$93,405 in FY2010 and appropriation in the amount of \$169,819 with general revenue funding of \$94,929 in FY2011 to support operation of Commission programs as required by state and federal statutes. The Commission is requesting the following new positions to accomplish its goals and objectives: two (2) Investigators; one (1) Fiscal Support Specialist; and one (1) Extra Help position.

Appropriation: 1NH (State Operations)

Increase in appropriation of \$83,770 with \$54,519 in general revenue funding in FY2010 and \$85,695 with \$55,772 in general revenue funding in FY2011 for Regular Salaries with related Personal Services Matching for two (2) new Investigator positions; one (1) new Fiscal Support Special position; and one (1) Extra Help position. These positions are necessary to ensure that the Commission carries forth the legislative declaration that, "the right to seek housing underlies the general public's ability to secure health, safety and welfare." A.C.A. §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 Commission has recently completed a three-year "capacity-building" phase during which time the Commission 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 FY2008, 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.

Two new investigators are necessary to handle the increased caseload. Additionally, the Commission requires one new Fiscal Support Specialist to assist in managing the daily agency fiscal operations and one new Extra Help position to assist as needed.

The Commission is requesting an increase in Operating Expenses appropriation of \$24,511 with general revenue funding of \$14,700 in each year of the biennium for office supplies necessary to support the two new investigator and one new fiscal support specialist positions (such as a computer, a desk/chair, additional telephone lines, general office supplies and mileage allowance for investigative travel). Additionally, this request is necessary to accommodate an increase in investigative travel overall due to the additional case processing mandated by HUD, to pay for increased postage for legal notice requirements and hearings. Accordingly, this appropriation will aid in our fulfillment of the cooperative agreement with HUD to furnish all necessary personnel, materials, services, equipment, facilities and otherwise do all things necessary for or incidental to the performance our agreement.

Also, the Commission is requesting an increase in Professional Fees appropriation in the amount of \$3,600 with general revenue funding of \$2,160 in each year of the biennium to support legal and court reporting fees for administrative case processing.

Appropriation: 56D (Arkansas Fair Housing Commission Trust Fund)

The Commission requests trust fund appropriation in the amount of \$35,000 in FY2010 (of which \$10,000 is being requested as unfunded appropriation) and \$40,000 in FY2011 (of which \$15,000 is being requested as unfunded appropriation) to satisfy statutory mandates for the Commission's Education Trust Fund. The growth of the Commission 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 Arkansas Fair Housing Commission Trust Fund was established in 2001 (A.C.A. §19-5-1135) 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 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 promotional materials. Additionally, the Agency requests a transfer of funding from its Cash in Treasury Fund to this Trust Fund as per A.C.A. §19-5-1135 which sets forth the basis for the Arkansas Fair Housing Commission Trust Fund.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
 AUDIT OF :
 ARKANSAS FAIR HOUSING COMMISSION
 FOR THE YEAR ENDED JUNE 30, 2005

Findings	Recommendations
None	None

Employment Summary

	Male	Female	Total	%
White Employees	1	1	2	33 %
Black Employees	1	3	4	67 %
Other Racial Minorities	0	0	0	0 %
Total Minorities			4	67 %
Total Employees			6	100 %

Publications

A.C.A. 25-1-204

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

Department Appropriation Summary

Historical Data

Agency Request and Executive Recommendation

Appropriation	2007-2008		2008-2009		2008-2009		2009-2010					2010-2011						
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
1NH State Operations	332,225	7	431,933	7	439,798	7	452,415	7	619,893	10	452,415	7	456,470	7	626,289	10	456,470	7
56D Education - Trust*	2,019	0	25,000	0	0	0	0	0	35,000	0	35,000	0	0	0	40,000	0	40,000	0
Total	334,244	7	456,933	7	439,798	7	452,415	7	654,893	10	487,415	7	456,470	7	666,289	10	496,470	7

Funding Sources		%		%		%		%		%		%		%		%	
Fund Balance	4000005	161,103	28.1	239,466	34.9	228,903	38.7	228,903	29.2	228,903	29.2	139,445	27.7	129,445	18.8	296,923	34.7
General Revenue	4000010	266,034	46.4	270,370	39.4	281,030	47.5	374,435	47.7	374,435	47.7	283,398	56.2	378,327	54.9	378,327	44.2
Federal Revenue	4000020	126,141	22.0	156,000	22.7	81,927	13.8	156,000	19.9	156,000	19.9	81,110	16.1	156,000	22.6	156,000	18.2
Cash Fund	4000045	20,432	3.6	20,000	2.9	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Trust Fund	4000050	0	0.0	0	0.0	0	0.0	25,000	3.2	25,000	3.2	0	0.0	25,000	3.6	25,000	2.9
Total Funds		573,710	100.0	685,836	100.0	591,860	100.0	784,338	100.0	784,338	100.0	503,953	100.0	688,772	100.0	856,250	100.0
Excess Appropriation/(Funding)		(239,466)		(228,903)		(139,445)		(129,445)		(296,923)		(47,483)		(22,483)		(359,780)	
Grand Total		334,244		456,933		452,415		654,893		487,415		456,470		666,289		496,470	

* Change in Appropriation due to establishment of Arkansas Fair Housing Trust Fund per A.C.A. 19-5-1135 from previous Cash in Treasury Fund. Formerly "Education - Cash."

Actual and Budget amounts in Appropriation 56D Education - Trust exceeds Authorized due to a transfer from the Cash Fund Holding Account.

Agency Position Usage Report

FY2006 - 2007						FY2007 - 2008						FY2008 - 2009					
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	3	1	4	0	25.00 %	7	6	1	7	0	14.29 %	7	6	1	7	0	14.29 %

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 salaries for classified positions reflect the recommendations of the Pay Plan Study as well as the Fair Housing Director changing from an unclassified to classified position; salaries for both were adjusted accordingly. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries may include board member Stipend payments and Career Service payments for eligible employees. Personal Services Matching includes a \$75 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

The Commission's Base Level request is \$452,415 in FY2010 with general revenue funding in the amount of \$281,030 and four (4) positions, and \$456,470 in FY2011 with general revenue funding in the amount of \$283,398 and three (3) positions.

The Commission's total Change Level Request includes additional appropriation of \$167,478 with general revenue funding in the amount of \$93,405 in FY2010 and additional appropriation of \$169,819 with general revenue funding in the amount of \$94,929 in FY2011. The request includes three (3) Regular positions and one (1) Extra Help position. The total request is comprised of the following:

An increase in appropriation of \$83,770 of which \$54,519 is made up of general revenue in Regular Salaries with related Personal Services Matching in FY2010 and an increase of appropriation of \$85,695 of which \$55,772 is made up of general revenue in Regular Salaries with related Personal Services Matching in FY2011. This request is for two (2) AFHC Investigator positions to resolve fair housing issues and enforce the fair housing laws within the State. Previously, the Fair Housing Commission partnered with the US Department of Housing and Urban Development (HUD) to receive, investigate and conciliate fair housing complaints within Arkansas. However, as part of the Agency's cooperative agreement with HUD, the AFHC took over the processing of all of the State's fair housing complaints, including those previously performed by HUD. Also requested is one (1) Fiscal Support Specialist to assist in managing the daily fiscal operations of the Commission, including maintaining records of financial transactions and preparing reports on the Commission's fiscal status.

One (1) Extra Help position with appropriation of \$20,000 each year of the biennium and related Personal Services Matching is requested to assist in the day to day activities of the Commission.

An increase of \$24,500 in appropriation and general revenue funding of \$14,700 in each year of the biennium in Operating Expenses for the following:

- Increase of \$4,000 in appropriation and general revenue funding of \$2,400 each year of the biennium for increased postage expenses.
- Increase of \$4,000 in appropriation and general revenue funding of \$2,400 each year of the biennium for mileage expenses related to increased investigations and administrative hearings.

- Increase of \$5,000 in appropriation and general revenue funding of \$3,000 each year of the biennium for Board member travel due to increased hearings.
- Increase of \$500 in appropriation and general revenue funding of \$300 each year for vehicle insurance.
- Increase of \$1,000 in appropriation and general revenue funding of \$600 each year of the biennium for fuel purchases related to increased investigations.
- Increase of \$500 in appropriation and general revenue funding of \$300 each year of the biennium for office supplies including office furniture
- Increase of \$1,500 in appropriation and general revenue funding of \$900 each year of the biennium for reference materials related to updated laws and mandates.
- Increase of \$8,000 in appropriation and general revenue funding of \$4,800 each year of the biennium for new and upgraded desktop computers for the office and laptop computers related to investigations.

Finally, additional appropriation of \$3,600 with general revenue funding of \$2,160 in Professional Fees for legal fees is requested related to court reporters due to the increase in administrative hearings and case processing.

The Executive Recommendation provides for Base Level.

Appropriation Summary

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

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	160,579	239,002	242,716	250,601	334,371	250,601	253,933	339,628	253,933
#Positions	7	7	7	7	10	7	7	10	7
Extra Help 5010001	0	0	0	0	20,000	0	0	20,000	0
#Extra Help	0	0	0	0	1	0	0	1	0
Personal Services Matching 5010003	64,548	79,385	83,183	88,268	123,876	88,268	88,991	125,015	88,991
Operating Expenses 5020002	72,997	74,647	75,000	74,647	99,147	74,647	74,647	99,147	74,647
Conference & Travel Expenses 5050009	11,636	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Professional Fees 5060010	5,991	18,000	18,000	18,000	21,600	18,000	18,000	21,600	18,000
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Capital Outlay 5120011	15,575	0	0	0	0	0	0	0	0
Public Education 5900046	899	899	899	899	899	899	899	899	899
Total	332,225	431,933	439,798	452,415	619,893	452,415	456,470	626,289	456,470
Funding Sources									
Fund Balance 4000005	156,103	216,053		210,490	210,490	210,490	121,032	121,032	288,510
General Revenue 4000010	266,034	270,370		281,030	374,435	374,435	283,398	378,327	378,327
Federal Revenue 4000020	126,141	156,000		81,927	156,000	156,000	81,110	156,000	156,000
Total Funding	548,278	642,423		573,447	740,925	740,925	485,540	655,359	822,837
Excess Appropriation/(Funding)	(216,053)	(210,490)		(121,032)	(121,032)	(288,510)	(29,070)	(29,070)	(366,367)
Grand Total	332,225	431,933		452,415	619,893	452,415	456,470	626,289	456,470

Fund Balance reflects federal fund reimbursements on closed case basis retained by Agency.

Change Level by Appropriation

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

Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	452,415	7	452,415	100.0	456,470	7	456,470	100.0
C01	Existing Program	159,478	3	611,893	135.3	161,819	3	618,289	135.5
C08	Technology	8,000	0	619,893	137.0	8,000	0	626,289	137.2

Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	452,415	7	452,415	100.0	456,470	7	456,470	100.0
C01	Existing Program	0	0	452,415	100.0	0	0	456,470	100.0
C08	Technology	0	0	452,415	100.0	0	0	456,470	100.0

Justification

C01	The Agency's biennial Change Level requests include: Two (2) new Investigator positions and one (1) new Fiscal Support Specialist. The Regular Salaries request for these positions is \$83,770 in FY2010 with general revenue funding requested of \$54,519 and federal funds supporting the difference. The Regular Salaries request for these positions is \$85,695 in FY2011 with general revenue funding requested of \$55,772 and federal funds supporting the difference. Associated Personal Services Matching for these positions is \$35,608 in FY2010 with general revenue funding requested of \$22,026 and Federal funds supporting the difference. Associated Personal Services Matching for these positions is \$36,024 in FY2011 with general revenue funding requested of \$22,297 and Federal funds supporting the difference. The positions are needed to handle increased caseloads and assist in agency fiscal operations. One (1) new extra help position with \$20,000 in appropriation to assist the Agency as needed. This position will be supported by federal funds. Operating Expenses of \$24,500 each year with general revenue funding requested of \$14,700 to accommodate the need for office supplies, increased postage rates, additional mileage expenses for investigations and administrative hearings, reference materials and legal research, and increases in fuel expenses. Professional Fees of \$3,600 each year with general revenue funding requested of \$2,160 to cover increases in legal fees for court reporters for hearing purposes. The total general revenue funding requested in FY2010 is \$93,405 and in FY2011 is \$94,929.
C08	The Agency requests appropriation in the amount of \$8,000 and general revenue funding in the amount of \$4,800 each year of the biennium for additional computers including laptops for the Investigators, new desktop computers for additional employees and replacement desktop computers. This request is reflected in the Agency's approved IT Plan under IT Support Costs-Hardware.

Analysis of Budget Request

Appropriation: 56D - Education - Trust*

Funding Sources: TFH - Arkansas Fair Housing Commission Trust Fund

The Arkansas Fair Housing Commission Trust Fund was established in 2001, and is authorized by A.C.A. §19-5-1135 to consist of the following:

- Funds received by the Arkansas Fair Housing Commission, administrative or civil penalties levied and collected pursuant to §16-123-301 et seq., and any other moneys as may be provided by the General Assembly.
- The fund shall be used for fair housing education of the public and the operational expenses of the commission, as set out in §§ 16-123-301 - 16-123-348.

The Agency requests to change from a Cash in Treasury appropriation approved in FY2009 to an appropriation funded by the Arkansas Fair Housing Trust Fund per A.C.A. §19-5-1135. The Appropriation title was formerly "Education - Cash."

The Agency Change Level Request is to establish appropriation for Operating Expenses in the amount of \$35,000 in FY2010 of which \$10,000 is unfunded and \$40,000 in FY2011 of which \$15,000 is unfunded to enable the Agency to expense both the current and the anticipated increases in available funding. The Commission expects funding to increase due to the transfer of all fair housing case processing within the State of Arkansas from the U.S. Department of Housing and Urban Development (HUD) to the Arkansas Fair Housing Commission (AFHC). This appropriation will be utilized to supplement operational expenses of the Agency and to provide fair housing education to the public, including the establishment of a state-wide media campaign and training programs for industry personnel and the general public.

The Commission is requesting remaining fund balance to be transferred from Cash in Treasury to the Fair Housing Commission Trust Fund per A.C.A. §19-5-1135.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 56D - 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		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	2,019	25,000	0	0	35,000	35,000	0	40,000	40,000
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		2,019	25,000	0	0	35,000	35,000	0	40,000	40,000
Funding Sources										
Fund Balance	4000005	5,000	23,413		18,413	18,413	18,413	18,413	8,413	8,413
Cash Fund	4000045	20,432	20,000		0	0	0	0	0	0
Trust Fund	4000050	0	0		0	25,000	25,000	0	25,000	25,000
Total Funding		25,432	43,413		18,413	43,413	43,413	18,413	33,413	33,413
Excess Appropriation/(Funding)		(23,413)	(18,413)		(18,413)	(8,413)	(8,413)	(18,413)	6,587	6,587
Grand Total		2,019	25,000		0	35,000	35,000	0	40,000	40,000

* Change in Appropriation due to establishment of Arkansas Fair Housing Trust Fund per A.C.A. 19-5-1135 from previous Cash in Treasury Fund. Formerly "Education - Cash."

FY08 Fund Balance reflected in amount of \$5,000 is current balance in the Fair Housing Trust Fund.

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

Agency is requesting remaining fund balance to be transferred from Cash in Treasury Fund to the Fair Housing Trust Fund per A.C.A. 19-5-1135.

Change Level by Appropriation

Appropriation: 56D - Education - Trust*
Funding Sources: TFH - Arkansas Fair Housing Commission Trust Fund

Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	0	0	0	0.0	0	0	0	0.0
C01	Existing Program	25,000	0	25,000	100.0	25,000	0	25,000	100.0
C05	Unfunded Appropriation	10,000	0	35,000	140.0	15,000	0	40,000	160.0

Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	0	0	0	0.0	0	0	0	0.0
C01	Existing Program	25,000	0	25,000	100.0	25,000	0	25,000	100.0
C05	Unfunded Appropriation	10,000	0	35,000	140.0	15,000	0	40,000	160.0

Justification

C01	The Agency is requesting appropriation of \$25,000 each year of the biennium to be used for fair housing education of the public and operational expenses of the Commission as mandated by Legislature per A.C.A. 19-5-1135.
C05	The Agency is requesting an increase in unfunded Appropriation only in the amounts of \$10,000 in FY2010 and \$15,000 in FY2011 to be used for fair housing education of the public and operational expenses of the Commission as mandated by the Legislature.

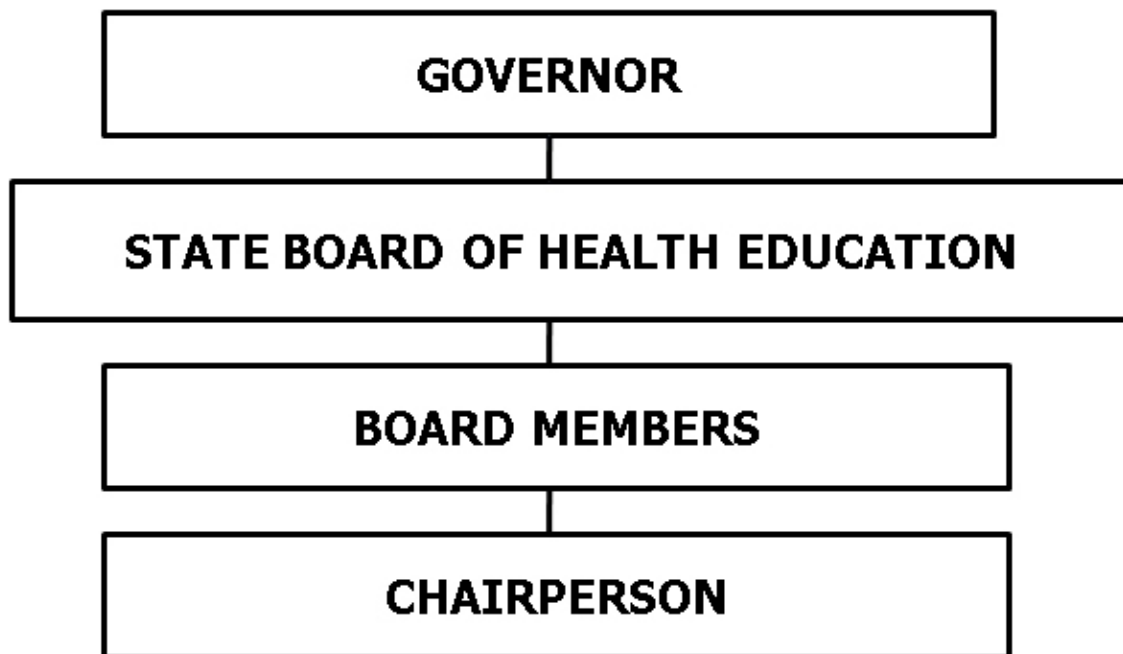
ARKANSAS BOARD OF HEALTH EDUCATION

Enabling Laws

Act 34 of 2007
A.C.A. §17-53-101

History and Organization

The State Board of Health Education, authorized by A.C.A. §17-53-101 et seq., certifies and regulates persons engaged in the practice of health education. The Board is comprised of seven members appointed by the Governor and confirmed by the Senate who serve three year terms. The Board is a Cash Agency funded from fees used for operating expenses.



Agency Commentary

Agency Request is Base Level for each year of the 2009-11 biennium.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
ARKANSAS BOARD OF HEALTH EDUCATION

FOR THE YEAR ENDED JUNE 30, 2005

Findings

The Board did not issue prenumbered receipts or prepare a cash log for license registration and renewal fees collected totaling \$691 for the two-year period ended June 30, 2005, as required by the State Financial Management Guide (Section R4-19-4-501). Also, fees collected were not deposited in a timely manner and intact.

Recommendations

Issue prenumbered receipts or prepare a cash log for fees collected and deposit all revenues collected in a timely manner and intact as required by State policy.

Cash Fund Balance Description as of June 30, 2008

Fund Account	Balance	Type	Location
3190000	\$4,809	Checking	Bank of America

Statutory/Other Restrictions on use:

A.C.A. §17-53-203 - Make expenditure for any purpose reasonable and necessary to carry out the provisions of this chapter.

Statutory Provisions for Fees, Fines, Penalties:

A.C.A. §17-53-105 - Violations shall be deemed a Class A misdemeanor.

Revenue Receipts Cycle:

Fees are received throughout the year.

Fund Balance Utilization:

For payment of expenses throughout the year as necessary.

Publications

A.C.A. 25-1-204

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

Agency Position Usage Report

FY2006 - 2007						FY2007 - 2008						FY2008 - 2009					
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: B79 - Board of Health Education

Funding Sources: 319 - Board of Health Education-Cash

The State Board of Health Education, authorized by A.C.A. §17-53-101 et seq., certifies and regulates persons engaged in the practice of health education. The Board is comprised of seven members serving three year terms. Board members are appointed by the Governor and confirmed by the Senate. The Board is a cash funded agency and collects fees from the certification of health education personnel. The revenue collected from such fees are used for the operating expenses of the Board.

The Board requests Base Level of \$5,592 each year of the 2009-11 biennium.

The Executive Recommendation provides for Base Level each year of the 2009-2011 biennium. Expenditure of appropriation is contingent upon available funding.

Appropriation Summary

Appropriation: B79 - Board of Health Education

Funding Sources: 319 - Board of Health Education-Cash

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2009-2010			2010-2011		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	100	5,592	5,592	5,592	5,592	5,592	5,592	5,592	5,592
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		100	5,592	5,592	5,592	5,592	5,592	5,592	5,592	5,592
Funding Sources										
Fund Balance	4000005	4,782	4,809		0	0	0	0	0	0
Cash Fund	4000045	127	783		783	783	783	783	783	783
Total Funding		4,909	5,592		783	783	783	783	783	783
Excess Appropriation/(Funding)		(4,809)	0		4,809	4,809	4,809	4,809	4,809	4,809
Grand Total		100	5,592		5,592	5,592	5,592	5,592	5,592	5,592

HEALTH SERVICES PERMIT AGENCY

Enabling Laws

Act 322 of 2007

Arkansas Code Annotated §20-8-101 et seq.

Developmental Disabilities Assistance and Bill of Rights Act of 2000 (Public Law 106-402)

History and Organization

Health Services Permit Agency

Arkansas Code Annotated §20-8-101 et seq. authorizes the Health Services Permit Agency as an independent agency under the supervision and control of the Governor. With direction from a nine (9) member Health Services Permit Commission, the Agency is responsible for implementing the State's Health Services Program which includes a Permit of Approval (POA) process. The current POA process evolved from federal initiatives in the sixties resulting in passage of an Arkansas Certificate of Need (CON) law in 1975. Legislation in 1987 abolished the CON program and established the existing program. Arkansas Act 593 of 1987, as amended, created the Health Services Permit Commission (Commission) and the Health Services Permit Agency (Agency) to implement the State's long term care planning and review program. Act 1800 of 2001 added one member to represent the Hospice Association to the Commission, which is composed of the following membership appointed by the Governor and confirmed by the Senate:

- A member from the Arkansas Hospital Association,
- A member from the Arkansas Health Care Association,
- A member from the Arkansas Chapter, American Association of Retired Persons,
- A member from the Arkansas Home Care Association of Arkansas,
- A member from the Arkansas Residential Assisted Living Association,
- A representative of the Department of Health & Human Services,
- A consumer knowledgeable in business health insurance,
- A practicing physician, and
- A representative from the Arkansas Hospice Association.

Mission Statement: The Commission/Agency mission is to ensure appropriate distribution of health care providers through the regulation of new services, protection of quality care and negotiation of competing interests so that community needs are appropriately met without unnecessary duplication and expense.

Developmental Disabilities Council

Vision: We envision a world where everyone has an equal and real opportunity to lead a meaningful life.

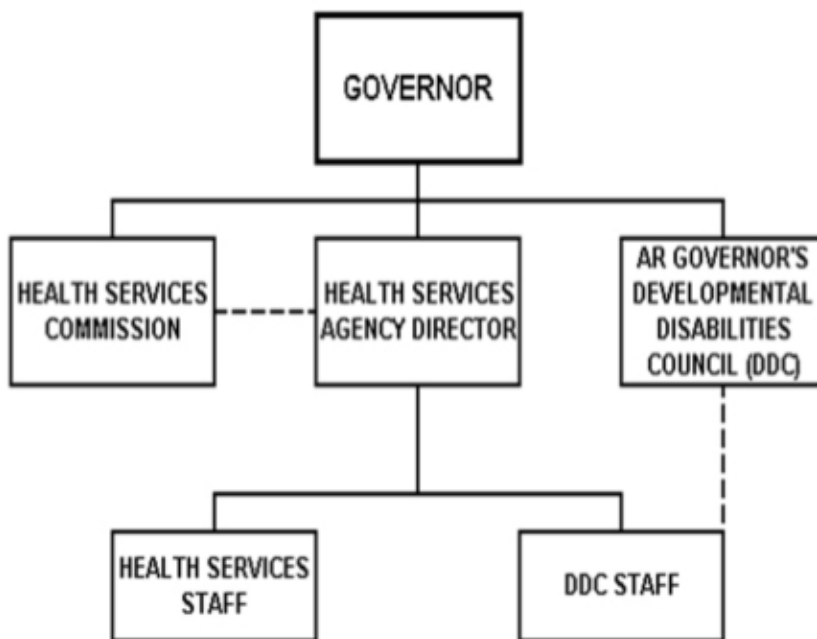
Mission Statement: The Arkansas Governor's Developmental Disabilities Council Supports people with developmental disabilities in achieving independence, productivity, integration and inclusion into the community through advocating and promoting service systems that enhance their lives. The Council believes society gains from the full participation of a wide variety of people.

The Council believes in the right of individuals to live, work, play, learn, worship and experience life as they choose. The Council believes independence entails economic self-sufficiency, equal opportunity, a

right to make choices, a right to dignity and respect, dignity of risk and the opportunity to maximize one's potential and to achieve individual goals. The Council supports individuals with developmental disabilities in achieving independence, productivity, integration and inclusion into the community. The purpose of the Council is to engage in advocacy, capacity building and systemic change activities that contribute to a comprehensive system of community services.

The Developmental Disabilities Council includes twenty-six members, appointed by the Governor, and includes individuals with developmental disabilities, parents and/or guardians, state agency representatives, and other interested individuals. The purpose of the Council is to bring the perspective of the individual with a disability and his or her family to policymakers in order to make needed improvements to the service system to improve and/or enhance the quality of services provided. The Council plays a major role as a system's advocate and a resource to provide information on needed changes.

Council funding is available for demonstration projects and activities that build the infrastructure and capacity of the State to meet the needs of individuals and their families. Sub-grantee recipients include non-profit organizations, state agencies, and other groups that demonstrate, through an approved application, their ability to accomplish activities identified and requested by the Council.



Agency Commentary

The agency is requesting Base Level on all appropriations and funding for the 2009-2011 biennium. This level will allow continuation of the agency's mission.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
HEALTH SERVICES PERMIT AGENCY

FOR THE YEAR ENDED JUNE 30, 2006

Findings	Recommendations
None	None

Employment Summary

	Male	Female	Total	%
White Employees	1	1	2	29 %
Black Employees	0	4	4	57 %
Other Racial Minorities	0	1	1	14 %
Total Minorities			5	71 %
Total Employees			7	100 %

Publications

A.C.A. 25-1-204

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
Arkansas Permit of Approval Rulebook	A.C.A. 2-8-104	N	N	4	Distributed by request and published on agency web site to keep the public informed of the Rules and Regulations regarding Permits of Approval, and of the changes to those rules.
Health Care Facilities and Services Need	A.C.A. 20-8-104	N	N	4	Distributed by request and published on agency web site to keep the public informed of the need for health services in the State.
Health Services Permit Agency Annual Report	A.C.A. 20-8-110	Y	Y	3	Distributed by request, to keep the public, Governor, and General Assembly informed of activities of agency.

Department Appropriation Summary

Historical Data

Agency Request and Executive Recommendation

Appropriation	2007-2008		2008-2009		2008-2009		2009-2010					2010-2011						
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
844 Health Serv Permit Agency-State	326,345	4	391,522	5	377,533	5	406,606	5	406,606	5	406,606	5	412,066	5	412,066	5	412,066	5
845 Dev Disabilities Plng Council-State	36,880	1	51,692	1	54,672	1	53,519	1	53,519	1	53,519	1	53,901	1	53,901	1	53,901	1
846 Dev Disabilities Plng Council-Fed	823,711	5	1,354,759	5	1,325,335	5	1,375,628	5	1,375,628	5	1,375,628	5	1,380,815	5	1,380,815	5	1,380,815	5
Total	1,186,936	10	1,797,973	11	1,757,540	11	1,835,753	11	1,835,753	11	1,835,753	11	1,846,782	11	1,846,782	11	1,846,782	11

Funding Sources		%		%		%		%		%		%		%		%	
Fund Balance	4000005	359,560	23.7	330,444	16.4			218,257	11.2	218,257	11.2	218,257	11.2	120,255	6.4	120,255	6.4
General Revenue	4000010	292,233	19.3	296,027	14.7			307,123	15.7	307,123	15.7	307,123	15.7	310,485	16.6	310,485	16.6
Federal Revenue	4000020	823,711	54.3	1,354,759	67.2			1,375,628	70.3	1,375,628	70.3	1,375,628	70.3	1,380,815	74.0	1,380,815	74.0
Permit of Approval Fees	4000375	41,876	2.8	35,000	1.7			55,000	2.8	55,000	2.8	55,000	2.8	55,000	2.9	55,000	2.9
Total Funds		1,517,380	100.0	2,016,230	100.0			1,956,008	100.0	1,956,008	100.0	1,956,008	100.0	1,866,555	100.0	1,866,555	100.0
Excess Appropriation/(Funding)		(330,444)		(218,257)				(120,255)		(120,255)		(120,255)		(19,773)		(19,773)	
Grand Total		1,186,936		1,797,973				1,835,753		1,835,753		1,835,753		1,846,782		1,846,782	

The Fund Center 844 & 846 FY09 Budgeted amounts in Regular Salaries and Personal Services Matching exceeds the authorized amount due to salary adjustments during the 2007-2009 biennium. The Fund Center 846 FY08 Actual exceeds Authorized due to the distribution of the fiscal officer salary among appropriations authorized by a single salary section in the agency's act.

Agency Position Usage Report

FY2006 - 2007						FY2007 - 2008						FY2008 - 2009					
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	9	2	11	0	18.18 %	11	8	3	11	0	27.27 %	11	7	4	11	0	36.36 %

Analysis of Budget Request

Appropriation: 844 - Health Serv Permit Agency-State

Funding Sources: HUA - General Revenue/Fees

The Agency reviews all applications for permits of approval, for nursing homes, residential care facilities, etc., addressing such issues as need, staffing, and economic feasibility. The State Operations appropriation is funded from general revenue and fees from certificate of need applications as authorized by Arkansas Code Annotated §20-8-108.

Base Level salaries for classified positions reflect the recommendations of the Pay Plan Study and unclassified positions reflect similar adjustments in line item salaries. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries includes Career Service payments for eligible employees. Personal Services Matching includes a \$75 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

The Agency Request is for Base Level.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 844 - Health Serv Permit Agency-State

Funding Sources: HUA - General Revenue/Fees

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	200,783	236,197	226,034	244,839	244,839	244,839	249,327	249,327	249,327
#Positions		4	5	5	5	5	5	5	5	5
Personal Services Matching	5010003	62,216	72,157	68,331	78,599	78,599	78,599	79,571	79,571	79,571
Operating Expenses	5020002	42,941	60,627	60,627	60,627	60,627	60,627	60,627	60,627	60,627
Conference & Travel Expenses	5050009	3,405	5,274	5,274	5,274	5,274	5,274	5,274	5,274	5,274
Professional Fees	5060010	17,000	17,267	17,267	17,267	17,267	17,267	17,267	17,267	17,267
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		326,345	391,522	377,533	406,606	406,606	406,606	412,066	412,066	412,066
Funding Sources										
Fund Balance	4000005	359,560	330,444		218,257	218,257	218,257	120,255	120,255	120,255
General Revenue	4000010	255,353	244,335		253,604	253,604	253,604	256,584	256,584	256,584
Permit of Approval Fees	4000375	41,876	35,000		55,000	55,000	55,000	55,000	55,000	55,000
Total Funding		656,789	609,779		526,861	526,861	526,861	431,839	431,839	431,839
Excess Appropriation/(Funding)		(330,444)	(218,257)		(120,255)	(120,255)	(120,255)	(19,773)	(19,773)	(19,773)
Grand Total		326,345	391,522		406,606	406,606	406,606	412,066	412,066	412,066

The FY09 Budgeted Regular Salaries and Personal Services Matching exceed authorized due to increases in salaries from the merit pay system.

CARRY FORWARD OF ANY UNEXPENDED BALANCE OF APPROPRIATION AND/OR FUNDING FROM FISCAL YEAR 2008 TO FISCAL YEAR 2009

Agency: Health Services Permit Agency

Program: Health Serv Permit Agency-State

Act #: 322 of 2007 Section(s) #: 2, 3 & 5

Estimated Carry Forward Amount \$ 317,227.00 Appropriation Funds

Funding Source: Miscellaneous Agencies

Accounting Information:

Business Area: 0665 Funds Center: 844 Fund: HUA Functional Area: HHS

Line Item	Commitment Item	Estimated Carry Forward Amount	Actual Carry Forward Amount
Total		\$ 0.00	\$ 0.00

Current law requires a written statement be submitted to the DFA Office of Budget stating the reason(s) to carry forward appropriation and/or funding for a program or a specific line item within a program from the first fiscal year of the biennium to the second fiscal year of the biennium.

Justification for carry forward of unexpended balance of appropriation and/or funding:

The Funds are necessary to support the operations of the Agency. Funds generated by fees and fines (A.C.A. 20-8-103) are deposited into the Miscellaneous Agencies Fund Account and are the funds to be carried forward.

Actual Funding Carry Forward Amount \$ 330,433.78

Current status of carry forward appropriation/funding:

The Agency will use the funding to support the continuing operations.

Deborah Frazier
Director

08-13-2008
Date

Analysis of Budget Request

Appropriation: 845 - Dev Disabilities Plng Council-State

Funding Sources: HUA - General Revenue

The purpose of the program is to provide advocacy, capacity building, and systemic change activities that support the development and improvement of a consumer and family centered system of community services for individuals with developmental disabilities. The Developmental Disabilities Planning Council (DDPC)- State appropriation is funded from general revenue and is used to match the federal grant, from the U.S. Department of Health and Human Services - Administration for Children and Families, that funds the DDPC - Federal appropriation.

Base Level salaries for classified positions reflect the recommendations of the Pay Plan Study and unclassified positions reflect similar adjustments in line item salaries. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries includes Career Service payments for eligible employees. Personal Services Matching includes a \$75 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

The Agency Request is for Base Level.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 845 - Dev Disabilities Plng Council-State

Funding Sources: HUA - General Revenue

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2009-2010			2010-2011		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	23,116	36,443	36,986	37,403	37,403	37,403	37,716	37,716	37,716
#Positions		1	1	1	1	1	1	1	1	1
Personal Services Matching	5010003	9,416	10,901	13,338	11,768	11,768	11,768	11,837	11,837	11,837
Grants and Aid	5100004	4,348	4,348	4,348	4,348	4,348	4,348	4,348	4,348	4,348
Total		36,880	51,692	54,672	53,519	53,519	53,519	53,901	53,901	53,901
Funding Sources										
General Revenue	4000010	36,880	51,692		53,519	53,519	53,519	53,901	53,901	53,901
Total Funding		36,880	51,692		53,519	53,519	53,519	53,901	53,901	53,901
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		36,880	51,692		53,519	53,519	53,519	53,901	53,901	53,901

Analysis of Budget Request

Appropriation: 846 - Dev Disabilities Plng Council-Fed

Funding Sources: FKM - Federal

The purpose of the program is to provide advocacy, capacity building, and systemic change activities that support the development and improvement of a consumer and family centered system of community services for individuals with developmental disabilities. The Developmental Disabilities Planning Council (DDPC)- Federal appropriation is funded from a federal grant, from the U.S. Department of Health and Human Services - Administration for Children and Families, that is matched with general revenue funds from the DDPC - State appropriation.

Base Level salaries for classified positions reflect the recommendations of the Pay Plan Study and unclassified positions reflect similar adjustments in line item salaries. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries includes Career Service payments for eligible employees. Personal Services Matching includes a \$75 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

The Agency Request is for Base Level.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 846 - Dev Disabilities Plng Council-Fed

Funding Sources: FKM - Federal

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	173,832	206,943	182,558	220,132	220,132	220,132	224,394	224,394	224,394
#Positions	5	5	5	5	5	5	5	5	5
Personal Services Matching 5010003	60,811	67,019	61,980	74,699	74,699	74,699	75,624	75,624	75,624
Operating Expenses 5020002	209,765	259,025	259,025	259,025	259,025	259,025	259,025	259,025	259,025
Conference & Travel Expenses 5050009	6,559	10,843	10,843	10,843	10,843	10,843	10,843	10,843	10,843
Professional Fees 5060010	41,592	120,000	120,000	120,000	120,000	120,000	120,000	120,000	120,000
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Grants and Aid 5100004	331,152	690,929	690,929	690,929	690,929	690,929	690,929	690,929	690,929
Capital Outlay 5120011	0	0	0	0	0	0	0	0	0
Total	823,711	1,354,759	1,325,335	1,375,628	1,375,628	1,375,628	1,380,815	1,380,815	1,380,815
Funding Sources									
Federal Revenue 4000020	823,711	1,354,759		1,375,628	1,375,628	1,375,628	1,380,815	1,380,815	1,380,815
Total Funding	823,711	1,354,759		1,375,628	1,375,628	1,375,628	1,380,815	1,380,815	1,380,815
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	823,711	1,354,759		1,375,628	1,375,628	1,375,628	1,380,815	1,380,815	1,380,815

The FY09 Budgeted Regular Salaries and Personal Services Matching exceed authorized due to increases in salaries from the merit pay system. FY08 Actual exceeds Authorized due to the distribution of the fiscal officer salary among appropriations authorized by a single salary section in the agency's act.

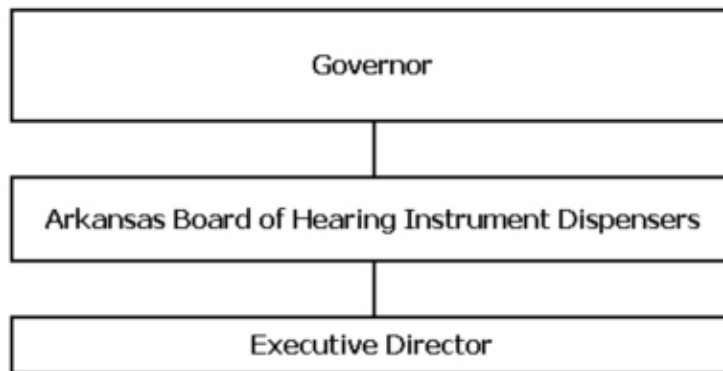
AR BOARD OF HEARING INSTRUMENT DISPENSERS

Enabling Laws

Act 77 of 2007
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 2009-2011 biennium.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
ARKANSAS STATE BOARD OF HEARING INSTRUMENT DISPENSERS

FOR THE YEAR ENDED JUNE 30, 2005

Findings	Recommendations
None	None

Cash Fund Balance Description as of June 30, 2008

Fund Account	Balance	Type	Location
3160000	\$9,999	Checking	Bank of Little Rock

Statutory/Other Restrictions on use:

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

Statutory Provisions for Fees, Fines, Penalties:

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

Revenue Receipts Cycle:

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

Fund Balance Utilization:

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

Publications

A.C.A. 25-1-204

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

Agency Position Usage Report

FY2006 - 2007						FY2007 - 2008						FY2008 - 2009					
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 Agency Request is Base Level of \$23,604 each year of the biennium.

The Executive Recommendation provides for 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	2007-2008	2008-2009	2008-2009	2009-2010			2010-2011		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Extra Help 5010001	9,340	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	718	1,079	1,079	1,079	1,079	1,079	1,079	1,079	1,079
Operating Expenses 5020002	4,961	8,175	8,175	8,175	8,175	8,175	8,175	8,175	8,175
Conference & Travel Expenses 5050009	0	0	0	0	0	0	0	0	0
Professional Fees 5060010	150	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	15,169	23,604	23,604	23,604	23,604	23,604	23,604	23,604	23,604
Funding Sources									
Fund Balance 4000005	6,672	9,999		7,345	7,345	7,345	8,732	8,732	8,732
Cash Fund 4000045	18,496	20,950		24,991	24,991	24,991	24,991	24,991	24,991
Total Funding	25,168	30,949		32,336	32,336	32,336	33,723	33,723	33,723
Excess Appropriation/(Funding)	(9,999)	(7,345)		(8,732)	(8,732)	(8,732)	(10,119)	(10,119)	(10,119)
Grand Total	15,169	23,604		23,604	23,604	23,604	23,604	23,604	23,604

DEPARTMENT OF INFORMATION SYSTEMS

Enabling Laws

Act 794 of 2007
A.C.A. §25-4-101 et seq.

History and Organization

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

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

Act 1401 of 2005 added - Compliance with State and Federal Regulations as follows: In order to effect compliance with the requirements of Federal OMB Circular A-87, the Director shall adjust billing rates or issue billing adjustments to be federally compliant, notwithstanding the provisions of ACA §25-4-105 and ACA §25-4-119 or funds sufficient to effect compliance shall be provided the Department from General Revenues, Special Revenues or such other fund sources as may become available. Act 751 of 2007 dissolved the Office of the Executive Chief Information Officer and named the Director of the Department of Information Systems the Chief Technology Officer. The Act also transferred the daily operations, duties, and responsibilities of the Arkansas Geographic Information Office and the Security and Compliance Monitoring Office that resided within the organization to the Department of Information Systems.

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

Our Vision - Customer satisfaction every time

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

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

Decision Drivers - People - Cost - Reliability - Security

Goals - Operational Excellence, Financial Excellence, Technology Leadership.

DIS is organized to accomplish its mission through 8 primary teams:

- 1) The Director's Office
- 2) Chief Operations Office
- 3) Arkansas Geographic Information Office
- 4) Customer Relationship Management Office
- 5) Arkansas Wireless Information Network Program Office
- 6) Project and Enterprise Program Management Office
- 7) Chief Financial Office
- 8) State Security Office

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

The Chief Operations Office includes the following Sections:

Enterprise Systems Management (ESM) Division is responsible for designing, implementing, and maintaining solutions to meet customers' hosting requirements on Mainframe, UNIX, and Windows server platforms, as well as end user support and database administration. The Exchange E-mail Hosting section hosts approximately 18,000 Microsoft Exchange e-mail accounts. DIS security efforts result in the rejection and/or quarantine of an estimated 710,000 spam e-mails daily and provide twenty-four hours a day, seven days a week monitoring, system support and on-call phone support to ensure maximum reliability for our customers. Systems hosting has more than 100 state-wide applications, such as the drivers' license system, state tax systems, state-wide accounting, criminal justice, welfare eligibility, child protection, and numerous other public service applications. The applications are hosted on a vast array of Mainframe, UNIX, Linux and Windows operating systems and are maintained in the DIS Data Center. The Database Administration in ESM provides services to many applications hosted by DIS. The services include installation, maintenance, operations, monitoring, tuning, and backup/recovery of the many database management systems in use by the State of Arkansas' applications. Disk Storage in ESM manages more than 25 Terabytes of Enterprise Disk Storage for the systems hosted at DIS. This service provides robust, flexible, highly available, and cost effective disk storage to support continuous operations for the state's critical workloads.

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

Enterprise Services provides Application Management, Data Warehouse, and document imaging services to customers. Application Management supports the state drivers' license system, interfacing with the Department of Finance and Administration (DFA), Arkansas State Police (ASP), Arkansas Crime Information Center (ACIC), the Office of Child Support Enforcement, and the Administrative Office of the Courts. The division manages applications in support of individual, corporate, withholding, and sales tax systems. Other applications supported by the division include the Arkansas Public Employees Retirement System (APERS), the Arkansas State Police License Administration System, which tracks 26 licenses and registration such as concealed handgun, fireworks, private business, and commissioned security officer, and the Arkansas Public Licensure System for the Arkansas Department of Education (ADE). The Division also supports the DIS Customer Notification System (CNS) which provides information to customers. The applications group implemented the Wage Reporting System (WRS)/Employer Registration System (ERS) application for the Department of Workforce Services (DWS) in FY2007. More than 1,300 employers used the ERS application to register their company with DWS, and an average of 2,000 employers use the WRS application to upload employee wages to DWS and make unemployment insurance payments on-line. The Data Warehouse Section provides archiving and analysis of historical data, which supplies valuable information to business decision makers. Primary customers are the Department of Finance and Administration (DFA), Department of Human Services (DHS) and the Department of Workforce Services (DWS). The division also develops and manages systems that provide for capture, storage, security, revision control, retrieval, and presentation of electronic documents.

Enterprise Operations Division provides DIS customers a high-reliability Operations Center, customer service desk, and customer field support services. They are responsible for a 12,800sq. ft. secure, environmentally controlled, raised floor environment that houses critical technology assets, such as an AWIN Smart Zone controller, mainframe and server computers, centralized disk storage, network routing equipment, security monitoring data back-up tape systems, AC power protection, gas fire suppression system, under-floor and ceiling water leak detection, emergency generator, off-site vaulted tape backup storage, and disaster cold site capability. The Operations Center performs more than 2,000 mainframe and server-based data processing jobs per day. The division also operates and monitors AWIN, the state's first responder system, state network and computer systems 24 hours a day, every day of the year. The division is responsible for the print production which averages 1.5 million pages per month. The Customer Service Desk (Call Center) is staffed by nine agents who receive and work 115,000 state, city, and local government customer trouble calls and e-mails. The agents create and manage 67,000 service tickets per year using the Help Desk Expert Automation Tool (HEAT) specialized tracking software and resolve 36,000 tickets per year without referral to technical services. The call center also houses the

State Operators who assist Arkansas citizens with 48,000 telephone number inquiries each year. The Field Support Team provides desktop, server, and local area network support for K-12 education, as well as other DIS customers as needed. Nine remote and five central office technicians serve 263 Arkansas Public School Computer Network (APSCN) customers. Technical training workshops for school technology coordinators are offered at local educational cooperatives and Little Rock. DIS also provides precinct-level support to county election officials as coordinated through the Secretary of State's Office. The Field Support group plays a key role in DIS disaster response technical support. Examples include the February 5th tornado with technical support responses in Atkins, Clinton, Mountain View and Gassville.

The Arkansas Geographic Information Office (AGIO) was created to educate the public and to provide information regarding land and mapping data resources to various entities throughout the state. The AGIO coordinates state and federal geospatial data projects across Arkansas. The office works in conjunction with the Arkansas State Land Information Board (ASLIB). The passage of ACT 751 of 2007 moved the AGIO under the Arkansas Department of Information Systems. The Office operates GeoStor, the state's geographic information systems clearinghouse, where the state's Geographic Information System (GIS) data is published for use. The Office works closely with County Assessors in support of the County Assessor Mapping Program, County Judges and E9-1-1 Coordinators in support of the Arkansas Centerline File Program and with County Floodplain Managers in support of FEMA's Flood map Modernization Program. The Office is also responsible for maintaining the Arkansas Digital Orthophotography Program that procures aerial imagery of the state.

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

This area also includes the following;

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

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

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

The Contract Section is responsible for processing all contract related documentation and managing all contract processes. This includes RFP, IFB, RFQ awards and renewals, as well as maintenance contracts, leases, or inter-agency agreements. The Contract Section reviews all vendor contracts for compliance

with Arkansas Law and works with the Office of State Procurement, vendors, and internal stakeholders to assure a valid contract agreement is in place at all times.

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

In addition to project and program management, PEPMO includes:

Quality Management who is responsible for the agency quality program, which is built around the Malcolm Baldrige National Quality Award criteria and has Arkansas Institute of Performance Excellence (AIPE) examiners on staff. Quality efforts also include the Customer Feedback System. DIS has twice earned the AIPE Commitment Award (2003, 2004) and twice earned the AIPE Achievement Award (2005, 2006).

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

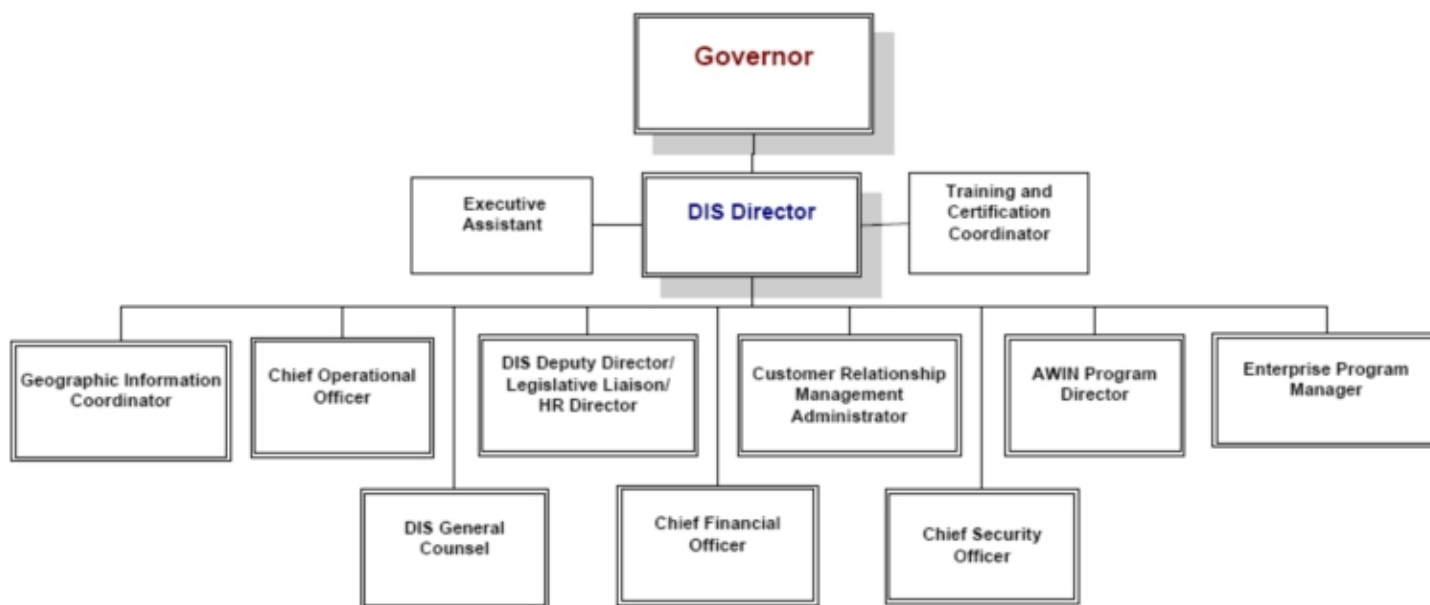
Arkansas Wireless Information Network Program Office (AWIN) provides a statewide trunk-based interoperable communications system to support the public safety/service users in Arkansas on a daily basis as well as in times of emergencies that are multi-jurisdictional or multi-disciplinary. The primary focus is to provide cost efficient/well maintained data, voice, wireless, and video services to our customers including technical stability, application of converged technology, timely response to customer's needs and in general creating customer satisfaction. AWIN currently serves more than 13,000 public safety personnel across the state. More than 100 tower sites provide a state-wide network that allows users in any part of the state to communicate in time of emergencies. The AWIN team provides system management, including engineering support for system monitoring, engineering design and analysis for new projects, and 24 hours a day, 365 days a year system support, monitoring, and on-call phone support. Support of the system includes monitoring of the digital trunked system, monitoring and control of the microwave backbone, monitoring site environmental alarms, monitoring sites and channels, and the monitoring of radios and talk groups. The team also provides coordination with the Association of Public Safety Communications Officials (APCO) to ensure proper frequency licensing.

The Chief Financial Office is responsible for the Fiscal Administration Division who plans, develops, implements policy, and provides for the overall management of DIS budgeting, funds management, financial activities, cost recovery, and special projects. These are the daily operational programs that enable the Department to run effectively and efficiently. The Financial Operations group provides accounts payable and receivable activities; Information Technology Asset Management (ITAM) group tracks the Department's assets.

The State Security Office offers security solutions to ensure the protection of the state network and assist DIS employees, customers, and state and local agencies in developing business and disaster

recovery plans. The state Security team monitors, protects, and performs vulnerability assessments for DIS hosted services by providing security monitoring of the state-wide network, including the operation and maintenance of 900 firewalls on the network. These efforts result in the denial of 10 million malicious attempts through the network firewalls daily. The network Monitoring, Analysis, and Reporting System (MARS) deployed into production in 2006, sends approximately 1,500 alerts of possible threats on the network daily.

The Continuity of Operations Team of professionals is also a part of the Security Office. Primary functions include planning and coordination of the development, implementation, testing, and maintenance of Continuity of Operations plans, Pandemic Flu plans and preparation for any major interruption of DIS services and operations. The Continuity of Operations plans include dedicated staff, bi-annual testing and maintenance of systems and processes which include an off-site recovery facility. This division also provides training and tools to agencies and counties to develop continuity plans.



Agency Commentary

The Department of Information Systems (DIS) continues to pursue its leadership role in bringing Arkansas agencies and institutions of state government forward in the use of technology. DIS provides technical planning, design, services, and support for information technology and telecommunications services to the public sector of Arkansas in a reliable cost-effective manner. Every day Arkansas state agencies are becoming more involved in using electronic tools to conduct business and deliver service and information to citizens. Public expectations and business necessity are driving this trend. An electronic enterprise environment will meet that need by improving public access to government information and democratic processes as well as help government become more efficient, effective, and responsible to the public through the use of information technology. Technology is our most valuable tool in eliminating the effects of distance, time and geography in the delivery of government services.

The challenges presented during the 2009 - 2011 Biennium in all these areas must be met if the State of Arkansas and state government are to stay in tune with emerging technologies, which will aid agencies and institutions in delivering the services demanded by their customers, the citizens of Arkansas.

DIS receives 2% of its funding from State General Revenue. The remaining 98% is funded from Non-Revenue Receipts. Non-Revenue Receipts are comprised of moneys received from our customers in payment for services provided. Consequently, DIS must stay attuned to the ever-changing needs of the agencies and institutions we serve and be able to respond to their needs.

2009 - 2011 Biennium Requests

I Appropriation Only Request:

- A. Retention of the Unanticipated Services Appropriation
- B. Retention of Capital outlay in the DIS Operating Line Item
- C. Internal Reallocation of Resources - Capital Outlay
- D. Telecommunication Technology Delivery Services Appropriation Increase
- E. Retention of GeoStor & Framework Appropriation
- F. Retention of Flood Map Appropriation

II Request for State General Revenue & Appropriation:

- G. Arkansas Geographic Information Office - Increase in Operating Funds & Appropriation
- H. Retention of the Arkansas Geographic Information Office Capital Outlay
- I. Retention of Security & Compliance Monitoring
- J. Innovation & Product Development - Funding and Appropriation

I Appropriation Only Request:

A. Retention of the Unanticipated Services - Appropriation Only

This request provides retention of the unanticipated services appropriation from the previous biennial budget. This contingency level was set at \$20,000,000. It allows for operating expenses incurred in the provision of unanticipated services to state agencies, unusual growth in application and/or due to uncontrollable increases in payments to public utilities necessary for the continual provision of services to our customers. Approval of this appropriation will allow DIS to continue to save money for agencies and ultimately the people of Arkansas. DIS is in a unique position to bring together and aggregate procurements and service demands from all agencies and institutions. The significant economies of scale and the ability to have more than one organization served by a single resource is a very cost effective way to implement technology services. Additionally, this aggregation and economy of scale provides the substantial benefit that organizations can have access to technologies, such as distance learning, that would otherwise have been out of their reach. This helps equalize the

services available in areas and at times where it would not otherwise be cost-effective to provide them. Unanticipated project needs from our customers make this request necessary. We are asking that this appropriation be reinstated at \$20,000,000 each year of the biennium. This request is for appropriation only.

B. Retention for Capital Outlay - Operating Budget:

The capital outlay requested for the Department of Information Systems is \$3,500,000 in appropriation only for each year of the biennium. The \$3,500,000 will allow DIS to continue purchasing, updating, and enhancing services to our state agency customers. Items such as routers, computers, servers, security hardware, software, and other equipment that fall into the capital outlay line item. The prior biennium operating budget line item for Capital Outlay was set at \$3,500,000. We are requesting retention of this amount in appropriation only.

C. Internal Reallocation of Resource - Capital Outlay Appropriation Only:

The Department is requesting a shift of \$1,000,000 of appropriation from the Operation Expense line item of the DIS base level budget to the Capital Outlay line item. Since DIS is the information technology arm of Arkansas State Government, the agency needs to ensure that we have sufficient capital outlay to obtain required computer hardware and software to accommodate partner agency requirements. This internal reallocation of resource will give DIS the authority it needs to supply customer demand and bring the total capital outlay line item to \$4,500,000.

D. Telecommunication Technology Delivery Services Appropriation Increase:

The Telecommunication Technology increase requested for DIS is \$22,500,000. DIS purchases communications technology goods and services, for example, long distance telecommunications services and internet access services, from the private sector and provides them to government agencies at cost plus operating overhead. To do this DIS must have appropriation authority in the amount needed to purchase these goods and services on behalf of our state customers. Annually, DIS requests additional appropriation through the Unanticipated Services Contingency portion of our legislation to meet normal operating obligations to our customers based on our customers' growth in telecommunications usage. In fiscal year 2008, DIS requested and received approval of \$6,500,000 for the Enterprise Network Division to meet vendor billings and customer growth. An increase of \$6,500,000 for FY2010 and FY2011 to the current base level will bring this service appropriation to the necessary level. This is an appropriation only request and will be funded through Non-Revenue Receipts. Due to a change in accounting procedures, DIS also requests appropriation of \$16,000,000 for E-Rate disbursements to participating customers. In prior years, the agency gave customer credits equal to funds received on their behalf. In the future, the agency is required to distribute funds received for E-Rate customers through warrants issuance.

E. Retention of GeoStor & Framework Appropriation:

AGIO seeks to restore the appropriation for GeoStor and framework at base level in the amount of \$250,000 for FY2010 and FY2011. GeoStor is the State's GIS data clearinghouse and supports a number of geospatial services that benefit economic development, education, natural resource, emergency response and state revenue. Without updated map information, GeoStor becomes stale. For maximum benefit, the data served by the GeoStor must be fresh, maintained, and updated. New framework data must be created. Framework geospatial data layers are commonly needed data

themes developed maintained and integrated by public and private organizations. Restoring this appropriation will enable maintenance and update of these critical geospatial map layers that support economic development, education, natural resource, emergency response and state revenue.

F. Retention of Federal Flood Map Appropriation:

AGIO is also requesting the base level appropriation of \$116,500 plus \$6,000 in capital outlay be restored for the Flood Map Program, which is federally funded through the Arkansas Natural Resource Commission. The AGIO provides services in support of the Federal Emergency Management Agency (FEMA) Map Modernization Management. These services include geographic information system (GIS) consulting, outreach efforts, support and coordination for statewide GIS data development and coordination in support of FEMA Flood Map Modernization Program. Total request is restoration of \$122,500 in appropriation to be funded through federal funds.

II Request for State General Revenue & Appropriation:

G. Arkansas Geographic Information Office-Increase in Operating Funds & Appropriation:

The Arkansas Geographic Information Office (AGIO), also organized under DIS, was created to educate the public and to provide information regarding land and mapping data resources to various entities throughout the state. The AGIO coordinates state and federal geospatial data projects across Arkansas. The Division is requesting an increase of \$1,502,350 in appropriation and funding for FY2010 and the same amount for FY2011.

Following an Executive Directive to reduce agency budgets by 5% in 2005, the former State Executive Chief Information Officer reduced the AGIO's operating budget from \$78,810 to \$21,491. The reduction was not restored and AGIO operating expenses were subsidized by the Office of Information Technology (OIT). Act 751 of 2007 dissolved the OIT and transferred the AGIO to the Department of Information Systems. During this transfer the AGIO operating budget was not increased to offset expenses previously paid by OIT. As a result, a number of change requests for operating expenses are included to enable the AGIO to operate. These increases are necessary in order for DIS to avoid any risk of non-compliance with Federal OMB Circular A-87 and continue to serve AGIO constituents. The inability to pay for daily operating expenses places the AGIO in a very precarious situation of not being able to fulfill the mission and goals of the office and critical to the program's success.

In FY2010 and in FY2011, AGIO is requesting \$36,850 for the category of operating expenses. The following line items increases are requested:

- \$26,000 for rent of facilities - Insufficient funding allotted in prior biennium
- \$3,000 for 02-Mileage - Presently AGIO has on-going coordination activities in all 75 counties and require additional mileage as well as allowing for cost of gas.
- \$300 for Freight - Freight cost is anticipated to increase due to the number of data sharing activities between AGIO and the counties.
- \$250 for postage - To meet increased mailings to clients.
- \$2,300 Telecommunication Wired - Insufficient funding and appropriation allotted.
- \$5,000 Telecommunication Wireless - Given the growth in count GIS coordination, staff are required to attend more meetings outside the office requiring the need to carry cell phones for communications purposes.

The total Change Level Request under commitment item 502:00:02 is \$36,850 in each year of the biennium in appropriation and funding for the AGIO.

In FY2010 and in FY2011, AGIO is requesting \$1,011,500 under the category of Data Processing with the following line item increases:

- \$24,000 for Software Maintenance Agreements/Licenses
- \$987,500 for Data Processing Services CI 12

The software maintenance is needed for Microsoft desktop office products for personnel, Windows server licenses, Visio, Adobe Acrobat, and Adobe DreamWeaver. The Data Processing request is to implement an ongoing program that will continuously update the State's digital aerial photography database. The total Change Level Request in commitment item 509:00:12 is \$1,011,500 for each year of the biennium in appropriation and funding.

In FY2010 and FY2011, the AGIO is requesting \$454,000 under the category of Capital Outlay for equipment expense to replace the GeoStor system hardware. GeoStor is the core of the state's geographic information system. The servers operating GeoStor were procured in 2005 and will no longer be supported by the vendor in 2010. The system processes critical data for the Department of Finance and Administration Streamlined Sales and Use Tax program. This service has the greatest impact to citizens because the service provides the tax source jurisdiction for sellers to collect the proper sales tax. Both the reinstatement of the prior year's capital outlay and the increase requested above will be required to make the appropriate upgrades and replacements to the system. The request is for funding and appropriation.

The AGIO seeks a total increase in state general appropriation and funding of \$1,502,350 for FY2010 and FY2011 to support operations of the divisions programs that currently exist. The current appropriation and funding is not sufficient to maximize efforts in implementing and monitoring expanding programs established by this office.

H. Retention of the AGIO Capital Outlay from the prior Biennium:

The AGIO is requesting \$120,000 in capital outlay from the prior biennium budget allocation be restored to upgrade hardware, software, replace computer and other equipment expenses associated with the operations of the department. The request is for funding and appropriation.

I. Retention of Security & Compliance Monitoring:

The Department of Information Systems is requesting retention of Security & Compliance Monitoring for both years of the biennium, FY2010 - FY2011, to be payable from the Miscellaneous Agencies Fund Account for salary expense of the DIS-Security and Compliance Monitoring Office. FY2010 request is \$369,670 for four (4) positions and \$376,399 for FY2011.

J. Innovation & Product Development:

The Department of Information Systems is requesting \$450,000 for FY2010 and \$450,000 for FY2011 in State General Revenue and Appropriations to create an Innovation & Product Development Division within the agency. As the manager of the State of Arkansas' telecommunications technology infrastructure, the Department of Information Systems (DIS) is always dealing with the allocation of scarce resources to resolve our partner agencies technology needs. The more complete an understanding we have of our customers, the more likely we are to allocate resources to work on problems that are most important to them. Adding Innovation and Development Management at DIS

is a way of selecting products for a technology portfolio - whether at the level of an individual agency or across agencies that will add to the department's process improvements and offer value to customer needs. Instead of relying on unpredictable financial data, or the charisma of the products marketing strategies, DIS will rely on the expertise of engineers to evaluate the ever expanding vendor offerings in technology as well as evaluate DIS products and services. Through the utilization of this area of expertise we expect the innovation to improve the quality of technology solutions delivering value to the public, create new solutions, improve existing solutions, reduce labor costs, improve processes, reduce environmental damage, better utilize equipment and personnel, and reduce energy consumption. Our goal will be to reduce costs through the utilization of a common business strategy, improve collaboration, and have a common look and feel for the public in the delivery of services.

In prior years, DIS received a State General Revenue allotment. We are asking that a funding distribution be reinstated for the use of initiating an Innovation & Product Development area within DIS. Analyzing what we are currently doing and instituting a process to evaluate the effects of new programs and technologies will help the State keep pace with the ever growing need for technology requirements. The request is for \$450,000 for FY2010 and \$450,000 for FY2011 in State General Revenue funding and appropriation.

Position transfer to Department of Finance and Administration

Since July 1, 2003, the Department of Finance and Administration (DFA) has contracted with DIS to oversee the AASIS Support Center (ASC) functions and staff. In conjunction with the implementation of the statewide pay plan study, the Agency is requesting to transfer the Administrator position to DFA.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
DEPARTMENT OF INFORMATION SYSTEMS
FOR THE YEAR ENDED JUNE 30, 2006

Findings	Recommendations
<p>Due to a lack of management oversight and internal controls over equipment, the following deficiencies were noted:</p> <ul style="list-style-type: none"> • Out of thirty (30) items reviewed which were sent to Marketing and Redistribution, three (3) items totaling \$11,184 were never retired from the equipment inventory. • The Agency received approval on May 6, 2005, from the Department of Finance and Administration to retire sixteen (16) equipment items which could not be located. However, two (2) of these items valued at \$1 202 still remain on the equipment inventory. • Two (2) items totaling \$3,489 transferred to the Department of Information Systems from other agencies were recorded in AASIS with no value. • Thirteen (13) items valued at \$17,767 out of a sample of eighty-three (83) items selected for audit observation could not be located by the Agency. <p>The ability to properly safeguard and account for these assets is jeopardized as a result of inadequate controls.</p>	<p>Perform a complete physical inventory of all equipment items and establish adequate procedures to control all fixed assets.</p>

DIVISION OF LEGISLATIVE AUDIT
 AUDIT OF :
 OFFICE OF INFORMATION TECHNOLOGY

FOR THE YEAR ENDED JUNE 30, 2006

Findings

Recommendations

None

None

Employment Summary

	Male	Female	Total	%
White Employees	133	74	207	82 %
Black Employees	12	23	35	14 %
Other Racial Minorities	6	3	9	4 %
Total Minorities			44	18 %
Total Employees			251	100 %

Publications

A.C.A. 25-1-204

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

Department Appropriation Summary

Historical Data

Agency Request and Executive Recommendation

Appropriation	2007-2008		2008-2009		2008-2009		2009-2010					2010-2011						
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
288 Unanticipated Services	0	0	0	0	20,000,000	0	0	0	20,000,000	0	20,000,000	0	0	0	20,000,000	0	20,000,000	0
2QX Information Systems-Operations	76,531,221	252	78,105,861	254	78,116,601	254	75,371,792	254	101,224,058	253	101,594,328	257	75,662,805	254	101,514,696	253	101,891,695	257
2QY Equipment Acquisition	1,167,075	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
34U Geographic Information System	628,713	5	704,098	5	696,248	5	599,287	5	2,221,637	5	0	0	608,929	5	2,231,279	5	0	0
34V Flood Map-Federal	53,550	0	122,500	0	122,500	0	116,500	0	122,500	0	0	0	116,500	0	122,500	0	0	0
34W Geostor & Framework	51,028	0	250,000	0	250,000	0	250,000	0	250,000	0	0	0	250,000	0	250,000	0	0	0
34X Security & Compliance Monitoring	313,549	4	347,050	4	393,440	4	369,670	4	369,670	4	0	0	376,399	4	376,399	4	0	0
54Z Innovation & Product Development	0	0	0	0	0	0	0	0	450,000	0	0	0	0	0	450,000	0	0	0
NOT REQUESTED FOR THE BIENNIUM																		
2YV Spyware Monitoring	0	0	0	0	100,000	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	78,745,136	261	83,029,509	263	103,178,789	263	80,207,249	263	128,137,865	262	125,094,328	257	80,514,633	263	128,444,874	262	125,391,695	257

Funding Sources		%		%		%		%		%		%		%		%		%	
Fund Balance	4000005	24,607,821	25.7	16,997,598	17.7	12,856,737	13.7	12,856,737	9.1	12,819,263	9.3	13,484,945	14.3	13,484,945	9.5	13,077,201	9.4		
General Revenue	4000010	942,262	1.0	1,051,148	1.1	968,957	1.0	3,041,307	2.1	0	0.0	985,328	1.0	3,057,678	2.1	0	0.0		
Federal Revenue	4000020	53,550	0.1	122,500	0.1	116,500	0.1	122,500	0.1	0	0.0	116,500	0.1	122,500	0.1	0	0.0		
Non-Revenue Receipts	4000040	70,134,743	73.3	77,600,000	80.9	79,500,000	84.9	125,352,266	88.5	125,352,266	90.7	79,700,000	84.3	125,551,891	88.1	125,551,891	90.6		
Trust Fund	4000050	0	0.0	115,000	0.1	250,000	0.3	250,000	0.2	0	0.0	250,000	0.3	250,000	0.2	0	0.0		
Information Tech Reserve	4000295	1,800,000	1.9	3,500,000	3.7	3,500,000	3.7	3,500,000	2.5	3,500,000	2.5	3,500,000	3.7	3,500,000	2.5	3,500,000	2.5		
M & R Sales	4000340	4,358	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0		
Transfer to Info Tech Reserve	4000645	(1,800,000)	(1.9)	(3,500,000)	(3.7)	(3,500,000)	(3.7)	(3,500,000)	(2.5)	(3,500,000)	(2.5)	(3,500,000)	(3.7)	(3,500,000)	(2.5)	(3,500,000)	(2.5)		
Total Funds		95,742,734	100.0	95,886,246	100.0	93,692,194	100.0	141,622,810	100.0	138,171,529	100.0	94,536,773	100.0	142,467,014	100.0	138,629,092	100.0		
Excess Appropriation/(Funding)		(16,997,598)		(12,856,737)		(13,484,945)		(13,484,945)		(13,077,201)		(14,022,140)		(14,022,140)		(13,237,397)			
Grand Total		78,745,136		83,029,509		80,207,249		128,137,865		125,094,328		80,514,633		128,444,874		125,391,695			

FY09 Budget for appropriation 34U Geographic Information System exceeds authorized due to salary adjustments during the 2007-2009 biennium.

Executive Recommendation provides for transfer of the following appropriations: Geographic Information System, Flood Map-Federal, and Geostor & Framework as a new agency - Office of Geographic Information Services.

Variance in fund balance in FY10 Executive column is due to transfer of GeoStor & Framework appropriation to a new Agency.

Agency Position Usage Report

FY2006 - 2007						FY2007 - 2008						FY2008 - 2009					
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			Total	Total	Total	Total			Total				
251	236	15	251	0	5.98 %	263	254	9	263	0	3.42 %	263	251	12	263	0	4.56 %

Analysis of Budget Request

Appropriation: 288 - Unanticipated Services

Funding Sources: MHC - Department of Information Systems Revolving Fund

This appropriation was established for the Department of Information Systems for the provision of unanticipated services to state agencies, unusual growth in applications, or uncontrollable increases in payments to public utilities necessary for the continuous provision of services. Special language authorizes an appropriation transfer, upon approval of the Governor and prior review by the Joint Committee on Advanced Communications and Information Technology, to the Agency's main operating appropriation to carry out the objectives of the Agency. This appropriation is funded by the Department of Information Systems Revolving Fund and consists of non-revenue receipts derived from services provided to various agencies of the federal, state, city, and county governments.

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

Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 288 - Unanticipated Services

Funding Sources: MHC - Department of Information Systems Revolving Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item	Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
	2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Unanticipated Services 5130018	0	0	20,000,000	0	20,000,000	20,000,000	0	20,000,000	20,000,000
Total	0	0	20,000,000	0	20,000,000	20,000,000	0	20,000,000	20,000,000
Funding Sources									
Non-Revenue Receipts 4000040	0	0		0	20,000,000	20,000,000	0	20,000,000	20,000,000
Total Funding	0	0		0	20,000,000	20,000,000	0	20,000,000	20,000,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	0	0		0	20,000,000	20,000,000	0	20,000,000	20,000,000

Special language provides for carry forward the balance of appropriation which remains at the close of the fiscal year ending June 30, 2008, may be carried forward and used for operating expenses incurred in the provision of unanticipated services. The amount carried forward was \$0.

Change Level by Appropriation

Appropriation: 288 - Unanticipated Services

Funding Sources: MHC - Department of Information Systems Revolving Fund

Agency Request

Change Level	2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
C01 Existing Program	20,000,000	0	20,000,000	100.0	20,000,000	0	20,000,000	100.0

Executive Recommendation

Change Level	2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
C01 Existing Program	20,000,000	0	20,000,000	100.0	20,000,000	0	20,000,000	100.0

Justification

C01	The Department of Informations (DIS) is requesting the continuation of appropriation for supporting operating expenses incurred in the provision of services to state agencies, unusual growth in applications, or due to uncontrollable increases in payments to public utilities necessary to prevent an interruption of service to state agencies. This appropriation will only be requested if necessary to carry out the objectives of the agency. Approval for the release of contingency appropriation will go through the Governor, the Chief Fiscal Officer of the State, review by the Joint Committee on Advanced Communications and Information Technology, and the Arkansas Legislative Council. The funds to support this appropriation will be payable from the DIS Revolving Fund.
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CARRY FORWARD OF ANY UNEXPENDED BALANCE OF APPROPRIATION AND/OR FUNDING FROM FISCAL YEAR 2008 TO FISCAL YEAR 2009

Agency: Information Systems Department

Program: Unanticipated Services

Act #: 794 of 2007 Section(s) #: 4 & 16

Estimated Carry Forward Amount \$ 0.00 Appropriation Funds

Funding Source: DIS Revolving

Accounting Information:

Business Area: 0470 Funds Center: 288 Fund: MHC Functional Area: ADMN

Line Item	Commitment Item	Estimated Carry Forward Amount	Actual Carry Forward Amount
Total		\$ 0.00	\$ 0.00

Current law requires a written statement be submitted to the DFA Office of Budget stating the reason(s) to carry forward appropriation and/or funding for a program or a specific line item within a program from the first fiscal year of the biennium to the second fiscal year of the biennium.

Justification for carry forward of unexpended balance of appropriation and/or funding:

The agency is not requesting any carry forward for this appropriation.

Actual Funding Carry Forward Amount \$ 0.00

Current status of carry forward appropriation/funding:

N/A

Claire Bailey
Director

08-25-2008
Date

Analysis of Budget Request

Appropriation: 2QX - Information Systems-Operations

Funding Sources: MHC - Department of Information Systems Revolving Fund

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

Twenty nine (29) Base Level unclassified positions were changed to classified positions and the current classified positions reflect the recommendations of the Pay Plan Study. Salaries were adjusted accordingly. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries may include board member Stipend payments and Career Service payments for eligible employees. Personal Services Matching includes a \$75 increase in monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

Since July 1, 2003, the Department of Finance and Administration (DFA) has contracted with DIS to oversee the AASIS Support Center (ASC) functions and staff. In conjunction with the implementation of the pay plan study, the Agency is requesting to transfer the Administrator position to DFA to allow for more efficient and effective management by DFA.

The Agency requests an increase in Telecommunications/Technology Delivery of \$22,500,000 for the 2009-2011 biennium due to increases in vendor charges and increased services provided to DIS' customers; funds to support this increase will be recovered through fees charged to the users. In FY08, DIS requested and received approval of \$6,500,000 of appropriation transfer from the Unanticipated Services appropriation. The Agency requests \$6,500,000 of appropriation only for each year of the biennium. The agency does not expect vendor charges or level of services to decrease over the 2009-2011 biennium. Due to a change in accounting procedures for E-Rate customer discounts, an increase of \$16,000,000 of appropriation only is requested to distribute Federal Communications Commission (FCC) funded Universal Service Funds to participating customers. In prior years, the Agency gave customer credits equal to funds received on their behalf. In the future, the Agency is required to distribute funds received for E-Rate customers through warrants to the customer.

The Agency requests a reallocation from Operating Expenses to Capital Outlay for sufficient appropriation to obtain required hardware and software to meet customer requirements. The Agency also requests Capital Outlay of \$3,500,000 to continue purchasing and updating items such as routers, computers, servers, and security hardware. Providing security to ensure the protection of the state network and assist customers, and state and local agencies in developing disaster recovery plans is a function of the State Security Office. Compliance monitoring is a management activity of the Chief Financial Office.

Executive Recommendation provides for the Agency Request and includes the transfer of the four (4) positions from appropriation 34X-Security & Compliance Monitoring.

Appropriation Summary

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

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	13,949,576	14,955,418	14,576,300	15,246,806	15,125,936	15,420,783	15,491,458	15,370,588	15,671,052
#Positions		252	254	254	254	253	257	254	253	257
Extra Help	5010001	129,153	164,000	164,000	164,000	164,000	164,000	164,000	164,000	164,000
#Extra Help		15	18	18	18	18	18	18	18	18
Personal Services Matching	5010003	3,685,514	3,696,922	4,086,780	4,171,465	4,144,601	4,220,024	4,217,826	4,190,587	4,267,122
Overtime	5010006	10,729	66,000	66,000	66,000	66,000	66,000	66,000	66,000	66,000
Operating Expenses	5020002	7,342,146	10,519,905	10,519,905	10,519,905	9,519,905	9,519,905	10,519,905	9,519,905	9,519,905
Conference & Travel Expenses	5050009	183,002	214,321	214,321	214,321	214,321	214,321	214,321	214,321	214,321
Professional Fees	5060010	301,084	631,500	631,500	631,500	631,500	631,500	631,500	631,500	631,500
Data Processing	5090012	8,039,044	8,406,866	8,406,866	8,406,866	8,406,866	8,406,866	8,406,866	8,406,866	8,406,866
Capital Outlay	5120011	2,483,684	3,500,000	3,500,000	0	4,500,000	4,500,000	0	4,500,000	4,500,000
Telecommunication/Technology C	5900046	40,407,289	35,950,929	35,950,929	35,950,929	58,450,929	58,450,929	35,950,929	58,450,929	58,450,929
Total		76,531,221	78,105,861	78,116,601	75,371,792	101,224,058	101,594,328	75,662,805	101,514,696	101,891,695

Funding Sources										
Fund Balance	4000005	23,825,741	15,633,621		11,627,760	11,627,760	11,627,760	12,255,968	12,255,968	11,885,698
Non-Revenue Receipts	4000040	70,134,743	77,600,000		79,500,000	105,352,266	105,352,266	79,700,000	105,551,891	105,551,891
M & R Sales	4000340	4,358	0		0	0	0	0	0	0
Transfer to Info Tech Reserve	4000645	(1,800,000)	(3,500,000)		(3,500,000)	(3,500,000)	(3,500,000)	(3,500,000)	(3,500,000)	(3,500,000)
Total Funding		92,164,842	89,733,621		87,627,760	113,480,026	113,480,026	88,455,968	114,307,859	113,937,589
Excess Appropriation/(Funding)		(15,633,621)	(11,627,760)		(12,255,968)	(12,255,968)	(11,885,698)	(12,793,163)	(12,793,163)	(12,045,894)
Grand Total		76,531,221	78,105,861		75,371,792	101,224,058	101,594,328	75,662,805	101,514,696	101,891,695

FY09 Budget amount in Regular Salaries exceeds the authorized amount due to salary adjustments during the 2007-2009 biennium.
 Actual for Telecommunications/Technology Delivery exceeds Authorized due to special language which provides Appropriation Transfer authority from the Unanticipated Services appropriation.
 Special language also allows carry forward of unexpended appropriation in Telecommunications/Technology Delivery may be carried forward for the fiscal year ended June 30, 2009 for the sole purpose of providing payments for the telecommunications system. The amount carried forward was \$2,055,640.03.

Change Level by Appropriation

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

Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	75,371,792	254	75,371,792	100.0	75,662,805	254	75,662,805	100.0
C01	Existing Program	22,500,000	0	97,871,792	129.9	22,500,000	0	98,162,805	129.7
C04	Reallocation	0	0	97,871,792	129.9	0	0	98,162,805	129.7
C07	Agency Transfer	(147,734)	(1)	97,724,058	129.7	(148,109)	(1)	98,014,696	129.5
C08	Technology	3,500,000	0	101,224,058	134.3	3,500,000	0	101,514,696	134.2

Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	75,371,792	254	75,371,792	100.0	75,662,805	254	75,662,805	100.0
C01	Existing Program	22,500,000	0	97,871,792	129.9	22,500,000	0	98,162,805	129.7
C04	Reallocation	0	0	97,871,792	129.9	0	0	98,162,805	129.7
C07	Agency Transfer	221,936	3	98,093,728	130.1	228,290	3	98,391,095	130.0
C08	Technology	3,500,000	0	101,593,728	134.8	3,500,000	0	101,891,095	134.7

Justification

C01	Telecommunications/Technology Delivery - Due to increases in vendor charges for utilities, and increased services provided to our customers, DIS was compelled to request \$6,500,000 in Contingency appropriation from the Unanticipated Services under Section 4 of our legislative Act 794 of 2007 to continue providing services to customers in fiscal year 2008. The services causing the increases and the higher vendor charges experienced by the agency will not change or decrease over the next biennium. Therefore, DIS requests \$6,500,000 in appropriation be added to the Department's Telecommunication/Technology Delivery line item. This is an appropriation only request, funds to support this increase will be recovered through fees charged to users of the the services. To accommodate a change in accounting procedures for E-Rate Customer Discounts, DIS requests \$16,000,000 in appropriation only to distribute Federal Communications Commission (FCC) funded Universal Service Funds to customers participating in the E-Rate Program. In prior fiscal years, DIS has given customer credits equal to funds received on their behalf. In the future, DIS is required to distribute funds recieved for E-Rate Customers by creating warrants.
C04	The Department is requesting a reallocation of \$1,000,000 of appropriation from the operating expense line item to the Capital Outlay line item. Since DIS is the information technology arm of Arkansas State Government, the agency needs to ensure we have sufficient capital outlay to obtain required computer hardware and software to accommodate partner agency requirements. This internal reallocation of resource will give DIS the authority it needs to supply customer demand and bring the total capital outlay line item to \$4,500,000.
C07	Since July 1, 2003, the Department of Finance and Administration (DFA) has contracted with the Department of Information Systems to oversee the AASIS Support Center (ASC) functions and staff. In conjunction with the implementation of the statewide pay plan study, the Agency is requesting to transfer this Administrator position into the DFA structure. This will allow for more efficient and effective management of the ASC by DFA management.-----In addition to the transfer to DFA the Executive Recommendation provides for transfer of the four (4) positions from appropriation 34X-Security & Compliance Monitoring to 2QX.
C08	The Agency requests retention of Capital Outlay of \$3,500,000 of appropriation only for each year of the biennium to continue purchasing, updating, and enhancing services to state agency customers. Items such as routers, computers, servers, and security hardware will be refreshed as needed. Reference IT Plan under - Operations Hardware & Software Plan.

CARRY FORWARD OF ANY UNEXPENDED BALANCE OF APPROPRIATION AND/OR FUNDING FROM FISCAL YEAR 2008 TO FISCAL YEAR 2009

Agency: Information Systems Department

Program: Information Systems-Operations

Act #: 794 of 2007 Section(s) #: 3 & 15

Estimated Carry Forward Amount \$ 6,512,000.00 Appropriation Funds

Funding Source: DIS Revolving

Accounting Information:

Business Area: 0470 Funds Center: 2QX Fund: MHC Functional Area: ADMN

Line Item	Commitment Item	Estimated Carry Forward Amount	Actual Carry Forward Amount
Telecommunication/Technology Delivery	5900046	6,512,000.00	2,055,640.03
Total		\$ 6,512,000.00	\$ 2,055,640.03

Current law requires a written statement be submitted to the DFA Office of Budget stating the reason(s) to carry forward appropriation and/or funding for a program or a specific line item within a program from the first fiscal year of the biennium to the second fiscal year of the biennium.

Justification for carry forward of unexpended balance of appropriation and/or funding:

The Department of Information Systems requested additional appropriation from Act 794, Section 4 - Unanticipated Services Contingency to supplement the Telecommunications Technology Delivery services line item due to increases in both project request from State Agencies and increases in vendor utility billings. Due to the timing of receiving the additional appropriation, DIS will not have time to expend the required appropriations prior to June 30, 2008 and will require the use of the carry forward option of any remaining appropriation to meet prior year vendor billings and obligations under the Telecommunications Technolgy Delivery section.

Actual Funding Carry Forward Amount \$ 0.00

Current status of carry forward appropriation/funding:

Carryforward appropriation will continue to be used to meet vendor billings and client / customer needs for FY2009 fiscal year.

Claire Bailey
Director

08-12-2008
Date

Analysis of Budget Request

Appropriation: 2QY - Equipment Acquisition

Funding Sources: MHD - Department of Information Systems Reserve

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

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

It has been 7 years since the Agency has used this authority to receive a loan.

The Agency requests Base Level of \$3,500,000 for each year of the biennium.

Executive Recommendation provides for the Agency Request.

Appropriation Summary

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

Historical Data

Agency Request and Executive Recommendation

Commitment Item	Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
	2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Equip Acq's & IT Improvements 5900046	1,167,075	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	1,167,075	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	558,578	1,191,503		1,191,503	1,191,503	1,191,503	1,191,503	1,191,503	1,191,503
Information Tech Reserve 4000295	1,800,000	3,500,000		3,500,000	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000
Total Funding	2,358,578	4,691,503		4,691,503	4,691,503	4,691,503	4,691,503	4,691,503	4,691,503
Excess Appropriation/(Funding)	(1,191,503)	(1,191,503)		(1,191,503)	(1,191,503)	(1,191,503)	(1,191,503)	(1,191,503)	(1,191,503)
Grand Total	1,167,075	3,500,000		3,500,000	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000

Special language provides for carry forward the balance of appropriation which remains at the close of the fiscal year ending June 30, 2008, may be carried forward and used for equipment acquisition. The amount carried forward was \$2,332,925.12.

CARRY FORWARD OF ANY UNEXPENDED BALANCE OF APPROPRIATION AND/OR FUNDING FROM FISCAL YEAR 2008 TO FISCAL YEAR 2009

Agency: Information Systems Department

Program: Equipment Acquisition

Act #: 794 of 2007 Section(s) #: 5 & 16

Estimated Carry Forward Amount \$ 1,500,000.00 Appropriation Funds

Funding Source: DIS Revolving

Accounting Information:

Business Area: 0470 Funds Center: 2QY Fund: MHD Functional Area: ADMN

Line Item	Commitment Item	Estimated Carry Forward Amount	Actual Carry Forward Amount
Equip Acq's & IT Improvements	5900046	1,500,000.00	2,332,925.12
Total		\$ 1,500,000.00	\$ 2,332,925.12

Current law requires a written statement be submitted to the DFA Office of Budget stating the reason(s) to carry forward appropriation and/or funding for a program or a specific line item within a program from the first fiscal year of the biennium to the second fiscal year of the biennium.

Justification for carry forward of unexpended balance of appropriation and/or funding:

The Department of Information Systems is authorized to accumulate a reserve for equipment acquisition in an amount not to exceed the department's depreciation expense per fiscal year. This Information Technology Reserve fund is to be used for the replacement of outdated equipment, major equipment purchases or improvements, infrastructure needs by the department and/or fully depreciated equipment replacements. The fund will continue to be used for the acquisition of network routers, servers and other technology equipment needs of DIS.

Actual Funding Carry Forward Amount \$ 0.00

Current status of carry forward appropriation/funding:

The Equipment Acquisition will be used to continue upgrading and replacing information technology equipment and IT improvements.

Claire Bailey
Director

08-21-2008
Date

Analysis of Budget Request

Appropriation: 34U - Geographic Information System

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.

This appropriation is funded by general revenue.

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.

The Base Level unclassified position was changed to a classified position and the current classified positions reflect the recommendations of the Pay Plan Study. Salaries were adjusted accordingly. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries may include board member Stipend payments and Career Service payments for eligible employees. Personal Services Matching includes a \$75 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

Upon the dissolution of OIT, the operating budget was not increased for the expenses previously paid by OIT. Therefore, the Agency requests an increase in Operating Expenses of \$1,143,350 for the 2009-2011 biennium for office rent, wired and wireless telecommunications, postage, freight, mileage, software licenses and network services. The increase for wireless telecommunications and mileage are due to meetings with county judges, assessors, E-911 coordinators, and floodplain managers; currently the agency has coordination activities in all 75 counties. Increases for postage and freight are due to an increase in mailings to clients and to an increase in the number of data sharing activities between the agency and counties. The increase in software licenses is for support of various MicroSoft office products and server licenses. The increase in network services is due to the increase in GeoStor usage. On average, the system produces over 4,000 maps each month, the applications include Governor Beebe's interactive map used by the Governor's Communications Director, the Streamlined Sales & Use Tax program, the Department of Environmental Quality Permitted Use Sites map, Oil & Gas Commission Permitted Gas Well Map, and an interactive Game & Fish Commission map showing facilities, wildlife management areas, and public access points. GeoStor also serves the State Land Surveyor's Office; plats are scanned, stored and made available to the public and distributed to county assessors offices.

The Agency requests a reallocation of \$115,000 from Data Processing to Operating Expenses to properly classify expenses associated with support and maintenance of GeoStor to update the State's digital aerial photography database which was last updated in 2006. This information serves as the base mapping layer and allows other map information to be updated. Primary local use supports real estate tax revenue by assisting county assessors to locate new real estate improvements. Data is also used by E-911 dispatchers to guide first responders to an event.

The Agency requests an increase in Capital Outlay of \$479,000 for FY10 and FY11 for Geo Stor hardware replacement due to lack of vendor support in 2010.

Executive Recommendation provides for Base Level and the reallocation of resources and transfer of the appropriation as a new Agency - Office of Geographic Information Services to ensure compliance with the requirements of State and Federal statutory and regulatory provisions (see page 229).

Appropriation Summary

Appropriation: 34U - Geographic Information System

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		
	2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	296,660	345,650	333,306	354,476	354,476	0	362,596	362,596	0
#Positions	5	5	5	5	5	0	5	5	0
Extra Help 5010001	5,966	6,000	6,000	6,000	6,000	0	6,000	6,000	0
#Extra Help	1	2	2	2	2	0	2	2	0
Personal Services Matching 5010003	82,589	85,957	90,451	92,320	92,320	0	93,842	93,842	0
Operating Expenses 5020002	21,473	21,491	21,491	21,491	1,279,841	0	21,491	1,279,841	0
Conference & Travel Expenses 5050009	9,379	10,000	10,000	10,000	10,000	0	10,000	10,000	0
Professional Fees 5060010	0	0	0	0	0	0	0	0	0
Data Processing 5090012	109,554	115,000	115,000	115,000	0	0	115,000	0	0
Capital Outlay 5120011	103,092	120,000	120,000	0	479,000	0	0	479,000	0
Total	628,713	704,098	696,248	599,287	2,221,637	0	608,929	2,231,279	0
Funding Sources									
General Revenue 4000010	628,713	704,098		599,287	2,221,637	0	608,929	2,231,279	0
Total Funding	628,713	704,098		599,287	2,221,637	0	608,929	2,231,279	0
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	628,713	704,098		599,287	2,221,637	0	608,929	2,231,279	0

The FY09 Budget amount in Regular Salaries exceeds the authorized amount due to salary adjustments during the 2007-2009 biennium.

Executive Recommendation provides for transfer of the appropriation as a new agency - Office of Geographic Information Services (see page 229).

Change Level by Appropriation

Appropriation: 34U - Geographic Information System

Funding Sources: HUA - Miscellaneous Agencies Fund

Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	599,287	5	599,287	100.0	608,929	5	608,929	100.0
C01	Existing Program	155,850	0	755,137	126.0	155,850	0	764,779	125.6
C04	Reallocation	0	0	755,137	126.0	0	0	764,779	125.6
C08	Technology	1,466,500	0	2,221,637	370.7	1,466,500	0	2,231,279	366.4

Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	599,287	5	599,287	100.0	608,929	5	608,929	100.0
C01	Existing Program	0	0	599,287	100.0	0	0	608,929	100.0
C04	Reallocation	0	0	599,287	100.0	0	0	608,929	100.0
C07	Agency Transfer	(599,287)	(5)	0	0.0	(608,929)	(5)	0	0.0
C08	Technology	0	0	0	0.0	0	0	0	0.0

Justification

C01	Upon the dissolution of the Office of Information Technology (OIT) at the end of FY07, Operating Expenses was not increased for expenses previously paid by OIT. These increases are also necessary in order for DIS to avoid any risk of non-compliance with OMB Circular A-87 and continue to serve our constituents. Rent was previously paid by OIT, increase in mileage is due to a significant growth in meetings with county judges, assessors, E-911 coordinators and floodplain managers. Presently we have on-going coordination activities in all 75 counties. Failure to meet these obligations will be critical to the program's success; freight costs are anticipated to increase due to an increase in the number of data sharing activities between AGIO and counties, postage is required to meet increased mailings to clients, telecommunications wired and wireless; with the growth in county coordination, GIS staff are attending more meetings with counties and requires increased use of cell phones and services as they travel and land lines in the office; increase in software maintenance license agreements is needed to support Microsoft desktop office product license and maintenance for staff. The AGIO is also asking to retain \$25,000 in Capital Outlay. Appropriation and funding is needed to purchase software and hardware products for AGIO personnel and continued projects.
C04	Geographic Information Systems requests a reallocation of resources to properly classify \$115,000 from Data Processing to Operating Expenses for expenses associated with support and maintenance of GeoStor.
C07	Executive Recommendation provides for the reallocation of resources and transfer of this appropriation at Base Level as a new agency - Office of Geographic Information Services.
C08	Equipment Expense: the servers operating GeoStor were procured in 2005 and will no longer be supported by the vendor in 2010. The system serves a number of applications including Governor Beebe's interactive map used by the Governor's Communication Director, the Department of Finance & Administration Streamlined Sales and Use Tax program, GeoStor also serves the Arkansas Department of Environmental Quality Permitted Sites map, the Arkansas Oil & Gas Commission Permitted Gas Well Map and the Arkansas Game & Fish Commission interactive map showing facilities, wildlife management areas, and public access points. GeoStor also services the State Land Surveyor's Office. The plats are scanned, stored and made accessible to the public via GeoStor. This service is used to distribute plats to county assessors offices. The system plays an important role in economic development by allowing the Arkansas Economic Development Commission to show a multitude of data sets showcasing sites for prospects. Given the significance and number of applications it is a risky situation operating the system on unsupported hardware. The agency requests appropriation and funding for this increase to replace this hardware with new equipment. Data processing Services: This request is to implement an ongoing program that will continuously update the State's digital aerial photography database. Previous versions were taken in 2001 and 2006. If a mission were launched in the winter of 2010 the data would become available in 2011. At that time the current data being used would be five years old. AGIO requests appropriation and funding to support this effort. Reference to these projects can be located under the DIS 2010 -2011 IT Agency Plan under - Projects GeoStor In-House Hardware and Additional Reporting - Projects - Arkansas Digital Orthophotography - Other Services.

Analysis of Budget Request

Appropriation: 34V - Flood Map-Federal

Funding Sources: FNM - Federal Funds

This program provides services in support of the Federal Emergency Management Agency (FEMA) Map Modernization Management. FEMA requests each state to coordinate the geographic information system data development to support the creation of the digital flood map.

The Arkansas Geographic Information Office (AGIO), which was part of the Office of Information Technology (OIT), established this appropriation. Upon the dissolution of OIT by Acts 751 and 794 of 2007, this appropriation was transferred to the Department of Information Systems.

The Agency requests a restoration of \$6,000 for Capital Outlay for FY10 and FY11 for hardware and computer upgrades and replacement and other equipment expenses associated with the Federal Map Project.

Executive Recommendation provides for the Agency Request and transfer of the appropriation as a new Agency - Office of Geographic Information Services to ensure compliance with the requirements of State and Federal statutory and regulatory provisions (see page 223).

Appropriation Summary

Appropriation: 34V - Flood Map-Federal

Funding Sources: FNM - Federal Funds

Historical Data

Agency Request and Executive Recommendation

Commitment Item	Historical Data			2009-2010			2010-2011		
	2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses 5020002	3,523	4,300	4,300	4,300	4,300	0	4,300	4,300	0
Conference & Travel Expenses 5050009	10,029	10,200	10,200	10,200	10,200	0	10,200	10,200	0
Professional Fees 5060010	0	0	0	0	0	0	0	0	0
Data Processing 5090012	35,107	102,000	102,000	102,000	102,000	0	102,000	102,000	0
Capital Outlay 5120011	4,891	6,000	6,000	0	6,000	0	0	6,000	0
Total	53,550	122,500	122,500	116,500	122,500	0	116,500	122,500	0
Funding Sources									
Federal Revenue 4000020	53,550	122,500		116,500	122,500	0	116,500	122,500	0
Total Funding	53,550	122,500		116,500	122,500	0	116,500	122,500	0
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	53,550	122,500		116,500	122,500	0	116,500	122,500	0

Executive Recommendation provides for transfer of this appropriation as a new agency - Office of Geographic Information Services (see page 223).

Change Level by Appropriation

Appropriation: 34V - Flood Map-Federal

Funding Sources: FNM - Federal Funds

Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	116,500	0	116,500	100.0	116,500	0	116,500	100.0
C08	Technology	6,000	0	122,500	105.2	6,000	0	122,500	105.2

Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	116,500	0	116,500	100.0	116,500	0	116,500	100.0
C07	Agency Transfer	(122,500)	0	(6,000)	-5.2	(122,500)	0	(6,000)	-5.2
C08	Technology	6,000	0	0	0.0	6,000	0	0	0.0

Justification

C07	Executive Recommendation provides for transfer of this appropriation as a new agency - Office of Geographic Information Services. This includes the \$6,000 C08 Change Level.
C08	The AGIO is requesting \$6,000 in capital outlay from the prior biennium budget allocation be restored to upgrade hardware, software, replace computer and other equipment expenses associated with the Federal Flood Map Project. Reference to this effort can be found in the DIS 2010 - 2011 IT Agency Plan under - Operations Hardware & Software Plan.

Analysis of Budget Request

Appropriation: 34W - 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 Arkansas Geogrpahic Information Office (AGIO), which was part of the Office of Information Technology (OIT), established this appropriation. Upon the dissolution of the Office of Information Technology by Acts 751 and 794 of 2007, this appropriation was transferred to the Department of Information Systems.

The Agency Requests Base Level for the 2009-2011 biennium.

Executive Recommendation provides for the Agency Request and transfer of the appropriation as a new Agency - Office of Geographic Information Services to ensure compliance with the requirements of State and Federal statutory and regulatory provisions (see page 226).

Appropriation Summary

Appropriation: 34W - Geostor & Framework
Funding Sources: TGS - Geographic Information Systems Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Geostor & Framework 5900047	51,028	250,000	250,000	250,000	250,000	0	250,000	250,000	0
Total	51,028	250,000	250,000	250,000	250,000	0	250,000	250,000	0
Funding Sources									
Fund Balance 4000005	223,502	172,474		37,474	37,474	0	37,474	37,474	0
Trust Fund 4000050	0	115,000		250,000	250,000	0	250,000	250,000	0
Total Funding	223,502	287,474		287,474	287,474	0	287,474	287,474	0
Excess Appropriation/(Funding)	(172,474)	(37,474)		(37,474)	(37,474)	0	(37,474)	(37,474)	0
Grand Total	51,028	250,000		250,000	250,000	0	250,000	250,000	0

FY08 fund balance amount reflects federal funds provided for updating digital maps for the U.S. Geologic Survey.

Special language provides for transfer of unexpended appropriation at June 30, 2008 may be carried forward for the sole purpose of providing payments for geographic information technology. The amount of carry forward was \$198,971.99.

Executive Recommendation provides for transfer of this appropriation as a new agency - Office of Geographic Information Services (see page 226).

Change Level by Appropriation

Appropriation: 34W - Geostor & Framework
Funding Sources: TGS - Geographic Information Systems Fund

Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	250,000	0	250,000	100.0	250,000	0	250,000	100.0

Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	250,000	0	250,000	100.0	250,000	0	250,000	100.0
C07	Agency Transfer	(250,000)	0	0	0.0	(250,000)	0	0	0.0

Justification

C07	Executive Recommendation provides for transfer of this appropriation as a new agency - Office of Geographic Information Services.
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CARRY FORWARD OF ANY UNEXPENDED BALANCE OF APPROPRIATION AND/OR FUNDING FROM FISCAL YEAR 2008 TO FISCAL YEAR 2009

Agency: Information Systems Department

Program: Geostor & Framework

Act #: 794 of 2007 Section(s) #: 11 & 12

Estimated Carry Forward Amount \$ 185,500.00 Appropriation Funds

Funding Source: Trust

Accounting Information:

Business Area: 0470 Funds Center: 34W Fund: TGS Functional Area: ADMN

Line Item	Commitment Item	Estimated Carry Forward Amount	Actual Carry Forward Amount
Geostor & Framework	5900047	185,500.00	198,971.99
Total		\$ 185,500.00	\$ 198,971.99

Current law requires a written statement be submitted to the DFA Office of Budget stating the reason(s) to carry forward appropriation and/or funding for a program or a specific line item within a program from the first fiscal year of the biennium to the second fiscal year of the biennium.

Justification for carry forward of unexpended balance of appropriation and/or funding:

This trust fund was created to operate, maintain GeoStor, the Arkansas Spatial Data Infrastructure, maintain and disseminate framework spatial data and support the administrative functions of Geostor. The fund consist of grants, gifts, donations received by the State of Arkansas for this purpose. Federal funds, and funds approved by the General Assemble to carry out the duties and responsibilities of Geographic Information Systems to the Arkansas State Land Information Board. This request to carry forward any remaining funds and appropriations at 06/30/08 is to ensure the agency has sufficient funds and appropriations to carry out it's required duties.

Actual Funding Carry Forward Amount \$ 0.00

Current status of carry forward appropriation/funding:

The carryforward appropriation will continue to be used to meet the needs of GeoStor and Framework equipment replacements, maintenance, and other requirements of the Arkansas Geographic Spatial Data system.

Claire Bailey
Director

08-12-2008
Date

Analysis of Budget Request

Appropriation: 34X - Security & Compliance Monitoring

Funding Sources: HUA - Miscellaneous Agencies Fund

The Agency requests continuation of this appropriation which was created through the dissolution of the Office of Information Technology (OIT) by Acts 751 and 794 of 2007. This appropriation has four (4) positions, two (2) positions are to augment DIS' security staff and the remaining two (2) positions are to accommodate needs in the fiscal group to manage increased federal compliance monitoring. This appropriation is funded by general revenue.

The Base Level unclassified position was changed to a classified position and the current classified positions reflect the recommendations of the Pay Plan Study. Salaries were adjusted accordingly. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries may include board member Stipend payments and Career Service payments for eligible employees. Personal Services Matching includes a \$75 increase in the monthly contribution for State employee's health insurance for a total state match per budgeted employee of \$425.

The Agency Requests Base Level for the 2009-2011 biennium.

Providing security to ensure the protection of the state network and assist customers, and state and local agencies in developing disaster plans is a function of the State Security Office. Compliance monitoring is a management activity of the Chief Financial Office. Both functional areas are within DIS' operating appropriation.

Executive Recommendation provides for transfer of the four (4) positions to appropriation 2QX - Information Systems-Operations without general revenue support.

Appropriation Summary

Appropriation: 34X - Security & Compliance Monitoring

Funding Sources: HUA - Miscellaneous Agencies Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2009-2010			2010-2011		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	255,933	285,950	312,072	294,247	294,247	0	299,864	299,864	0
#Positions		4	4	4	4	4	0	4	4	0
Personal Services Matching	5010003	57,616	61,100	81,368	75,423	75,423	0	76,535	76,535	0
Total		313,549	347,050	393,440	369,670	369,670	0	376,399	376,399	0
Funding Sources										
General Revenue	4000010	313,549	347,050		369,670	369,670	0	376,399	376,399	0
Total Funding		313,549	347,050		369,670	369,670	0	376,399	376,399	0
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		313,549	347,050		369,670	369,670	0	376,399	376,399	0

Change Level by Appropriation

Appropriation: 34X - Security & Compliance Monitoring

Funding Sources: HUA - Miscellaneous Agencies Fund

Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	369,670	4	369,670	100.0	376,399	4	376,399	100.0

Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	369,730	4	369,730	100.0	376,399	4	376,399	100.0
C07	Agency Transfer	(369,730)	(4)	0	0.0	(376,399)	(4)	0	0.0

Justification

C07	Executive Recommendation provides for transfer of the four (4) positions to appropriation 2QX-Information Systems-Operations.
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Analysis of Budget Request

Appropriation: 54Z - Innovation & Product Development

Funding Sources: HUA - Miscellaneous Agencies Fund

The Agency requests an appropriation of \$450,000 for FY10 and \$450,000 for FY11 to create an Innovation and Product Development Division within the agency. DIS will rely on engineers' expertise to evaluate vendors' technology offerings as well as evaluate DIS' products and services. This will be a way of selecting products for a technology portfolio at an individual agency level or across agencies which will improve processes and offer value to customer needs. Through this expertise, DIS expects innovation to improve the quality of solutions, create new solutions, and better use of equipment and staff. The goal is to reduce costs through a common business strategy, improve collaboration, and provide a common look for the public in the delivery of services.

The Agency requests general revenue funding for FY10 and FY11.

The Executive Recommendation provides for the establishment of this appropriation and general revenue funding under the Department of Finance & Administration - Disbursing Officer with special language identifying the process on approval of payments to the Agency.

Appropriation Summary

Appropriation: 54Z - Innovation & Product Development

Funding Sources: HUA - Miscellaneous Agencies Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2007-2008	2008-2009	2008-2009	2009-2010			2010-2011		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Innovation & Product Development 5900046	0	0	0	0	450,000	0	0	450,000	0
Total	0	0	0	0	450,000	0	0	450,000	0
Funding Sources									
General Revenue 4000010	0	0		0	450,000	0	0	450,000	0
Total Funding	0	0		0	450,000	0	0	450,000	0
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	0	0		0	450,000	0	0	450,000	0

Change Level by Appropriation

Appropriation: 54Z - Innovation & Product Development

Funding Sources: HUA - Miscellaneous Agencies Fund

Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
C02	New Program	450,000	0	450,000	100.0	450,000	0	450,000	100.0

Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
C02	New Program	0	0	0	0.0	0	0	0	0.0

Justification

C02	<p>As the manager of the State of Arkansas' telecommunications technology infrastructure, DIS is always dealing with the allocation of scarce resources to resolve our partner agencies technology needs. The more complete an understanding we have of our customers, the more likely we are to allocate resources to work on problems that are most important to them. Adding Innovation and Development Management at DIS is a way of selecting products for a technology portfolio - whether at the level of an individual agency or across agencies that will add to the department's process improvements and offer value to customers needs. DIS receives request from agencies for business evaluation services that is fully integrated with software solutions. DIS does not have an operational group dedicated to advice and recommendations for our clients. Instead of state agencies relying on unpredictable financial data, or the charisma of the products marketing strategies, DIS will rely on the expertise of engineers to evaluate the ever expanding vendor offerings in technology as well as evaluate DIS products and services. Through the utilization of this area of expertise we expect the innovation to improve the quality of technology solutions delivering value to the public, create new solutions, improve existing solutions, reduce labor costs, improve processes, reduce environmental damage, better utilize equipment and personnel, and reduce energy consumption. Our goal will be to reduce costs through the utilization of a common business strategy, improved collaboration, and have a common look and feel for the public in the delivery of services. The State needs to consider a unified technology procurement strategy that will benefit all state agencies. In prior years, DIS received State General Revenue each fiscal year to offset operating expenses. We are asking that a distribution of State Funding be reinstated for the use of initiating an Innovation & Product Development Management section within DIS. Analyzing what we are currently doing and instituting a process to evaluate the effects of new programs and technologies will help the State keep pace with the ever growing need for technology requirements. The agency is requesting \$450,000 in FY2010 and \$450,000 in FY2011 in state funding to support this endeavor.</p>
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Appropriation Summary

Appropriation: 2YV - Spyware Monitoring

Funding Sources: SSM - Spyware Monitoring Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2007-2008	2008-2009	2008-2009	2009-2010			2010-2011		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Admin Expenses 5900046	0	0	100,000	0	0	0	0	0	0
Total	0	0	100,000	0	0	0	0	0	0

THIS APPROPRIATION NOT REQUESTED FOR THE NEW BIENNIUM.

Department Appropriation Summary

Historical Data

Agency Request and Executive Recommendation

Appropriation	2007-2008		2008-2009		2008-2009		2009-2010						2010-2011					
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
56W Flood Map - Federal	0	0	0	0	0	0	0	0	0	0	122,500	0	0	0	0	0	122,500	0
56X GeoStor & Framework	0	0	0	0	0	0	0	0	0	0	250,000	0	0	0	0	0	250,000	0
56Y Geographic Information Systems	0	0	0	0	0	0	0	0	0	0	599,287	5	0	0	0	0	608,929	5
Total	0	0	0	0	0	0	0	0	0	0	971,787	5	0	0	0	0	981,429	5

Funding Sources		%		%		%		%		%		%		%		%
Fund Balance 4000005	0	0.0	0	0.0		0	0.0	37,474	3.7	0	0.0	0	0.0	37,474	3.7	
General Revenue 4000010	0	0.0	0	0.0		0	0.0	599,287	59.4	0	0.0	0	0.0	608,929	59.8	
Federal Revenue 4000020	0	0.0	0	0.0		0	0.0	122,500	12.1	0	0.0	0	0.0	122,500	12.0	
Trust Fund 4000050	0	0.0	0	0.0		0	0.0	250,000	24.8	0	0.0	0	0.0	250,000	24.5	
Total Funds	0	0.0	0	0.0		0	0.0	1,009,261	100.0	0	0.0	0	0.0	1,018,903	100.0	
Excess Appropriation/(Funding)	0		0			0		(37,474)		0		0		(37,474)		
Grand Total	0		0			0		971,787		0		0		981,429		

Executive Recommendation provides for transfer of these appropriations from the Department of Information Systems as a new agency - Office of Geographic Information Services.

Agency Position Usage Report

FY2006 - 2007						FY2007 - 2008						FY2008 - 2009					
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: 56W - Flood Map - Federal

Funding Sources: FNM - Federal Funds

The Arkansas Geographic Information Office (AGIO), which was part of the Office of Information Technology (OIT), established this appropriation. Upon the dissolution of OIT by Acts 751 and 794 of 2007, this appropriation was transferred to the Department of Information Systems.

This program provides services in support of the Federal Emergency Management Agency (FEMA) Map Modernization Management. FEMA requests each state to coordinate the geographic information system data development to support the creation of the digital flood map.

Executive Recommendation provides for the Agency Request and transfer of appropriation 34V-Flood Map-Federal from the Department of Information Systems as a new agency - Office of Geographic Information Services to ensure compliance with the requirements of State and Federal statutory and regulatory provisions (see page 207).

Appropriation Summary

Appropriation: 56W - Flood Map - Federal

Funding Sources: FNM - Federal Funds

Historical Data

Agency Request and Executive Recommendation

Commitment Item	Historical Data			2009-2010			2010-2011		
	2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses 5020002	0	0	0	0	0	4,300	0	0	4,300
Conference & Travel Expenses 5050009	0	0	0	0	0	10,200	0	0	10,200
Professional Fees 5060010	0	0	0	0	0	0	0	0	0
Data Processing 5090012	0	0	0	0	0	102,000	0	0	102,000
Capital Outlay 5120011	0	0	0	0	0	6,000	0	0	6,000
Total	0	0	0	0	0	122,500	0	0	122,500
Funding Sources									
Federal Revenue 4000020	0	0		0	0	122,500	0	0	122,500
Total Funding	0	0		0	0	122,500	0	0	122,500
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	0	0		0	0	122,500	0	0	122,500

Executive Recommendation provides for transfer of this appropriation from the Department of Information Systems as a new agency - Office of Geographic Information Services (see page 207).

Change Level by Appropriation

Appropriation: 56W - Flood Map - Federal

Funding Sources: FNM - Federal Funds

Executive Recommendation

Change Level	2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
C07 Agency Transfer	122,500	0	122,500	100.0	122,500	0	122,500	100.0

Justification

C07	Executive Recommendation provides for transfer of this appropriation from the Department of Information Systems as a new agency - Office of Geographic Information Services.
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Analysis of Budget Request

Appropriation: 56X - GeoStor & Framework

Funding Sources: TGS - Geographic Information Systems Fund

The Arkansas Geographic Information Office (AGIO), which was part of the Office of Information Technology (OIT), established this appropriation. Upon dissolution of OIT by Acts 751 and 794 of 2007, this appropriation was transferred to the Department of Information Systems.

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. It consists of funds approved by the General Assembly, contributions, federal funds, and any other funds allowable by law.

Executive Recommendation provides for the Agency Request and transfer of appropriation 34W-GeoStor & Framework from the Department of Information Systems as a new agency - Office of Geographic Information Services to ensure compliance with the requirements of State and Federal statutory and regulatory provisions (see page 210).

Appropriation Summary

Appropriation: 56X - GeoStor & Framework
Funding Sources: TGS - Geographic Information Systems Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item	Historical Data			2009-2010			2010-2011		
	2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Geostor & Framework 5900047	0	0	0	0	0	250,000	0	0	250,000
Total	0	0	0	0	0	250,000	0	0	250,000
Funding Sources									
Fund Balance 4000005	0	0		0	0	37,474	0	0	37,474
Trust Fund 4000050	0	0		0	0	250,000	0	0	250,000
Total Funding	0	0		0	0	287,474	0	0	287,474
Excess Appropriation/(Funding)	0	0		0	0	(37,474)	0	0	(37,474)
Grand Total	0	0		0	0	250,000	0	0	250,000

Executive Recommendation provides for transfer of this appropriation from the Department of Information Systems as a new agency - Office of Geographic Information Services (see page 210).

Change Level by Appropriation

Appropriation: 56X - GeoStor & Framework
Funding Sources: TGS - Geographic Information Systems Fund

Executive Recommendation

Change Level	2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
C07 Agency Transfer	250,000	0	250,000	100.0	250,000	0	250,000	100.0

Justification

C07	Executive Recommendation provides for transfer of this appropriation from the Department of Information Systems as a new agency - Office of Geographic Information Services.
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Analysis of Budget Request

Appropriation: 56Y - Geographic Information Systems

Funding Sources: HUA - Miscellaneous Agencies Fund

The Arkansas Geographic Information Office (AGIO) was part of the Office of Information Technology (OIT). Upon dissolution of OIT by Acts 751 and 794 of 2007, this appropriation was transferred to the Department of Information Systems.

It provides 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 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.

This appropriation is funded by general revenue.

Executive Recommendation provides for Base Level and the reallocation of resources and transfer of appropriation 34U-Geographic Information System from the Department of Information Systems as a new agency - Office of Geographic Information Services to ensure compliance with the requirements of State and Federal statutory and regulatory provisions (see page 204).

Appropriation Summary

Appropriation: 56Y - Geographic Information Systems

Funding Sources: HUA - Miscellaneous Agencies Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	0	0	0	0	0	354,476	0	0	362,596
#Positions	0	0	0	0	0	5	0	0	5
Extra Help 5010001	0	0	0	0	0	6,000	0	0	6,000
#Extra Help	0	0	0	0	0	2	0	0	2
Personal Services Matching 5010003	0	0	0	0	0	92,320	0	0	93,842
Operating Expenses 5020002	0	0	0	0	0	136,491	0	0	136,491
Conference & Travel Expenses 5050009	0	0	0	0	0	10,000	0	0	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	0	0	0	0	0	599,287	0	0	608,929
Funding Sources									
General Revenue 4000010	0	0		0	0	599,287	0	0	608,929
Total Funding	0	0		0	0	599,287	0	0	608,929
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	0	0		0	0	599,287	0	0	608,929

Executive Recommendation provides for transfer of this appropriation from the Department of Information Systems as a new agency - Office of Geographic Information Services (see page 204)

Change Level by Appropriation

Appropriation: 56Y - Geographic Information Systems

Funding Sources: HUA - Miscellaneous Agencies Fund

Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
C07	Agency Transfer	599,287	5	599,287	100.0	608,929	5	608,929	100.0

Justification

C07	Executive Recommendation provides for transfer of this appropriation from the Department of Information Systems as a new agency - Office of Geographic Information Services.
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STATE INSURANCE DEPARTMENT

Enabling Laws

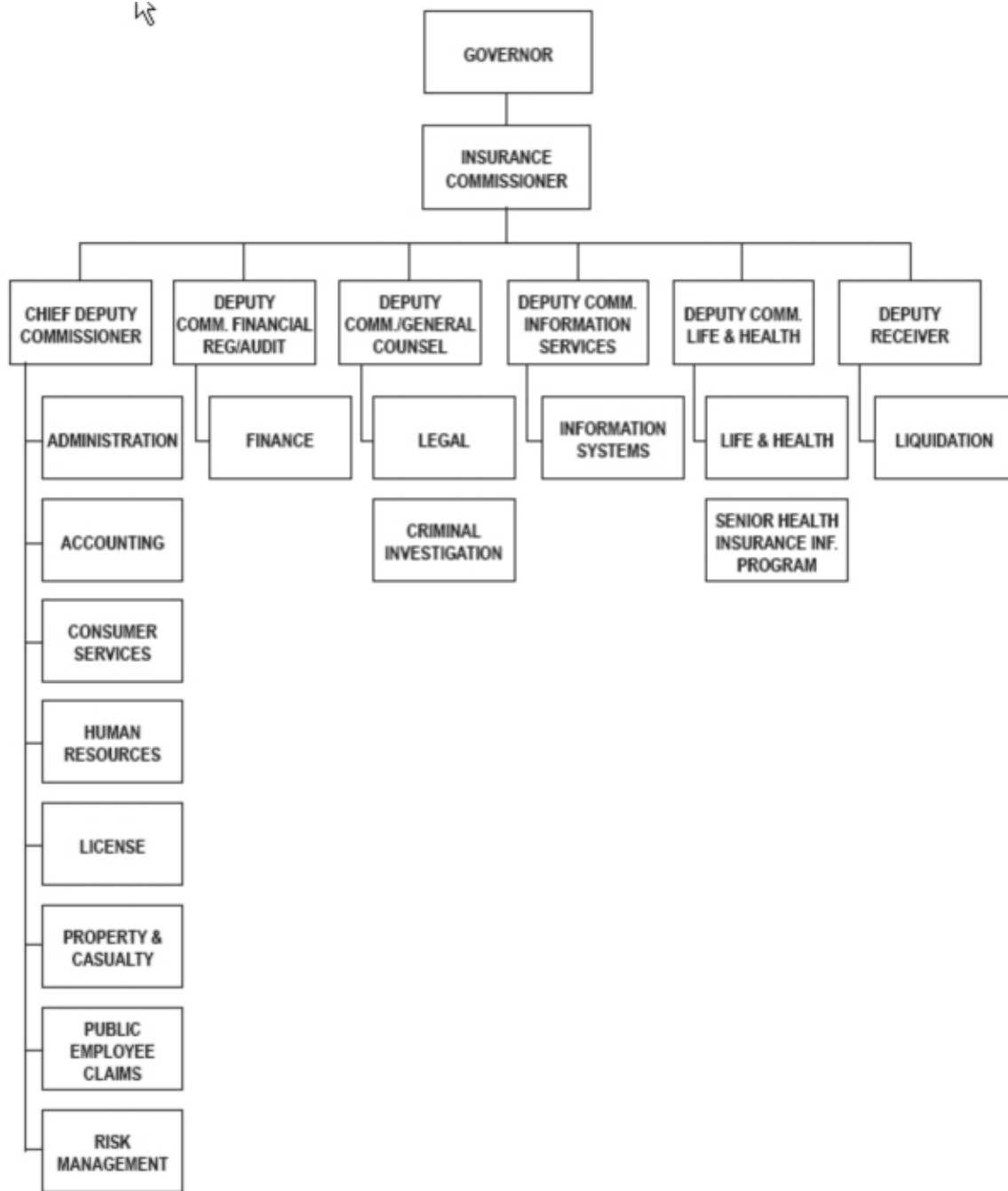
Act 332 of 2007
A.C.A. §21-2-801 et seq.
A.C.A. §21-5-601 et seq.
A.C.A. §23-60-101---23-101-114
A.C.A. §26-57-601---26-57-616
A.C.A. §24-11-301; 24-11-809
A.C.A. §23-102-105---23-102-119
A.C.A. §11-9-301---11-9-307
A.C.A. §21-14-101(d)(2)
A.C.A. §23-40-101
A.C.A. §21-2-707-21-2-708(b)&(c) et seq.

History and Organization

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

It is the responsibility of the State Insurance Department to regulate all persons conducting the business of insurance in the State of Arkansas. This includes the review and licensing of insurance companies desiring to be admitted, and the review and approval of companies wishing to do business on a non-admitted or surplus lines basis, the examination of the affairs and financial condition of each domestic insurer every three to five years and foreign insurers when necessary, testing and licensing of all persons applying to become insurance agents, title agents, reviewing and analyzing policy forms and rate filings, and the collection of applicable premium taxes and fees. In addition, regulate and license limited surety agents, automobile clubs, health maintenance organizations, pre-paid legal insurers and hospital and medical service corporations. Registration requirements have been established for third party administrators. The Department has responsibility for the collection of funds for the Firemen's and Police Officers' Pension Funds. It assists state agencies, institutions and schools in the establishment of appropriate insurance programs and procurement of coverage. The Department receives and investigates complaints from citizens concerning persons engaging in any of the areas regulated, and provides information to the public with regard to these entities. Legislation is prepared and rules are promulgated to effectively carry out duties. The Department administers domiciliary and ancillary receivership proceedings for companies placed in rehabilitation or liquidation. The State Insurance Department operates with a trust fund. Legislation established the Workers' Compensation Fraud Investigation Unit, the Insurance Fraud Investigation Division, and PrePaid Funeral Benefits Division; all operating with trust funds.

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



Agency Commentary

It is the responsibility of the State Insurance Department to regulate all persons conducting the business of insurance in the State of Arkansas. This includes the review and licensing of insurance companies desiring to be admitted, and the review and approval of companies wishing to do business on a non-admitted or surplus lines basis, the examination of the affairs and financial condition of each domestic insurer every three to five years and foreign insurers when necessary, testing and licensing of all persons applying to become insurance agents, reviewing and analyzing policy forms and rate filings, and the collection of applicable premium taxes and fees. In addition, regulate and license limited surety agents, automobile clubs, health maintenance organizations, pre-paid legal insurers and hospital and medical service corporations. Registration requirements have been established for third party administrators.

The Department has responsibility for the collection of funds for the Firemen's and Police Officers' Pension Funds. Another duty is assisting State agencies, institutions, and schools in the establishment of appropriate insurance programs and procurement of coverage. The Department receives and investigates complaints from citizens concerning persons engaging in any of the areas regulated, and for providing information to the public with regard to these entities. Legislation is prepared and rules and regulations are promulgated to effectively carry out these duties. The Department administers domiciliary and ancillary receivership proceedings for companies placed in rehabilitation or liquidation. Legislation has added the Workers' Compensation Fraud Investigation Unit, the Insurance Fraud Investigation Division and the Prepaid Funeral Benefits Division to the Department.

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

In the State Operations Program the Department is requesting an increase of \$100,000 each year above Base Level in Extra Help to provide additional security for the Department; an increase of \$100,000 each year above the Base Level in Professional Services to provide actuarial support during financial examinations of licensed insurers to assure company solvency and to protect the policyholders of Arkansas; Capital Outlay of \$135,000 each year to replace and upgrade Information Technology equipment; and \$25,000 in Capital Outlay each year to replace non IT equipment. Also requested is one additional position of Risk Consultant with salaries and matching costs of \$49,533 in the first year and \$50,554 in the second year.

Capital Outlay of \$7,000 each year is requested to replace and upgrade IT equipment for the Insurance Department Criminal Investigation Division. Also requested is one additional position to act as Deputy Director and General Counsel for the Division. Costs total \$92,122 in the first year and \$94,123 in the second year.

The Public Employee Claims Division is requesting a \$2,000,000 increase each year for the WC State Employee Claims payment account. Capital Outlay of \$5,000 each year is requested to replace and upgrade IT equipment and Capital Outlay of \$10,000 each year is for replacement of non IT equipment. Also requested is one additional position of Labor Inspector Supervisor with salary and matching costs of \$49,532 for FY10 and \$50,554 for FY11.

Data processing supplies of \$8,000 each year are requested for the Health Information Counseling Program. Also requested is continuation of \$56,092 each year that was originally approved on a miscellaneous federal grant in 2009.

\$11,778 each year is requested for the Travel & Subsistence - Cash Program for reimbursement of travel expenses for financial examiners performing audits on licensed insurers. The licensed insurers provide funding for the program.

Also requested is \$25,000 each year in appropriation for Criminal Background Checks - Cash in Treasury. All new agent license applicants must submit to criminal background checks before becoming a licensed agent. Funding is provided by fees collected from new applicants.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
STATE INSURANCE DEPARTMENT

FOR THE YEAR ENDED JUNE 30, 2007

Findings

The Agency did not accrue \$669,273 of insurance claims payable comprised of the following:

\$216,980 Public Elementary and Secondary School Insurance Fund (TBA)
\$213,354 Arkansas Multi-Agency Insurance Trust Fund (TMI), and
\$238,939 School Vehicle Insurance Reserve Trust Fund (WI)

In addition, deferred revenue in the amount of \$1,371,582 was not recorded in the Fidelity Bond Trust Fund (TFB).

Failure to properly record required financial information in the accounting system may result in inaccurate and unreliable financial reports that could affect management's ability to make quality decisions.

Recommendations

Controls be implemented to ensure that all information pertinent to the Agency's financial statements is recorded properly and in a timely manner.

Employment Summary

	Male	Female	Total	%
White Employees	56	78	134	78 %
Black Employees	3	32	35	20 %
Other Racial Minorities	0	3	3	2 %
Total Minorities			38	22 %
Total Employees			172	100 %

Publications

A.C.A. 25-1-204

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
Annual Report	A.C.A. 23-61-112	Y	N	120	Required for the Governor and provided to others upon request.
Newsletter	None	N	N	500	Annually provide insurance fraud information to the public.

Department Appropriation Summary

Historical Data

Agency Request and Executive Recommendation

Appropriation	2007-2008		2008-2009		2008-2009		2009-2010					2010-2011						
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
1QA AMAIT - Operations	4,678,128	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	9,850,528	129	11,030,218	134	10,946,522	134	11,346,519	134	11,764,061	135	11,506,519	134	11,518,229	134	11,936,793	135	11,678,229	134
2SX Fraud Investigation Unit	264,130	4	327,582	4	320,089	4	336,160	4	336,160	4	336,160	4	340,874	4	340,874	4	340,874	4
2SY St Ins Dept Criminal Investigation Division	851,610	12	980,603	12	981,402	12	1,010,692	12	1,109,814	13	1,017,692	12	1,027,423	12	1,128,546	13	1,034,423	12
2SZ Prepaid Funeral Benefits Division	252,355	4	340,537	4	336,228	4	350,558	4	350,558	4	350,558	4	356,565	4	356,565	4	356,565	4
2TA Continuing Education Program	30,321	1	30,587	1	28,666	1	35,174	1	35,174	1	35,174	1	35,865	1	35,865	1	35,865	1
2TB State Employee Claims	10,972,258	0	12,000,000	0	12,000,000	0	12,000,000	0	14,000,000	0	14,000,000	0	12,000,000	0	14,000,000	0	14,000,000	0
2TC Governmental Bonding Board Operations	343,485	0	2,104,855	0	2,104,855	0	2,104,855	0	2,104,855	0	2,104,855	0	2,104,855	0	2,104,855	0	2,104,855	0
2TD Public Employees Claims Section	1,349,879	24	1,464,973	24	1,429,552	24	1,512,041	24	1,576,573	25	1,527,041	24	1,538,578	24	1,604,132	25	1,553,578	24
2TE Health Information Counseling	367,518	5	531,700	5	436,595	5	486,499	5	550,591	5	550,591	5	489,362	5	553,454	5	553,454	5
2TF Refunds of Overpayments	5,370,388	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	378,311	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	26,440	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	35,016	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	31,742	0	166,425	0	173,000	0	166,425	0	166,425	0	166,425	0	166,425	0	166,425	0	166,425	0
2TM Travel & Subsistence-Cash	68,360	0	88,222	0	88,222	0	88,222	0	100,000	0	100,000	0	88,222	0	100,000	0	100,000	0
2TN Prepaid Funeral Contracts Recovery	24,326	0	975,675	0	0	0	1,000,000	0	1,000,000	0	1,000,000	0	0	0	0	0	0	0
4HH Criminal Background Checks-Cash	103,634	0	100,000	0	100,000	0	100,000	0	125,000	0	125,000	0	100,000	0	125,000	0	125,000	0
56A Public School Insurance Program	3,095,718	0	14,000,000	0	0	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
NOT REQUESTED FOR THE BIENNIUM																		
2HJ School Motor Vehicle Operations	990,998	0	0	0	5,000,000	0	0	0	0	0	0	0	0	0	0	0	0	0
2HK PE/Sec School Ins Operations	2,672,301	0	0	0	9,000,000	0	0	0	0	0	0	0	0	0	0	0	0	0
4KV AR Multi-Agcy Wkrs' Comp Trust	0	0	0	0	2,000,000	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	38,094,147	179	66,391,377	184	67,195,131	184	66,787,145	184	69,469,211	187	69,070,015	184	66,016,398	184	68,702,509	187	68,299,268	184

Funding Sources		%		%		%		%		%		%		%		%		%	
Fund Balance	4000005	59,590,014	57.1	62,560,248	47.3	58,753,834	45.6	58,753,834	44.9	58,753,834	44.9	62,200,891	47.4	61,684,227	46.4	62,033,891	46.6		
Federal Revenue	4000020	367,518	0.4	531,700	0.4	486,499	0.4	550,591	0.4	550,591	0.4	489,362	0.4	553,454	0.4	553,454	0.4		
Special Revenue	4000030	17,632,343	16.9	18,759,692	14.2	19,038,201	14.8	19,102,733	14.6	19,053,201	14.6	18,069,452	13.8	18,135,006	13.6	18,084,452	13.6		
Cash Fund	4000045	182,700	0.2	174,311	0.1	188,222	0.1	225,000	0.2	225,000	0.2	188,222	0.1	225,000	0.2	225,000	0.2		
Trust Fund	4000050	9,762,804	9.4	26,104,855	19.7	26,104,855	20.3	26,104,855	19.9	26,104,855	19.9	26,104,855	19.9	26,104,855	19.6	26,104,855	19.6		
Miscellaneous Revolving	4000350	5,810,155	5.6	12,250,000	9.3	12,250,000	9.5	12,250,000	9.4	12,250,000	9.4	12,250,000	9.3	12,250,000	9.2	12,250,000	9.2		
Transfers / Adjustments	4000683	(98)	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0		

Funding Sources		%		%		%		%		%		%		%		%	
Workers' Comp Revolving	4000735	10,972,258	10.5	12,000,000	9.1												
						12,000,000	9.3	14,000,000	10.7	14,000,000	10.7	12,000,000	9.1	14,000,000	10.5	14,000,000	10.5
Total Funds		104,317,694	100.0	132,380,806	100.0	128,821,611	100.0	130,987,013	100.0	130,937,481	100.0	131,302,782	100.0	132,952,542	100.0	133,251,652	100.0
Excess Appropriation/(Funding)		(62,560,248)		(65,989,429)		(62,034,466)		(61,517,802)		(61,867,466)		(65,286,384)		(64,250,033)		(64,952,384)	
Grand Total		38,094,147		66,391,377		66,787,145		69,469,211		69,070,015		66,016,398		68,702,509		68,299,268	

Beginning Fund Balance for 2009-2010 is reduced by \$7,235,595 in accordance with adjustment specified in A.C.A. 23-61-710(c).

Budget amounts in various appropriations exceed Authorized due to salary and matching adjustments during the 2007-2009 Biennium.

Prepaid Funeral Contracts Recovery (2TN) is a biennial appropriation with Authorization of \$1,000,000 in FY08.

Act 684 of 2007 transferred the Title Insurance Agents' Licensing Board to the Insurance Department. Accordingly, the Authorized level for Insurance-State Operations (2SW) includes \$169,336 and 2 positions from Title Insurance.

Act 738 of 2007 transferred resources of the School Motor Vehicle Operations (2HJ) and PE/Sec School Ins Operations (2HK) to the Public School Insurance Program (56A) on July 31, 2007.

Excess funding at the foot of the Base Level, Agency, and Executive columns for 2009-2010 and 2010-2011 is reduced by \$166,425 in unfunded appropriation.

Agency Position Usage Report

FY2006 - 2007						FY2007 - 2008						FY2008 - 2009					
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	
183	172	11	183	0	6.01 %	184	173	11	184	0	5.98 %	184	172	12	184	0	6.52 %

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 (AMAIT) was established by Act 1762 of 2003 (A.C.A. §25-35-101 et seq.) to reduce the costs of insurance coverage for state agencies by combining their premium dollars in purchasing broader coverage for property and vehicle insurance with higher deductibles. The program is also designed to build a growing reserve to self-insure ever larger deductible amounts allowing further reductions in policy prices.

Base Level is \$10,000,000 each year and is the Department's request.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 1QA - AMAIT - Operations
Funding Sources: TMI - Arkansas Multi-Agency Insurance Trust Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2009-2010			2010-2011		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
AMAIT	5900046	4,678,128	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		4,678,128	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	9,680,409	11,212,062		11,212,062	11,212,062	11,212,062	11,212,062	11,212,062	11,212,062
Trust Fund	4000050	6,209,781	10,000,000		10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000
Total Funding		15,890,190	21,212,062		21,212,062	21,212,062	21,212,062	21,212,062	21,212,062	21,212,062
Excess Appropriation/(Funding)		(11,212,062)	(11,212,062)		(11,212,062)	(11,212,062)	(11,212,062)	(11,212,062)	(11,212,062)	(11,212,062)
Grand Total		4,678,128	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 A.C.A. §19-5-922. Base Level for this program is \$11,346,519 for FY10 and \$11,518,229 for FY11, with 134 positions authorized and budgeted. This includes resources of the Title Insurance Agents' Licensing Board, authorized by Act 788 of 2007 and transferred to the State Insurance Department on January 1, 2008, by Act 684 of 2007.

Thirteen Base Level positions were changed from unclassified to classified to reflect recommendations of the Pay Plan Study and salaries were adjusted accordingly. Base Level salaries for classified positions reflect the recommendations of the Pay Plan Study and unclassified positions reflect similar adjustments in line item salaries. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries may include Career Service payments for eligible employees. Personal Services Matching includes a \$75 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

Changes are requested as follows:

One additional position, Risk Consultant, is requested to assist with a workload that has multiplied since the Risk Management Program was initiated. Costs for salaries and matching are \$49,533 for FY10 and \$50,554 for FY11.

Extra Help of \$100,000 each year is requested to provide for extra security on the outside of the Department's offices and in parking areas.

An increase of \$100,000 each year in Professional Services for additional actuarial support during financial examinations of licensed insurers and Capital Outlay of \$25,000 each year for replacement of office equipment.

For the Department's Information Technology Program, restoration of Capital Outlay in the amount of \$135,000 each year is requested for replacement of IT equipment.

The Executive Recommendation provides for Base Level, plus Capital Outlay requests that total \$160,000 each year.

Appropriation Summary

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

Historical Data

Agency Request and Executive Recommendation

Commitment Item		2007-2008	2008-2009	2008-2009	2009-2010			2010-2011		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	5,725,576	6,135,288	5,963,073	6,433,129	6,470,461	6,433,129	6,576,583	6,614,773	6,576,583
#Positions		129	134	134	134	135	134	134	135	134
Extra Help	5010001	87,517	140,000	140,000	140,000	240,000	140,000	140,000	240,000	140,000
#Extra Help		15	19	19	19	19	19	19	19	19
Personal Services Matching	5010003	1,711,009	1,740,930	1,829,449	1,919,390	1,939,600	1,919,390	1,947,646	1,968,020	1,947,646
Overtime	5010006	294	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000
Operating Expenses	5020002	1,662,733	2,035,000	2,035,000	2,035,000	2,035,000	2,035,000	2,035,000	2,035,000	2,035,000
Conference & Travel Expenses	5050009	101,594	138,000	138,000	138,000	138,000	138,000	138,000	138,000	138,000
Professional Fees	5060010	17,683	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000
Data Processing	5090012	83,746	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
Capital Outlay	5120011	190,072	160,000	160,000	0	160,000	160,000	0	160,000	160,000
Special Maintenance	5120032	35,825	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Professional Services	5900043	234,479	386,000	386,000	386,000	486,000	386,000	386,000	486,000	386,000
Total		9,850,528	11,030,218	10,946,522	11,346,519	11,764,061	11,506,519	11,518,229	11,936,793	11,678,229
Funding Sources										
Fund Balance	4000005	30,844,247	36,059,279		32,868,466	32,868,466	32,868,466	36,596,947	36,179,405	36,436,947
Special Revenue	4000030	15,065,560	15,075,000		15,075,000	15,075,000	15,075,000	15,075,000	15,075,000	15,075,000
Total Funding		45,909,807	51,134,279		47,943,466	47,943,466	47,943,466	51,671,947	51,254,405	51,511,947
Excess Appropriation/(Funding)		(36,059,279)	(40,104,061)		(36,596,947)	(36,179,405)	(36,436,947)	(40,153,718)	(39,317,612)	(39,833,718)
Grand Total		9,850,528	11,030,218		11,346,519	11,764,061	11,506,519	11,518,229	11,936,793	11,678,229

Actual exceeds Authorized in Capital Outlay due to transfers from the Motor Vehicle Acquisition Fund..

Budget for Regular Salaries exceeds Authorized due to salary adjustments made during the 2007-2009 Biennium.

Beginning Fund Balance for 2009-2010 is reduced to \$32,868,466, which is the total value of 3 previous years' budgets, as specified in A.C.A. 23-61-710(c).

Act 684 of 2007 transferred the Title Insurance Agents' Licensing Board to the Insurance Department. The Authorized levels for Title Insurance in Act 788 of 2007 have been added into this program.

Change Level by Appropriation

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

Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	11,346,519	134	11,346,519	100.0	11,518,229	134	11,518,229	100.0
C01	Existing Program	282,542	1	11,629,061	102.5	283,564	1	11,801,793	102.5
C08	Technology	135,000	0	11,764,061	103.7	135,000	0	11,936,793	103.6

Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	11,346,519	134	11,346,519	100.0	11,518,229	134	11,518,229	100.0
C01	Existing Program	25,000	0	11,371,519	100.2	25,000	0	11,543,229	100.2
C08	Technology	135,000	0	11,506,519	101.4	135,000	0	11,678,229	101.4

Justification

C01	Requesting one additional position, Risk Consultant, at total costs of \$49,533 in FY10 and \$50,554 in FY11, to assist with a workload that has quadrupled since the inception of the Risk Management Program in 1981.----- Additional Extra Help of \$100,000 each year is requested to provide for extra security to patrol the perimeter of the Department's quarters and parking areas.----- Requesting an additional \$100,000 each year in Professional Services to contract for additional outside actuarial assistance during financial examinations of licensed insurers to assure company solvency.----- Requesting \$25,000 each year in Capital Outlay for replacement of non-IT equipment.
C08	Requesting \$135,000 in Capital Outlay each year to continue scheduled replacement and upgrading of information technology equipment in accordance with the Department's IT Plan as submitted to the Office of Information Technology. Replacements/upgrades are included in the IT Plan under the Operations tab, in the IT Support section, under the Hardware listing.

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 (A.C.A. §11-9-116) 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 salaries for classified positions reflect the recommendations of the Pay Plan Study. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries may include Career Service payments for eligible employees. Personal Services Matching includes a \$75 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

Base Level for this program is \$336,160 in the first year and \$340,874 in the second year and is the Agency Request.

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		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	160,546	165,876	157,006	170,017	170,017	170,017	173,978	173,978	173,978
#Positions		4	4	4	4	4	4	4	4	4
Personal Services Matching	5010003	50,205	48,300	49,677	52,737	52,737	52,737	53,490	53,490	53,490
Operating Expenses	5020002	50,680	90,406	90,406	90,406	90,406	90,406	90,406	90,406	90,406
Conference & Travel Expenses	5050009	2,699	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		264,130	327,582	320,089	336,160	336,160	336,160	340,874	340,874	340,874
Funding Sources										
Fund Balance	4000005	327,837	63,609		0	0	0	0	0	0
Special Revenue	4000030	0	263,973		336,160	336,160	336,160	340,874	340,874	340,874
Transfers / Adjustments	4000683	(98)	0		0	0	0	0	0	0
Total Funding		327,739	327,582		336,160	336,160	336,160	340,874	340,874	340,874
Excess Appropriation/(Funding)		(63,609)	0		0	0	0	0	0	0
Grand Total		264,130	327,582		336,160	336,160	336,160	340,874	340,874	340,874

Actual in Regular Salaries and Personal Services Matching and Budget for Regular Salaries exceed Authorized due to salary adjustments made during the 2007-2009 Biennium.

Analysis of Budget Request

Appropriation: 2SY - St Ins Dept Criminal 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.

One Base Level position was changed from unclassified to classified to reflect recommendations of the Pay Plan Study and salaries were adjusted accordingly. Base Level salaries for classified positions reflect the recommendations of the Pay Plan Study. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries may include Career Service payments for eligible employees. Personal Services Matching includes a \$75 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

Base Level for this program is \$1,010,692 for FY10 and \$1,027,423 for FY11, with 12 positions budgeted. Changes are requested as follows:

One additional position to serve as Deputy Director and General Counsel to manage review and oversight of an increasing caseload of criminal investigations is requested with costs for salaries and matching of \$92,122 for FY10 and \$94,123 for FY11.

Capital Outlay of \$7,000 each year for this program's share of information technology equipment replacement costs.

The Executive Recommendation provides for Base Level, plus the Capital Outlay request of \$7,000 each year.

Appropriation Summary

Appropriation: 2SY - St Ins Dept Criminal Investigation Division

Funding Sources: TIF - Insurance Fraud Investigation Division Trust Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item		2007-2008	2008-2009	2008-2009	2009-2010			2010-2011		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	553,219	592,905	584,005	614,062	687,178	614,062	628,120	702,917	628,120
#Positions		12	12	12	12	13	12	12	13	12
Personal Services Matching	5010003	171,839	162,993	172,692	177,995	197,001	177,995	180,668	199,994	180,668
Operating Expenses	5020002	107,591	171,635	171,635	171,635	171,635	171,635	171,635	171,635	171,635
Conference & Travel Expenses	5050009	15,080	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000
Professional Fees	5060010	1,673	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000
Data Processing	5090012	0	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Capital Outlay	5120011	2,208	6,070	6,070	0	7,000	7,000	0	7,000	7,000
Total		851,610	980,603	981,402	1,010,692	1,109,814	1,017,692	1,027,423	1,128,546	1,034,423
Funding Sources										
Fund Balance	4000005	960,498	923,870		743,267	743,267	743,267	532,575	433,453	525,575
Special Revenue	4000030	814,982	800,000		800,000	800,000	800,000	800,000	800,000	800,000
Total Funding		1,775,480	1,723,870		1,543,267	1,543,267	1,543,267	1,332,575	1,233,453	1,325,575
Excess Appropriation/(Funding)		(923,870)	(743,267)		(532,575)	(433,453)	(525,575)	(305,152)	(104,907)	(291,152)
Grand Total		851,610	980,603		1,010,692	1,109,814	1,017,692	1,027,423	1,128,546	1,034,423

Budget for Regular Salaries exceeds Authorized due to salary adjustments made during the 2007-2009 Biennium.

Change Level by Appropriation

Appropriation: 2SY - St Ins Dept Criminal Investigation Division
Funding Sources: TIF - Insurance Fraud Investigation Division Trust Fund

Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	1,010,692	12	1,010,692	100.0	1,027,423	12	1,027,423	100.0
C01	Existing Program	92,122	1	1,102,814	109.1	94,123	1	1,121,546	109.2
C08	Technology	7,000	0	1,109,814	109.8	7,000	0	1,128,546	109.8

Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	1,010,692	12	1,010,692	100.0	1,027,423	12	1,027,423	100.0
C01	Existing Program	0	0	1,010,692	100.0	0	0	1,027,423	100.0
C08	Technology	7,000	0	1,017,692	100.7	7,000	0	1,034,423	100.7

Justification

C01	Requesting the addition of one position to act as Deputy Director and General Counsel to enhance the quality of review and oversight of a growing caseload of criminal investigations. Total salary and matching costs are \$92,122 for FY10 and \$94,123 for FY11.
C08	Capital Outlay of \$7,000 each year is requested to continue scheduled replacement of information technology equipment in accordance with the Department's IT Plan as submitted to the Office of Information Technology. Replacement is shown in the IT Plan under the Operations tab, in the ITSupport section, listed under Hardware.

Analysis of Budget Request

Appropriation: 2SZ - Prepaid Funeral Benefits Division

Funding Sources: TIP - State Insurance Department Prepaid Trust Fund

Act 372 of 1997 (A.C.A. §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 salaries for classified positions reflect the recommendations of the Pay Plan Study. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries may include Career Service payments for eligible employees. Personal Services Matching includes a \$75 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

Base Level is \$350,558 for FY10 and \$356,565 for FY11 and is the Agency Request.

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		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	180,232	186,021	179,459	191,369	191,369	191,369	196,417	196,417	196,417
#Positions		4	4	4	4	4	4	4	4	4
Personal Services Matching	5010003	54,271	52,126	54,379	56,799	56,799	56,799	57,758	57,758	57,758
Operating Expenses	5020002	14,544	69,390	69,390	69,390	69,390	69,390	69,390	69,390	69,390
Conference & Travel Expenses	5050009	3,308	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	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Total		252,355	340,537	336,228	350,558	350,558	350,558	356,565	356,565	356,565
Funding Sources										
Fund Balance	4000005	654,655	701,619		626,082	626,082	626,082	540,524	540,524	540,524
Special Revenue	4000030	299,319	265,000		265,000	265,000	265,000	265,000	265,000	265,000
Total Funding		953,974	966,619		891,082	891,082	891,082	805,524	805,524	805,524
Excess Appropriation/(Funding)		(701,619)	(626,082)		(540,524)	(540,524)	(540,524)	(448,959)	(448,959)	(448,959)
Grand Total		252,355	340,537		350,558	350,558	350,558	356,565	356,565	356,565

Actual and Budget in Regular Salaries exceed Authorized due to salary adjustments made during the 2007-2009 Biennium.

Analysis of Budget Request

Appropriation: 2TA - Continuing Education Program

Funding Sources: TIE - Insurance Continuing Education Trust Fund

The Insurance Department's Continuing Education Program has one position budgeted to process continuing education records that are required for agent license renewals. Funding is provided from continuing education application fees, as authorized in A.C.A. §23-64-308.

Base Level salaries for classified positions reflect the recommendations of the Pay Plan Study. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries may include Career Service payments for eligible employees. Personal Services Matching includes a \$75 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

The Department is requesting continuation of Base Level at \$32,378 for FY10 and \$33,005 for FY11.

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			2009-2010			2010-2011		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	21,633	22,176	20,229	25,268	25,268	25,268	25,849	25,849	25,849
#Positions		1	1	1	1	1	1	1	1	1
Personal Services Matching	5010003	8,688	8,411	8,437	9,906	9,906	9,906	10,016	10,016	10,016
Total		30,321	30,587	28,666	35,174	35,174	35,174	35,865	35,865	35,865
Funding Sources										
Fund Balance	4000005	664,027	726,670		746,083	746,083	746,083	760,909	760,909	760,909
Special Revenue	4000030	92,964	50,000		50,000	50,000	50,000	50,000	50,000	50,000
Total Funding		756,991	776,670		796,083	796,083	796,083	810,909	810,909	810,909
Excess Appropriation/(Funding)		(726,670)	(746,083)		(760,909)	(760,909)	(760,909)	(775,044)	(775,044)	(775,044)
Grand Total		30,321	30,587		35,174	35,174	35,174	35,865	35,865	35,865

Actual in Regular Salaries and Personal Services Matching and Budget for Regular Salaries exceed Authorized due to salary adjustments made during the 2007-2009 Biennium.

Analysis of Budget Request

Appropriation: 2TB - State Employee Claims

Funding Sources: TUW - Workers' Compensation Revolving Fund

The Insurance Department's Public Employee Claims Section is the processor of workers' compensation claims payments for employees of the State. Revolving funds derived from agency workers' compensation benefits contributions are the revenue sources for this appropriation, as authorized in A.C.A. §19-5-805. Base Level is \$12,000,000 each year. The Department is requesting the addition of \$2,000,000 each year to assure sufficient appropriation to cover the growing level of claims expenses.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

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

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Claims 5110015	10,972,258	12,000,000	12,000,000	12,000,000	14,000,000	14,000,000	12,000,000	14,000,000	14,000,000
Total	10,972,258	12,000,000	12,000,000	12,000,000	14,000,000	14,000,000	12,000,000	14,000,000	14,000,000
Funding Sources									
Workers' Comp Revolving 4000735	10,972,258	12,000,000		12,000,000	14,000,000	14,000,000	12,000,000	14,000,000	14,000,000
Total Funding	10,972,258	12,000,000		12,000,000	14,000,000	14,000,000	12,000,000	14,000,000	14,000,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	10,972,258	12,000,000		12,000,000	14,000,000	14,000,000	12,000,000	14,000,000	14,000,000

Change Level by Appropriation

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

Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	12,000,000	0	12,000,000	100.0	12,000,000	0	12,000,000	100.0
C01	Existing Program	2,000,000	0	14,000,000	116.7	2,000,000	0	14,000,000	116.7

Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	12,000,000	0	12,000,000	100.0	12,000,000	0	12,000,000	100.0
C01	Existing Program	2,000,000	0	14,000,000	116.7	2,000,000	0	14,000,000	116.7

Justification

C01	Requesting an additional \$2,000,000 each year to process Workers Compensation State Employee Claims payments.
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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. The Department requests that the current level of \$2,104,855 each year be continued for this appropriation.

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		
	2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses 5020002	172	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	251	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
Claims 5110015	343,062	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
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	343,485	2,104,855	2,104,855	2,104,855	2,104,855	2,104,855	2,104,855	2,104,855	2,104,855
Funding Sources									
Fund Balance 4000005	3,583,009	3,860,845		3,860,845	3,860,845	3,860,845	3,860,845	3,860,845	3,860,845
Trust Fund 4000050	621,321	2,104,855		2,104,855	2,104,855	2,104,855	2,104,855	2,104,855	2,104,855
Total Funding	4,204,330	5,965,700		5,965,700	5,965,700	5,965,700	5,965,700	5,965,700	5,965,700
Excess Appropriation/(Funding)	(3,860,845)	(3,860,845)		(3,860,845)	(3,860,845)	(3,860,845)	(3,860,845)	(3,860,845)	(3,860,845)
Grand Total	343,485	2,104,855		2,104,855	2,104,855	2,104,855	2,104,855	2,104,855	2,104,855

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 A.C.A. §11-9-307.

Base Level salaries for classified positions reflect the recommendations of the Pay Plan Study. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries may include Career Service payments for eligible employees. Personal Services Matching includes a \$75 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

Base Level for this program is \$1,512,041 for FY10 and \$1,538,578 for FY11, with 24 positions budgeted. Requested changes are as follows:

One additional position, Labor Inspector Supervisor, to provide accident prevention services to State agencies. Total salary and matching costs are \$49,532 in the first year and \$50,554 in the second year.

Capital Outlay of \$15,000 each year for equipment replacement, of which \$5,000 each year is earmarked as this program's share of information technology equipment costs.

The Executive Recommendation provides for Base Level, plus the Capital Outlay request of \$15,000 each year.

Appropriation Summary

Appropriation: 2TD - Public Employees Claims Section

Funding Sources: HUA - Miscellaneous Agencies Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	883,250	922,737	878,570	956,504	993,836	956,504	978,800	1,016,990	978,800
#Positions	24	24	24	24	25	24	24	25	24
Personal Services Matching 5010003	278,977	276,027	284,773	304,328	316,528	304,328	308,569	320,933	308,569
Operating Expenses 5020002	179,126	233,209	233,209	233,209	233,209	233,209	233,209	233,209	233,209
Conference & Travel Expenses 5050009	5,998	13,000	13,000	13,000	13,000	13,000	13,000	13,000	13,000
Professional Fees 5060010	0	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Data Processing 5090012	0	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Capital Outlay 5120011	2,528	15,000	15,000	0	15,000	15,000	0	15,000	15,000
Total	1,349,879	1,464,973	1,429,552	1,512,041	1,576,573	1,527,041	1,538,578	1,604,132	1,553,578
Funding Sources									
Special Revenue 4000030	1,349,879	1,464,973		1,512,041	1,576,573	1,527,041	1,538,578	1,604,132	1,553,578
Total Funding	1,349,879	1,464,973		1,512,041	1,576,573	1,527,041	1,538,578	1,604,132	1,553,578
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	1,349,879	1,464,973		1,512,041	1,576,573	1,527,041	1,538,578	1,604,132	1,553,578

Actual and Budget in Regular Salaries exceed Authorized due to salary adjustments made during the 2007-2009 Biennium.

Change Level by Appropriation

Appropriation: 2TD - Public Employees Claims Section

Funding Sources: HUA - Miscellaneous Agencies Fund

Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	1,512,041	24	1,512,041	100.0	1,538,578	24	1,538,578	100.0
C01	Existing Program	59,532	1	1,571,573	103.9	60,554	1	1,599,132	103.9
C08	Technology	5,000	0	1,576,573	104.3	5,000	0	1,604,132	104.3

Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	1,512,041	24	1,512,041	100.0	1,538,578	24	1,538,578	100.0
C01	Existing Program	10,000	0	1,522,041	100.7	10,000	0	1,548,578	100.6
C08	Technology	5,000	0	1,527,041	101.0	5,000	0	1,553,578	101.0

Justification

C01	Requesting the addition of one position of Labor Inspector Supervisor to provide accident prevention services for State agencies as is required of private insurance companies. Total salary and matching costs are \$49,532 for FY10 and \$50,554 for FY11.----- Capital Outlay of \$10,000 each year is requested for replacement of non-IT equipment.
C08	Capital Outlay of \$5,000 each year is requested to continue scheduled replacement and upgrading of information technology equipment in accordance with the Department's IT Plan as submitted to the Office of Information Technology. Replacements/upgrades are shown in the IT Plan under the Operations tab, in the IT Support section, in the Hardware listing.

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 salaries for classified positions reflect the recommendations of the Pay Plan Study. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries may include Career Service payments for eligible employees. Personal Services Matching includes a \$75 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

Base Level for this program is \$486,499 for FY10 and \$489,362 for FY11, with 5 positions budgeted. The Department is requesting an increase in Operating Expenses of \$8,000 each year for data processing supplies. Also requested is continuation of a miscellaneous federal grant that increases Professional Fees in the amount of \$56,092 each year, providing additional capability to contract with organizations to assist senior citizens with the various available insurance coverages.

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	2007-2008	2008-2009	2008-2009	2009-2010			2010-2011		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	97,287	140,663	109,610	152,720	152,720	152,720	155,125	155,125	155,125
#Positions	5	5	5	5	5	5	5	5	5
Personal Services Matching 5010003	36,761	47,712	39,752	54,546	54,546	54,546	55,004	55,004	55,004
Operating Expenses 5020002	112,166	130,966	274,633	130,966	138,966	138,966	130,966	138,966	138,966
Conference & Travel Expenses 5050009	0	0	0	0	0	0	0	0	0
Professional Fees 5060010	121,304	202,759	3,000	146,667	202,759	202,759	146,667	202,759	202,759
Data Processing 5090012	0	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600
Capital Outlay 5120011	0	8,000	8,000	0	0	0	0	0	0
Total	367,518	531,700	436,595	486,499	550,591	550,591	489,362	553,454	553,454
Funding Sources									
Federal Revenue 4000020	367,518	531,700		486,499	550,591	550,591	489,362	553,454	553,454
Total Funding	367,518	531,700		486,499	550,591	550,591	489,362	553,454	553,454
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	367,518	531,700		486,499	550,591	550,591	489,362	553,454	553,454

Budget for Regular Salaries and Personal Services Matching exceed Authorized due to salary adjustments made during the 2007-2009 Biennium.
 Actual and Budget in Professional Fees exceed Authorized due to Budget Classification Transfers and transfers from the Miscellaneous Federal Grant Holding Account.

Change Level by Appropriation

Appropriation: 2TE - Health Information Counseling
Funding Sources: FID - Insurance Department - Federal

Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	486,499	5	486,499	100.0	489,362	5	489,362	100.0
C06	Restore Position/Approp	56,092	0	542,591	111.5	56,092	0	545,454	111.5
C08	Technology	8,000	0	550,591	113.2	8,000	0	553,454	113.1

Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	486,499	5	486,499	100.0	489,362	5	489,362	100.0
C06	Restore Position/Approp	56,092	0	542,591	111.5	56,092	0	545,454	111.5
C08	Technology	8,000	0	550,591	113.2	8,000	0	553,454	113.1

Justification

C06	Requesting a continuation of \$56,092 in Professional Fees each year that was originally approved in FY08 by a Miscellaneous Federal Grant.
C08	Requesting an additional \$8,000 each year in Operating Expenses for Information Technology data processing supplies. Supplies are found in the IT Plan under the Operations tab, in the IT Support section, in the Other Items listing.

Analysis of Budget Request

Appropriation: 2TF - Refunds of Overpayments

Funding Sources: MTA - Miscellaneous Revolving Fund

The Insurance Department requests that its Refunds of Overpayments appropriation be approved to continue at the current level of \$11,000,000 each year. This account is used to return premium taxes paid to this State in error and to return amounts that are overpaid.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 2TF - Refunds of Overpayments
Funding Sources: MTA - Miscellaneous Revolving Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item	Historical Data			2009-2010			2010-2011		
	2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Refunds/Reimbursements 5110014	5,370,388	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	5,370,388	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	5,370,388	11,000,000		11,000,000	11,000,000	11,000,000	11,000,000	11,000,000	11,000,000
Total Funding	5,370,388	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	5,370,388	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 Department is requesting continuation of the Base Level of \$450,000 each year.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 2TG - Public School Employees Claims

Funding Sources: MTA - Miscellaneous Revolving Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Claims 5110015	378,311	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000
Total	378,311	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000
Funding Sources									
Miscellaneous Revolving 4000350	378,311	450,000		450,000	450,000	450,000	450,000	450,000	450,000
Total Funding	378,311	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	378,311	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 A.C.A. §19-5-1009.

The Department is requesting continuation of the Base Level of \$200,000 each year.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 2TH - County Employee Claims

Funding Sources: MTA - Miscellaneous Revolving Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Claims 5110015	26,440	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Total	26,440	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Funding Sources									
Miscellaneous Revolving 4000350	26,440	200,000		200,000	200,000	200,000	200,000	200,000	200,000
Total Funding	26,440	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	26,440	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 A.C.A. §19-5-1009.

The Department is requesting continuation of the Base Level of \$600,000 each year.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 2TJ - City Employee Claims
Funding Sources: MTA - Miscellaneous Revolving Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item	Historical Data			2009-2010			2010-2011		
	2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Claims 5110015	35,016	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000
Total	35,016	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000
Funding Sources									
Miscellaneous Revolving 4000350	35,016	600,000		600,000	600,000	600,000	600,000	600,000	600,000
Total Funding	35,016	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	35,016	600,000		600,000	600,000	600,000	600,000	600,000	600,000

Analysis of Budget Request

Appropriation: 2TK - Consumer Info System - Cash

Funding Sources: NDD - Insurance Department - Cash in Treasury

The Department's Consumer Information System Cash Fund is used to dispense information to the public concerning the various policy types, coverages, and purchasing options offered by the insurance industry. Base Level for this program is \$166,425 each year and is the request for 2009-2011.

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 A.C.A. §23-63-108. This assessment is no longer collected and support of consumer information through this appropriation will end when the current fund balance and earned interest have been depleted.

The Executive Recommendation provides for the Agency Request. 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			2009-2010			2010-2011		
	2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses 5020002	31,742	166,425	173,000	166,425	166,425	166,425	166,425	166,425	166,425
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	31,742	166,425	173,000	166,425	166,425	166,425	166,425	166,425	166,425
Funding Sources									
Fund Balance 4000005	190,285	166,425		0	0	0	0	0	0
Cash Fund 4000045	7,882	0		0	0	0	0	0	0
Total Funding	198,167	166,425		0	0	0	0	0	0
Excess Appropriation/(Funding)	(166,425)	0		166,425	166,425	166,425	166,425	166,425	166,425
Grand Total	31,742	166,425		166,425	166,425	166,425	166,425	166,425	166,425

Analysis of Budget Request

Appropriation: 2TM - Travel & Subsistence-Cash

Funding Sources: NDD - Travel and Subsistence - Cash in Treasury

The Insurance Department's Travel and Subsistence Cash Fund is currently authorized at the Base Level of \$88,222 each year. A.C.A. §23-67-220 provides for recovery of reasonable costs incurred by the Department in conducting financial examinations of entities under its jurisdiction. Part of the recovered costs are passed through this account to reimburse individual examiners for their personal expenses incurred during the examination process. The Department is requesting additions of \$11,778 each year to provide for increasing meals, lodging, and mileage costs.

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 - Travel and Subsistence - Cash in Treasury

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2007-2008	2008-2009	2008-2009	2009-2010			2010-2011		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Travel & Subsistence Expenses 5900046	68,360	88,222	88,222	88,222	100,000	100,000	88,222	100,000	100,000
Total	68,360	88,222	88,222	88,222	100,000	100,000	88,222	100,000	100,000
Funding Sources									
Fund Balance 4000005	323	951		0	0	0	0	0	0
Cash Fund 4000045	68,988	87,271		88,222	100,000	100,000	88,222	100,000	100,000
Total Funding	69,311	88,222		88,222	100,000	100,000	88,222	100,000	100,000
Excess Appropriation/(Funding)	(951)	0		0	0	0	0	0	0
Grand Total	68,360	88,222		88,222	100,000	100,000	88,222	100,000	100,000

Change Level by Appropriation

Appropriation: 2TM - Travel & Subsistence-Cash
Funding Sources: NDD - Travel and Subsistence - Cash in Treasury

Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	88,222	0	88,222	100.0	88,222	0	88,222	100.0
C01	Existing Program	11,778	0	100,000	113.4	11,778	0	100,000	113.4

Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	88,222	0	88,222	100.0	88,222	0	88,222	100.0
C01	Existing Program	11,778	0	100,000	113.4	11,778	0	100,000	113.4

Justification

C01	Requesting an additional \$11,778 each year to reimburse travel expenses of financial examiners performing field audits on licensed insurers. Audited insurers reimburse expenses incurred by the Department.
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Analysis of Budget Request

Appropriation: 2TN - Prepaid Funeral Contracts Recovery

Funding Sources: TIP - Prepaid Funeral Contracts Program Recovery Fund

Act 1043 of 2001 (A.C.A. §23-40-125) established the Prepaid Funeral Contracts Recovery Program to reimburse purchasers of preneed funeral contracts who suffer financial loss due to impairment, insolvency, business interruption, or improper inactivity of a licensed prepaid funeral organization. Funding is authorized from one-time fees of not less than \$5 per contract, up to a maximum set by the State Insurance Commissioner. Such fees collected are to be deposited into the State Insurance Department Prepaid Trust Fund. A portion of these collections may be designated by the State Insurance Commissioner for transfer to the Prepaid Funeral Contracts Recovery Program Fund to pay expenses and claims incurred.

This is a biennial appropriation with a Base Level of \$1,000,000. The Agency is requesting that the Base Level be continued as a biennial appropriation.

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	2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Expenses & Claims 5900046	24,326	975,675	0	1,000,000	1,000,000	1,000,000	0	0	0
Total	24,326	975,675	0	1,000,000	1,000,000	1,000,000	0	0	0
Funding Sources									
Fund Balance 4000005	149,616	134,929		0	0	0	0	0	0
Special Revenue 4000030	9,639	840,746		1,000,000	1,000,000	1,000,000	0	0	0
Total Funding	159,255	975,675		1,000,000	1,000,000	1,000,000	0	0	0
Excess Appropriation/(Funding)	(134,929)	0		0	0	0	0	0	0
Grand Total	24,326	975,675		1,000,000	1,000,000	1,000,000	0	0	0

THIS IS A BIENNIAL APPROPRIATION.

Analysis of Budget Request

Appropriation: 4HH - Criminal Background Checks-Cash

Funding Sources: NDD - Criminal Background Checks - Cash in Treasury

The Insurance Department's appropriation for conducting criminal background checks was established by requests from the Cash Fund Holding Account during FY06 and FY07. This program was appropriated by the General Assembly for the 2007-2009 Biennium at the level of \$100,000 each year. Expenditures in FY08 exceeded the authorized amount and another request from the Cash Fund Holding Account was approved, with the possibility that additional authority may also be needed in FY09. Accordingly, the Department is requesting increases of \$25,000 each year to ensure sufficient resources are available to efficiently conduct this program.

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 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		2007-2008	2008-2009	2008-2009	2009-2010			2010-2011		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	103,634	100,000	100,000	100,000	125,000	125,000	100,000	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		103,634	100,000	100,000	100,000	125,000	125,000	100,000	125,000	125,000
Funding Sources										
Fund Balance	4000005	10,764	12,960		0	0	0	0	0	0
Cash Fund	4000045	105,830	87,040		100,000	125,000	125,000	100,000	125,000	125,000
Total Funding		116,594	100,000		100,000	125,000	125,000	100,000	125,000	125,000
Excess Appropriation/(Funding)		(12,960)	0		0	0	0	0	0	0
Grand Total		103,634	100,000		100,000	125,000	125,000	100,000	125,000	125,000

Change Level by Appropriation

Appropriation: 4HH - Criminal Background Checks-Cash
Funding Sources: NDD - Criminal Background Checks - Cash in Treasury

Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	100,000	0	100,000	100.0	100,000	0	100,000	100.0
C01	Existing Program	25,000	0	125,000	125.0	25,000	0	125,000	125.0

Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	100,000	0	100,000	100.0	100,000	0	100,000	100.0
C01	Existing Program	25,000	0	125,000	125.0	25,000	0	125,000	125.0

Justification

C01	Requesting an additional \$25,000 each year to process criminal background checks on an increasing number of new agent's license applicants. Funding is provided by a one-time fee collected from new applicants.
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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. Authorization for the combined program is \$14,000,000, which is also the Base Level and the Agency Request.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 56A - Public School Insurance Program
Funding Sources: TPS - Public School Insurance Trust Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Expenses and Claims 5900046	3,095,718	14,000,000	0	14,000,000	14,000,000	14,000,000	14,000,000	14,000,000	14,000,000
Total	3,095,718	14,000,000	0	14,000,000	14,000,000	14,000,000	14,000,000	14,000,000	14,000,000
Funding Sources									
Fund Balance 4000005	8,861,045	8,697,029		8,697,029	8,697,029	8,697,029	8,697,029	8,697,029	8,697,029
Trust Fund 4000050	2,931,702	14,000,000		14,000,000	14,000,000	14,000,000	14,000,000	14,000,000	14,000,000
Total Funding	11,792,747	22,697,029		22,697,029	22,697,029	22,697,029	22,697,029	22,697,029	22,697,029
Excess Appropriation/(Funding)	(8,697,029)	(8,697,029)		(8,697,029)	(8,697,029)	(8,697,029)	(8,697,029)	(8,697,029)	(8,697,029)
Grand Total	3,095,718	14,000,000		14,000,000	14,000,000	14,000,000	14,000,000	14,000,000	14,000,000

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.

Appropriation Summary

Appropriation: 2HJ - School Motor Vehicle Operations

Funding Sources: TVI - School Vehicle Insurance Reserve Trust Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item	Historical Data			2009-2010			2010-2011		
	2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Expenses & Claims 5900046	990,998	0	5,000,000	0	0	0	0	0	0
Total	990,998	0	5,000,000	0	0	0	0	0	0
Funding Sources									
Fund Balance 4000005	990,998	0		0	0	0	0	0	0
Total Funding	990,998	0		0	0	0	0	0	0
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	990,998	0		0	0	0	0	0	0

THIS APPROPRIATION IS NOT BEING REQUESTED FOR THE 2009-2011 BIENNIUM.

Act 738 of 2007 combined this program into the Public School Insurance Program.

Appropriation Summary

Appropriation: 2HK - PE/Sec School Ins Operations

Funding Sources: TBA - Public Elementary and Secondary School Insurance Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2007-2008	2008-2009	2008-2009	2009-2010			2010-2011		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Expenses & Claims 5900046	2,672,301	0	9,000,000	0	0	0	0	0	0
Total	2,672,301	0	9,000,000	0	0	0	0	0	0
Funding Sources									
Fund Balance 4000005	2,672,301	0		0	0	0	0	0	0
Total Funding	2,672,301	0		0	0	0	0	0	0
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	2,672,301	0		0	0	0	0	0	0

THIS APPROPRIATION IS NOT BEING REQUESTED FOR THE 2009-2011 BIENNIUM.

Act 738 of 2007 combined this program into the Public School Insurance Program.

Appropriation Summary

Appropriation: 4KV - AR Multi-Agcy Wkrs' Comp Trust

Funding Sources: TIS - AR Multi-Agency Wkrs' Comp Program Trust Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2007-2008	2008-2009	2008-2009	2009-2010			2010-2011		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
AMAWCT 5900046	0	0	2,000,000	0	0	0	0	0	0
Total	0	0	2,000,000	0	0	0	0	0	0

THIS APPROPRIATION IS NOT BEING REQUESTED FOR THE 2009-2011 BIENNIUM.

LIQUEFIED PETROLEUM GAS BOARD

Enabling Laws

Act 1211 of 2007
A.C.A. §15-75-101

History and Organization

The mission of the Liquefied Petroleum Gas Board is to protect the interests and welfare of the general public by providing enforcement of safety requirements contained in the laws and codes that regulate the manufacture, sale, installation, and use of containers and equipment in the storage, transportation, dispensing, and utilization of liquefied petroleum gases.

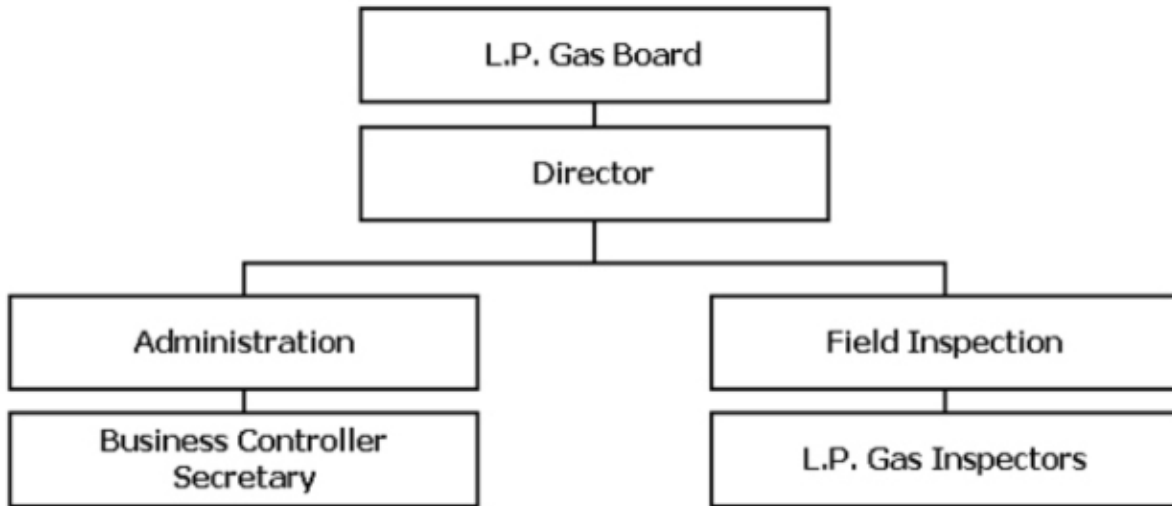
Act 204 of 1939 provided the initial authority for regulation of these activities. These duties were first assigned to a section of the Boiler Inspection Division of the State Department of Labor.

Act 18 of 1957 created a separate agency known as the State Liquefied Petroleum Gas Board that became responsible for enforcement and administration of the rules, regulations, and laws governing the Liquefied Petroleum Gas industry. A seven (7) member Liquefied Petroleum Gas Board was also created by this Act to make judgments concerning permit awards and adjudicate service and territorial disputes. The current structure of fees for permits, licenses, inspections, and registrations provides special revenue funding for Agency operations. The Agency receives no general revenue support.

Act 31 of 1965 is the present authority under which the Agency operates. This Act replaces all the previous acts and amendments and authorizes a fee for inspections of piping in domestic, commercial, industrial, and other types of buildings in which Liquefied Petroleum Gas is utilized.

The Agency's staff consists of seven (7) positions split between an Administrative Section and a Field Inspection Section. The Administrative Section provides the necessary administration, supervision, and clerical support for efficient operations. The Field Inspection Section conducts all inspections required for containers, systems, appliances, and equipment utilized in the storage, transportation, delivery, and usage of Liquefied Petroleum Gas in this State. The Field Section is also responsible for presentation of safety and educational programs on a continuing basis.

Special accomplishments and programs initiated since the formation of the current Board organizational structure in 1957 include the aforementioned safety programs among dealers, their employees, and members of various fire departments throughout the State; setting up of qualifications for a general safety supervisor for each Liquefied Petroleum Gas dealer; strict enforcement of the Liquefied Petroleum Gas Code and the rules and regulations contained therein; improvements in installation methods and placement of large numbers of bulk and commercial storage containers; and periodic spot inspections of existing domestic installations.



Agency Commentary

At the present time, the Liquefied Petroleum Gas Board staff consists of seven (7) positions which are charged with the responsibility of regulating the Liquefied Petroleum Gas industry in the State, according to the mandates in the Liquefied Petroleum Gas Code. In order for the agency to continue in the efficient performance of its duties, this budget is predicated on each year's Base Level plus an increase in Operating Expenses for the general rise of prices on utilities, postage and travel. Restoration of Capital Outlay is for the replacement of two (2) vehicles in the first year and three (3) vehicles in the second year of the 2009-11 Biennium.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
 AUDIT OF :
 OFFICE OF LIQUEFIED PETROLEUM GAS BOARD
 FOR THE YEAR ENDED JUNE 30, 2007

Findings	Recommendations
None	None

Employment Summary

	Male	Female	Total	%
White Employees	3	3	6	100 %
Black Employees	0	0	0	0 %
Other Racial Minorities	0	0	0	0 %
Total Minorities			0	0 %
Total Employees			6	100 %

Publications

A.C.A. 25-1-204

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
L.P. Code	A.C.A. 15-75-207	N	N	5,000	Rules and Regulation Changes

Agency Position Usage Report

FY2006 - 2007						FY2007 - 2008						FY2008 - 2009					
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	6	1	7	0	14.29 %	7	6	1	7	0	14.29 %	7	6	1	7	0	14.29 %

Analysis of Budget Request

Appropriation: 050 - Liquefied Petroleum Gas Board-Operations

Funding Sources: SIL - Liquefied Petroleum Gas Fund

The Liquefied Petroleum Gas Board is funded by inspection, permit, and license fees that are enumerated in A.C.A. § 19-6-407. These fees are deposited as special revenues in the Liquefied Petroleum Gas Board Fund.

Base Level positions were changed from unclassified to classified to reflect the recommendations of the Pay Plan Study and salaries were adjusted accordingly. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries may include board member Stipend payments and Career Service payments for eligible employees. Personal Services Matching includes a \$75 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

The Board requests a \$20,000 increase in Operating Expenses over Base Level. The rising costs of general expenses including utilities and postage in addition to gasoline prices necessitate this increase. Due to extensive statewide travel by the inspectors to carry out the charge of the Board, restoration of Capital Outlay in the amount of \$40,000 in FY10 to replace 2 vehicles and \$60,000 in FY11 to replace 3 vehicles.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 050 - Liquefied Petroleum Gas Board-Operations

Funding Sources: SIL - Liquefied Petroleum Gas Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	233,374	261,433	260,393	279,130	279,130	279,130	284,718	284,718	284,718
#Positions		6	7	7	7	7	7	7	7	7
Extra Help	5010001	0	8,300	8,300	8,300	8,300	8,300	8,300	8,300	8,300
#Extra Help		0	1	1	1	1	1	1	1	1
Personal Services Matching	5010003	76,523	78,764	82,706	88,537	88,537	88,537	89,584	89,584	89,584
Operating Expenses	5020002	122,682	130,000	130,000	130,000	150,000	150,000	130,000	150,000	150,000
Conference & Travel Expenses	5050009	1,083	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000
Professional Fees	5060010	25,564	38,650	38,650	38,650	38,650	38,650	38,650	38,650	38,650
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	15,717	57,000	57,000	0	40,000	40,000	0	60,000	60,000
Total		474,943	580,147	583,049	550,617	610,617	610,617	557,252	637,252	637,252
Funding Sources										
Fund Balance	4000005	757,057	814,404		759,257	759,257	759,257	673,640	673,640	673,640
Special Revenue	4000030	532,290	525,000		465,000	525,000	525,000	445,000	525,000	525,000
Total Funding		1,289,347	1,339,404		1,224,257	1,284,257	1,284,257	1,118,640	1,198,640	1,198,640
Excess Appropriation/(Funding)		(814,404)	(759,257)		(673,640)	(673,640)	(673,640)	(561,388)	(561,388)	(561,388)
Grand Total		474,943	580,147		550,617	610,617	610,617	557,252	637,252	637,252

The Budget amount in Regular Salaries exceeds the authorized amount due to salary adjustments during the 2007-2009 biennium.

Change Level by Appropriation

Appropriation: 050 - Liquefied Petroleum Gas Board-Operations

Funding Sources: SIL - Liquefied Petroleum Gas Fund

Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	550,617	7	550,617	100.0	557,252	7	557,252	100.0
C01	Existing Program	60,000	0	610,617	110.9	80,000	0	637,252	114.4

Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	550,617	7	550,617	100.0	557,252	7	557,252	100.0
C01	Existing Program	60,000	0	610,617	110.9	80,000	0	637,252	114.4

Justification

C01	The request includes an increase of \$20,000 each year in operations to reflect rising utility, gas, fuel, lodging and postage rates. The remainder of the request is capital outlay; \$40,000 in FY10 to replace 2 vehicles and \$60,000 to replace 3 vehicles in FY11.
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AR MINORITY HEALTH COMMISSION

Enabling Laws

Acts 577 and 1221 of 2007

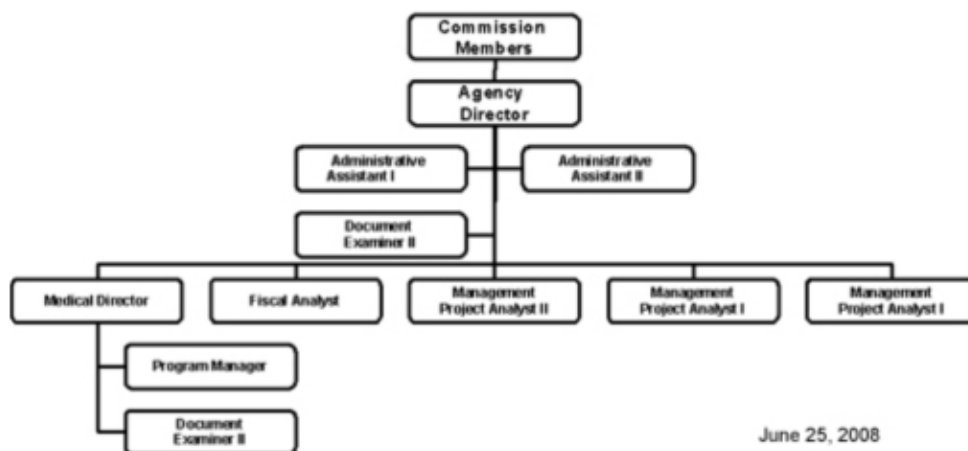
A.C.A. §20-2-101 et seq.

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.



Agency Commentary

The mission of the Arkansas Minority Health Commission is to assure that all minority Arkansan's access to health care is equal to the care received by other citizens of the State. The Agency also seeks ways to address and treat diseases and conditions that are prevalent among minority populations. Funding for appropriation for the Arkansas Minority Health Commission is state general revenue, tobacco settlement funds, and cash funds from donations, grants, and reimbursements.

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

An increase in unfunded cash appropriation of \$71,000 in each year of the biennium to maintain budget as authorized in Act.

An increase in Tobacco Settlement funded appropriation of \$35,000 in each year of the biennium to support continued operations of current programs. The request is needed due to increases in rent, advertising due to the implementation of more programs and projects, rising fuel prices and travel expenses, postage and shipping costs, as well as increases in network services and wireless communication.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
ARKANSAS MINORITY HEALTH COMMISSION

FOR THE YEAR ENDED JUNE 30, 2007

Findings	Recommendations
Review of expenditures revealed that all travel reimbursements selected for testing were not approved by the travel supervisor, travel reimbursement forms were not always completed as required by the State's Financial Management Guide and invoices could not be located for three professional service payments.	Strengthen internal control by ensuring all travel reimbursements are properly approved and supported by the appropriate documentation as required by the State's Financial Management Guide. Also, adequate supporting documentation be retained to support all expenditures.

Employment Summary

	Male	Female	Total	%
White Employees	0	1	1	12 %
Black Employees	1	6	7	88 %
Other Racial Minorities	0	0	0	0 %
Total Minorities			7	88 %
Total Employees			8	100 %

Publications

A.C.A. 25-1-204

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

Department Appropriation Summary

Historical Data

Agency Request and Executive Recommendation

Appropriation	2007-2008		2008-2009		2008-2009		2009-2010					2010-2011						
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
2MF Treasury Cash	44,329	0	29,000	0	100,000	0	29,000	0	100,000	0	100,000	0	29,000	0	100,000	0	100,000	0
463 Minority Health Initiative	1,205,182	6	1,494,066	6	1,491,086	6	1,495,903	6	1,530,903	6	1,530,903	6	1,498,669	6	1,533,669	6	1,533,669	6
815 Minority Health Operations	176,979	3	173,943	3	184,523	3	182,615	3	182,615	3	182,615	3	186,383	3	186,383	3	186,383	3
Total	1,426,490	9	1,697,009	9	1,775,609	9	1,707,518	9	1,813,518	9	1,813,518	9	1,714,052	9	1,820,052	9	1,820,052	9

Funding Sources		%		%		%		%		%		%		%		%
Fund Balance	4000005	64,361	3.3	540,189	20.5		36,034	1.7	36,034	1.7	36,034	1.7	397,044	16.1	370,010	14.9
General Revenue	4000010	176,979	9.0	173,943	6.6		182,615	8.7	182,615	8.5	182,615	8.5	186,383	7.5	186,383	7.5
Cash Fund	4000045	25,002	1.3	20,000	0.8		20,000	1.0	20,000	0.9	20,000	0.9	20,000	0.8	20,000	0.8
Tobacco Settlement	4000495	1,700,337	86.5	1,900,913	72.1		1,865,913	88.7	1,900,913	88.8	1,900,913	88.8	1,865,913	75.6	1,900,913	76.7
Total Funds		1,966,679	100.0	2,635,045	100.0		2,104,562	100.0	2,139,562	100.0	2,139,562	100.0	2,469,340	100.0	2,477,306	100.0
Excess Appropriation/(Funding)		(540,189)		(938,036)			(397,044)		(326,044)		(326,044)		(755,288)		(657,254)	
Grand Total		1,426,490		1,697,009			1,707,518		1,813,518		1,813,518		1,714,052		1,820,052	

463 - FY2009 Budget amount exceeds the Authorized amount due to salary adjustments during the 2007-2007 biennium.

463 - Special Language provides for the carryforward of unused appropriation. The actual carryforward amount into FY2009 was \$281,732.

463 - Tobacco Settlement fund balances are recouped at the end of the biennium and redistributed in the same proportion as the original distribution; \$902,002 was recouped.

Agency Position Usage Report

FY2006 - 2007						FY2007 - 2008						FY2008 - 2009					
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	
8	8	0	8	0	0.00 %	9	6	3	9	0	33.33 %	9	8	1	9	0	11.11 %

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 appropriation is \$29,000 each year of the biennium. The Agency requests an unfunded increase of \$71,000 each year of the biennium in the Personal Services and Operating Expense line item to be used for Agency operating expenses or reimbursement for educational or seminar expenses should the Agency receive federal, state, public or private foundation grants or donations or refunds for expenditures.

The Executive Recommendation provides for the Agency Request. Expenditure of 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	2007-2008	2008-2009	2008-2009	2009-2010			2010-2011		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Personal Svcs & Oprs Exp 5900046	44,329	29,000	100,000	29,000	100,000	100,000	29,000	100,000	100,000
Total	44,329	29,000	100,000	29,000	100,000	100,000	29,000	100,000	100,000
Funding Sources									
Fund Balance 4000005	64,361	45,034		36,034	36,034	36,034	27,034	0	0
Cash Fund 4000045	25,002	20,000		20,000	20,000	20,000	20,000	20,000	20,000
Total Funding	89,363	65,034		56,034	56,034	56,034	47,034	20,000	20,000
Excess Appropriation/(Funding)	(45,034)	(36,034)		(27,034)	43,966	43,966	(18,034)	80,000	80,000
Grand Total	44,329	29,000		29,000	100,000	100,000	29,000	100,000	100,000

Change Level by Appropriation

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

Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	29,000	0	29,000	100.0	29,000	0	29,000	100.0
C05	Unfunded Appropriation	71,000	0	100,000	344.8	71,000	0	100,000	344.8

Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	29,000	0	29,000	100.0	29,000	0	29,000	100.0
C05	Unfunded Appropriation	71,000	0	100,000	344.8	71,000	0	100,000	344.8

Justification

C05	Agency requesting \$71,000 in unfunded appropriation to restore previously authorized amount in Act.
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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.

Base Level salaries for classified positions reflect the recommendations of the Pay Plan Study and unclassified positions reflect similar adjustments in line item salaries. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries may include board member Stipend payments and Career Service payments for eligible employees. Personal Services Matching includes a \$75 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

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.

The Agency's total Base Level request for the 2009-2011 Biennium includes six (6) positions as well as appropriation in the amount of \$1,495,903 in FY2010 and \$1,498,669 in FY2011.

The Agency's total Change Level request includes appropriation in the amount of \$35,000 in each year of the biennium and is comprised of the following:

An increase in Operating Expenses appropriation of \$28,000 in each year of the biennium for normal operations including postage and shipping, rent and wireless phone service. An increase is requested in network service expenses to the Department of Information Systems (DIS) for service calls and website rates based on service. The Agency is implementing a radio and television campaign which will cause the need for an increase in advertising. Also included is an increase in rent, rent of office equipment, office supplies and travel related expenses including mileage, meals and lodging, board member travel, and fuel.

The Agency requests an increase in Conference and Travel Expenses appropriation of \$2,000 each year of the biennium due to increases in conference and seminar expenses and the attendance of more skill building conferences.

Finally, the Agency requests reallocation of \$5,000 from Operating Expenses to Conference and Travel Expenses to properly reclassify Conference and Seminar Fees.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

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

Historical Data

Agency Request and Executive Recommendation

Commitment Item	Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
	2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	128,180	178,473	174,648	175,380	175,380	175,380	177,710	177,710	177,710
#Positions	6	6	6	6	6	6	6	6	6
Personal Services Matching 5010003	50,255	58,503	59,348	63,433	63,433	63,433	63,869	63,869	63,869
Operating Expenses 5020002	309,038	333,643	333,643	333,643	361,643	361,643	333,643	361,643	361,643
Conference & Travel Expenses 5050009	2,721	3,000	3,000	3,000	10,000	10,000	3,000	10,000	10,000
Professional Fees 5060010	410,993	498,559	498,559	498,559	498,559	498,559	498,559	498,559	498,559
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
Screening, Monitoring, Treating & 5900046	303,995	421,888	421,888	421,888	421,888	421,888	421,888	421,888	421,888
Total	1,205,182	1,494,066	1,491,086	1,495,903	1,530,903	1,530,903	1,498,669	1,533,669	1,533,669
Funding Sources									
Fund Balance 4000005	0	495,155		0	0	0	370,010	370,010	370,010
Tobacco Settlement 4000495	1,700,337	1,900,913		1,865,913	1,900,913	1,900,913	1,865,913	1,900,913	1,900,913
Total Funding	1,700,337	2,396,068		1,865,913	1,900,913	1,900,913	2,235,923	2,270,923	2,270,923
Excess Appropriation/(Funding)	(495,155)	(902,002)		(370,010)	(370,010)	(370,010)	(737,254)	(737,254)	(737,254)
Grand Total	1,205,182	1,494,066		1,495,903	1,530,903	1,530,903	1,498,669	1,533,669	1,533,669

Tobacco Settlement fund balances are recouped at the end of the biennium and redistributed in the same proportion as the original distribution.

Special Language provides for the carryforward of unused appropriation. Carry forward amounts into FY2009: Regular Salaries \$43,045.81; Personal Services Matching \$8,342.52; Operating Expenses \$24,606.23; Conference and Travel Expenses \$278.88; Professional Fees \$87,566.23; Screening, Monitoring, Treating and Outreach \$117,892.79

Change Level by Appropriation

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

Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	1,495,903	6	1,495,903	100.0	1,498,669	6	1,498,669	100.0
C01	Existing Program	30,000	0	1,525,903	102.0	30,000	0	1,528,669	102.0
C04	Reallocation	0	0	1,525,903	102.0	0	0	1,528,669	102.0
C08	Technology	5,000	0	1,530,903	102.3	5,000	0	1,533,669	102.3

Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	1,495,903	6	1,495,903	100.0	1,498,669	6	1,498,669	100.0
C01	Existing Program	30,000	0	1,525,903	102.0	30,000	0	1,528,669	102.0
C04	Reallocation	0	0	1,525,903	102.0	0	0	1,528,669	102.0
C08	Technology	5,000	0	1,530,903	102.3	5,000	0	1,533,669	102.3

Justification

C01	Agency requests appropriation in the amount of \$23,000 each year of the biennium to cover projected increases in postage and shipping rates, wireless phone rates, advertising, rent, rent of copier equipment, and office supplies. Also included is an increase in travel related expenses including mileage, meals & lodging, board member travel, and fuel increases. The Agency also requests an increase of \$2,000 each year of the biennium in Conference and Travel expenses for conference and seminar fees.
C04	\$5,000 reallocation from Operating Expenses to Conference and Travel Expenses done to properly reclassify Conference and Seminar Fees.
C08	Agency requests \$5,000 in appropriation for projected increases in Network Service Expenses to the Department of Information Systems (DIS). This request is included in the Agency's approved IT Plan under IT Support Costs-Contracted Services.

CARRY FORWARD OF ANY UNEXPENDED BALANCE OF APPROPRIATION AND/OR FUNDING FROM FISCAL YEAR 2008 TO FISCAL YEAR 2009

Agency: Minority Health Commission

Program: Minority Health Initiative

Act #: 1221 of 2007

Section(s) #: 2 & 4

Estimated Carry Forward Amount \$ 153,000.00

Appropriation

Funds

Funding Source: Tobacco Settlement

Accounting Information:

Business Area: 0319

Funds Center: 463

Fund: TSE

Functional Area: PROF

Line Item	Commitment Item	Estimated Carry Forward Amount	Actual Carry Forward Amount
Regular Salaries	5010000	40,000.00	43,045.81
Personal Services Matching	5010003	7,000.00	8,342.52
Operating Expenses	5020002	25,000.00	24,606.23
Conference & Travel Expenses	5050009	1,000.00	278.88
Professional Fees	5060010	5,000.00	87,566.23
Screening, Monitoring, Treating & Outreach	5900046	75,000.00	117,892.79
Total		\$ 153,000.00	\$ 281,732.46

Current law requires a written statement be submitted to the DFA Office of Budget stating the reason(s) to carry forward appropriation and/or funding for a program or a specific line item within a program from the first fiscal year of the biennium to the second fiscal year of the biennium.

Justification for carry forward of unexpended balance of appropriation and/or funding:

The Carry Forward is necessary to continue the normal operations of the Commission and specifically to ensure that the Arkansas Minority Initiatives for screening, monitoring, and treating hypertension, strokes and other disorders disproportionately critical to minority groups in Arkansas are addressed.

Actual Funding Carry Forward Amount \$ 0.00

Current status of carry forward appropriation/funding:

The Carry Forward is currently being utilized to continue the normal operations of the Agency as well as continuing to address the Minority Health Initiative.

Wynona Bryant-Williams
Director

08-14-2008
Date

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.

Base Level salaries for classified positions reflect the recommendations of the Pay Plan Study as well as the Minority Health Commission Director changing from an unclassified position to classified position; salaries for both were adjusted accordingly. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries may include board member Stipend payments and Career Service payments for eligible employees. Personal Services Matching includes a \$75 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

Special Language allows the Agency to transfer from its Operating Expenses appropriation and funds to be used in the acquisition of promotional items.

The Agency Request is for Base Level of three (3) positions as well as appropriation and general revenue funding in the amount of \$182,615 in FY2010 and \$186,383 in FY2011.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

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

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	136,399	133,831	140,861	138,793	138,793	138,793	141,969	141,969	141,969
#Positions	3	3	3	3	3	3	3	3	3
Personal Services Matching 5010003	40,007	37,573	41,123	41,283	41,283	41,283	41,875	41,875	41,875
Operating Expenses 5020002	573	1,789	1,789	1,789	1,789	1,789	1,789	1,789	1,789
Conference & Travel Expenses 5050009	0	500	500	500	500	500	500	500	500
Professional Fees 5060010	0	250	250	250	250	250	250	250	250
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	176,979	173,943	184,523	182,615	182,615	182,615	186,383	186,383	186,383
Funding Sources									
General Revenue 4000010	176,979	173,943		182,615	182,615	182,615	186,383	186,383	186,383
Total Funding	176,979	173,943		182,615	182,615	182,615	186,383	186,383	186,383
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	176,979	173,943		182,615	182,615	182,615	186,383	186,383	186,383

The FY2009 Budget amount in Regular and Personal Services Matching exceeds the Authorized amount due to salary adjustments during the 2007-2009 biennium.

ARKANSAS MOTOR VEHICLE COMMISSION

Enabling Laws

Act 530 of 2007
Act 388 of 1975 as amended
A.C.A. § 23-112-101 et seq.

History and Organization

The Arkansas Motor Vehicle Commission, funded by special revenue, was created under Act 388 of 1975 by the Seventieth General Assembly of the Arkansas Legislature in Regular Session. Rule I, Rule II and Regulation I were adopted and made part of the act on July 1, 1976 in accordance with the Administrative Procedures Act. In enacting Act 388 of 1975, the Legislature felt a need to exercise the state's police power to ensure a sound system of distributing and selling new motor vehicles through licensing and regulating the manufacturers, distributors, their branch offices and representatives and franchised dealers and salesmen operating within the State of Arkansas. In adopting Rule I and II, the Commission's general organization and hearing procedures were outlined. Regulation I, now Rule 3, is the Commission's attempt to define false and misleading advertising, classified as unauthorized acts under Subsection A, Section 5 in Act 300 of 1975. Act 838 of 1977 was enacted by the Seventy-First General Assembly in Regular Session. Act 838 of 1977 was approved by the Legislature in order to allow the Commission to seek injunctions to prevent violations of the Arkansas Motor Vehicle Commission Act or any Rule or Regulation subsequently adopted.

The objectives of the Arkansas Motor Vehicle Commission, under current statutory authorization, are to administer the requirements connected with the distribution of motor vehicles within the State of Arkansas in a fair and impartial manner, while being consistent in its interpretation of the persons required to be licensed. Act 388 of 1975 affords protection for the franchised dealer relative to attempts by manufacturers and distributors to coerce, intimidate, terminate or threaten to terminate without due cause contractual agreements in existence between the two parties.

Consumer complaints on vehicles covered by the original factory warranty are received and processed in accordance with the statutory authority given the Commission under Act 388 (6)(A)(10) of 1975, Section 6A (10), which provides grounds for suspension or revocation of licenses when warranty responsibilities are not fulfilled by manufacturers and distributors to the detriment of the public welfare.

Acts 620, 645, and 633 of 1987 reduced the number of wheels under the Motor Vehicle Commission Law definition motor vehicles from four (4) to two (2) which required dealers selling new Motorcycles and ATVs to be licensed and regulated by the Commission. Act 1058 of 1985 required the Motor Vehicle Commission to license and regulate all used car dealers and salesmen in the State. Act 169 of 1989 removed the used car dealers and salesmen from the Commission's legal jurisdiction. Act 568 of 1995 removed Wholesalers and Auto Auctions from the Commission's published Act and allowed the Commission's first fee increase since inception.

Act 1154 of 1997 permitted reciprocity with Motor Vehicle Commissions of other states with regard to Motor Vehicle Shows, provided procedures concerning warranty agreements and clarified various definitions.

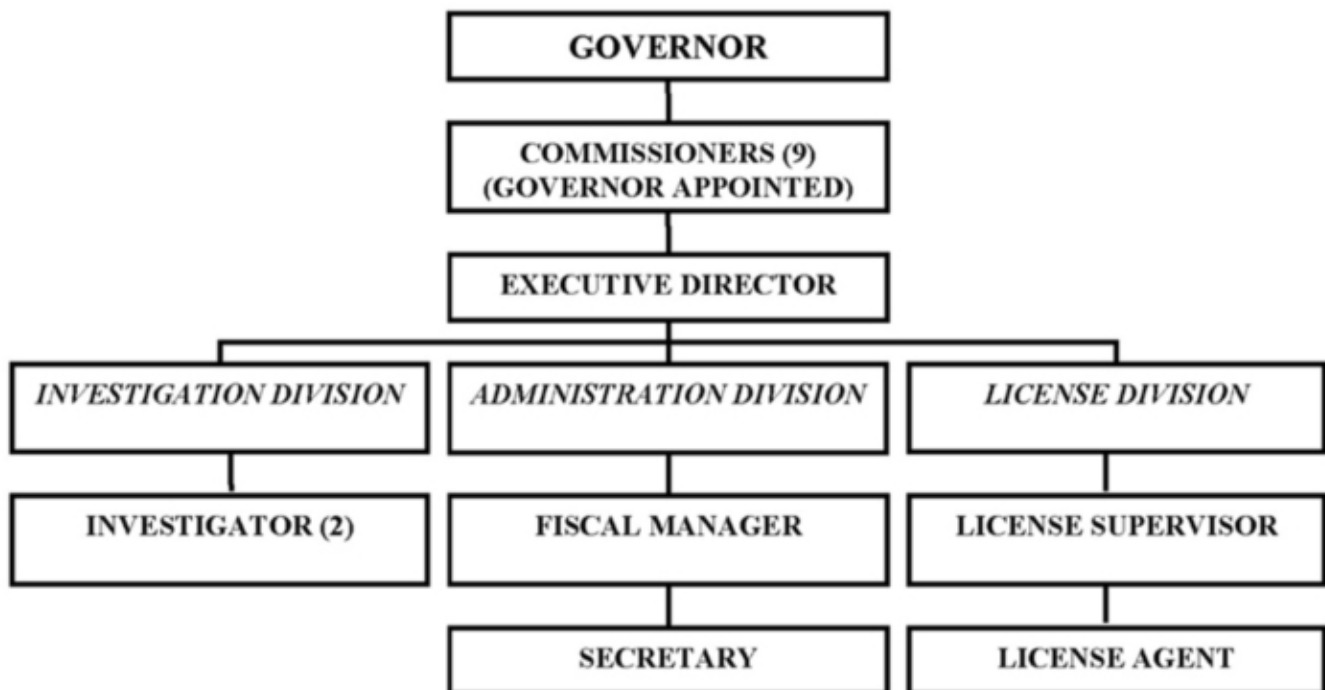
Act 1042 of 1999 primarily amended Subchapter 4, pertaining to unlawful practices by Manufacturers/Distributors.

Act 1053 of 2001 added the definition of ATVs and clarified various definitions. Act 1600 of 2001 provided for motor vehicle dealer Documentary Fees and authorized the Commission to promulgate rules and regulations to implement, enforce and administer the enabling section.

Act 1722 of 2003 authorized the Commission to promulgate rules and regulations to set a reasonable limit on the amount to be charged for a Documentary Fee. Act 1098 of 2003 amended the definition of an ATV, and added motor scooters to the definition of a motor vehicle. Act 1027 of the Second Extraordinary Session of 2003 added Section 106 to Subchapter 1 of the Arkansas Motor Vehicle Commission Act, enabling enforcement by the Commission under certain conditions.

Act 1687 of 2005 established procedures for the delivery prior to sale of a motor vehicle to a consumer.

Act 235 of 2007 provides an exemption for special motorcycle events to allow dealers to display and sell motorcycles at special events that have significant positive economic impact on an area. Act 366 of 2007 amends the Motor Vehicle Consumer Protection Act regarding fees charged for handling and processing the sale or lease of a vehicle. The maximum fee charged can be no more than \$129. Act 746 of 2007 amends the Motor Vehicle Commission Act § 23-112-101 et seq.



Agency Commentary

Funding for this Special Revenue appropriation is derived solely from license fees collected from new motor vehicle manufacturers, distributors, factories and branches, as well as representatives, dealers, sales personnel and motor vehicle lessors. The Commission receives no General Revenue funds.

The Commission's licensee base continues to increase in number, thus increasing the workload and responsibilities of staff. Additionally, in order to meet Agency goals and to fulfill the Mission Statement requirements, the following increases are required to improve Agency administrative processes and accommodate continued investigative and enforcement capabilities.

Increase in Professional Fees each year of the biennium includes:

- Hiring a hearing officer to provide consistent services to the agency. This request is supported by the complexity of franchise laws, the extent of statutory requirements involving franchisees, and the unique regulatory enforcement of licensees, including manufacturers and dealers. Due to the complexity and uniqueness, it is important to provide continuity in service for regularly scheduled Commission meetings.

Increase in Capital Outlay includes:

- Replacement of two (2) vehicles in FY10 and replacement of one (1) vehicle in FY11 in accordance with the State Vehicle Program.

The Commission respectfully requests consideration for the following Agency fiscal requests:

1. A line item increase of \$2,500 each year in Professional Fees.
2. Capital Outlay of \$34,000 in FY10 and \$17,000 in FY11.

Kind consideration and approval of this appropriation request will allow the Arkansas Motor Vehicle Commission to continue service to the consumers and dealers in Arkansas.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
ARKANSAS MOTOR VEHICLE COMMISSION

FOR THE YEAR ENDED JUNE 30, 2007

Findings	Recommendations
None	None

Employment Summary

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

Publications

A.C.A. 25-1-204

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

Agency Position Usage Report

FY2006 - 2007						FY2007 - 2008						FY2008 - 2009					
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	7	0	7	0	0.00 %	7	7	0	7	0	0.00 %	7	7	0	7	0	0.00 %

Analysis of Budget Request

Appropriation: 048 - Arkansas Motor Vehicle Commission

Funding Sources: SAB - Arkansas Motor Vehicle Commission Fund

The Motor Vehicle Commission uses the resources authorized in this appropriation to regulate and license new car manufacturers, dealers, and salesmen doing business in Arkansas. Funding for this special revenue funded appropriation is derived from license fees paid by automobile salesmen, dealers, manufacturers, and manufacturers' representatives pursuant to A.C.A. § 23-112-101 et seq.

Base Level positions were changed from unclassified to classified to reflect the recommendations of the Pay Plan Study and salaries were adjusted accordingly. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries may include board member Stipend payments and Career Service payments for eligible employees. Personal Services Matching includes a \$75 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

The Commission's Change Level requests total \$36,500 in FY10 and \$19,500 in FY11 and reflect the following:

Professional Fees increase of \$2,500 each year in order to hire a hearing officer to provide consistent services to the Agency.

Capital Outlay in the amount of \$34,000 in FY10 and \$17,000 in FY11 to replace 2 vehicles in FY10 and 1 vehicle in FY11 in accordance with the State Motor Vehicle Program.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 048 - Arkansas Motor Vehicle Commission

Funding Sources: SAB - Arkansas Motor Vehicle Commission Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item		2007-2008	2008-2009	2008-2009	2009-2010			2010-2011		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	285,111	283,331	281,331	289,446	289,446	289,446	295,874	295,874	295,874
#Positions		7	7	7	7	7	7	7	7	7
Personal Services Matching	5010003	88,994	84,717	93,511	92,317	92,317	92,317	93,594	93,594	93,594
Operating Expenses	5020002	111,165	181,197	181,197	181,197	181,197	181,197	181,197	181,197	181,197
Conference & Travel Expenses	5050009	2,383	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Professional Fees	5060010	0	5,000	5,000	5,000	7,500	7,500	5,000	7,500	7,500
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	13,760	13,760	0	34,000	34,000	0	17,000	17,000
Total		487,653	573,005	579,799	572,960	609,460	609,460	580,665	600,165	600,165
Funding Sources										
Fund Balance	4000005	2,695,205	2,703,902		2,775,897	2,775,897	2,775,897	2,842,937	2,806,437	2,806,437
Special Revenue	4000030	496,350	645,000		640,000	640,000	640,000	640,000	640,000	640,000
Total Funding		3,191,555	3,348,902		3,415,897	3,415,897	3,415,897	3,482,937	3,446,437	3,446,437
Excess Appropriation/(Funding)		(2,703,902)	(2,775,897)		(2,842,937)	(2,806,437)	(2,806,437)	(2,902,272)	(2,846,272)	(2,846,272)
Grand Total		487,653	573,005		572,960	609,460	609,460	580,665	600,165	600,165

Actual and Budget amounts in Regular Salaries exceeds the authorized amount due to the salary adjustments during the 2007-2009 biennium.

Change Level by Appropriation

Appropriation: 048 - Arkansas Motor Vehicle Commission
Funding Sources: SAB - Arkansas Motor Vehicle Commission Fund

Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	572,960	7	572,960	100.0	580,665	7	580,665	100.0
C01	Existing Program	36,500	0	609,460	106.4	19,500	0	600,165	103.4

Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	572,960	7	572,960	100.0	580,665	7	580,665	100.0
C01	Existing Program	36,500	0	609,460	106.4	19,500	0	600,165	103.4

Justification

C01	Increase in Professional Fees both years of the biennium to provide continuity of service of Hearing Officer for regularly scheduled Commission meetings. Increase in Capital Outlay in order to purchase two (2) vehicles in FY10 and one (1) vehicle in FY11 in according with the State Motor Vehicle Program.
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ARKANSAS NATURAL RESOURCES COMMISSION

Enabling Laws

Act 1277 of 2007

A.C.A. §14-230-101 et seq.

A.C.A. §15-20-201 et seq.

A.C.A. §15-20-801 - §15-20-1301

A.C.A. §15-22-201 - §15-22-1301

A.C.A. §15-24-102 et seq.

History and Organization

The Mission of the Agency is to manage and protect our water and land resources for the health, safety, and economic benefit of the State of Arkansas.

Upon its formation in 1963 the Arkansas Natural Resources Commission (formerly the Soil and Water Conservation Commission) was assigned duties previously performed by the Water Conservation and Flood Control Commissions, in addition to those functions related to Soil and Water Conservation Districts formerly performed by the Geological Commission. Major duties of the Commission at that time included: water allocation, dam permitting, and interstate water rights.

In 1969 the Commission was assigned the task of developing the Arkansas State Water Plan and overseeing the State's flood plain management program. The Water Development Fund was created as a part of the water planning effort. In 1981 administration of the Water, Sewer and Solid Waste Management Fund was transferred from the Department of Local Services to the Commission. Also in 1981, the Water Resources Cost Share Program was created to provide funds to Arkansas' communities to help meet the local cost share of federal water projects.

The Commission operates the Water, Waste Disposal and Pollution Abatement Facilities General Obligation (GO) Bond Program to provide low interest rate loans to communities. These loans are used for water resources and waste disposal projects.

In 1991 the Governor delegated administration of the Non-point Source Pollution Abatement Program under the Federal Clean Water Act to the Commission. Primary funding to operate the program is from the US Environmental Protection Agency. In addition, Arkansas' General Assembly created the Ground Water Protection and Management Act. Under this act the Commission received additional responsibility for ground water management, collection of water use information, and collection of an annual fee for reporting water use.

The Commission, in conjunction with the Department of Finance and Administration operates two Tax Credit programs to encourage water resources development, water conservation, and protection of wetlands and riparian zones.

The Commission operates a Wetland Mitigation Bank that provides a voluntary, cost effective and environmentally sound alternative for mitigation of unavoidable wetland losses caused by individual, corporate, or state agency projects.

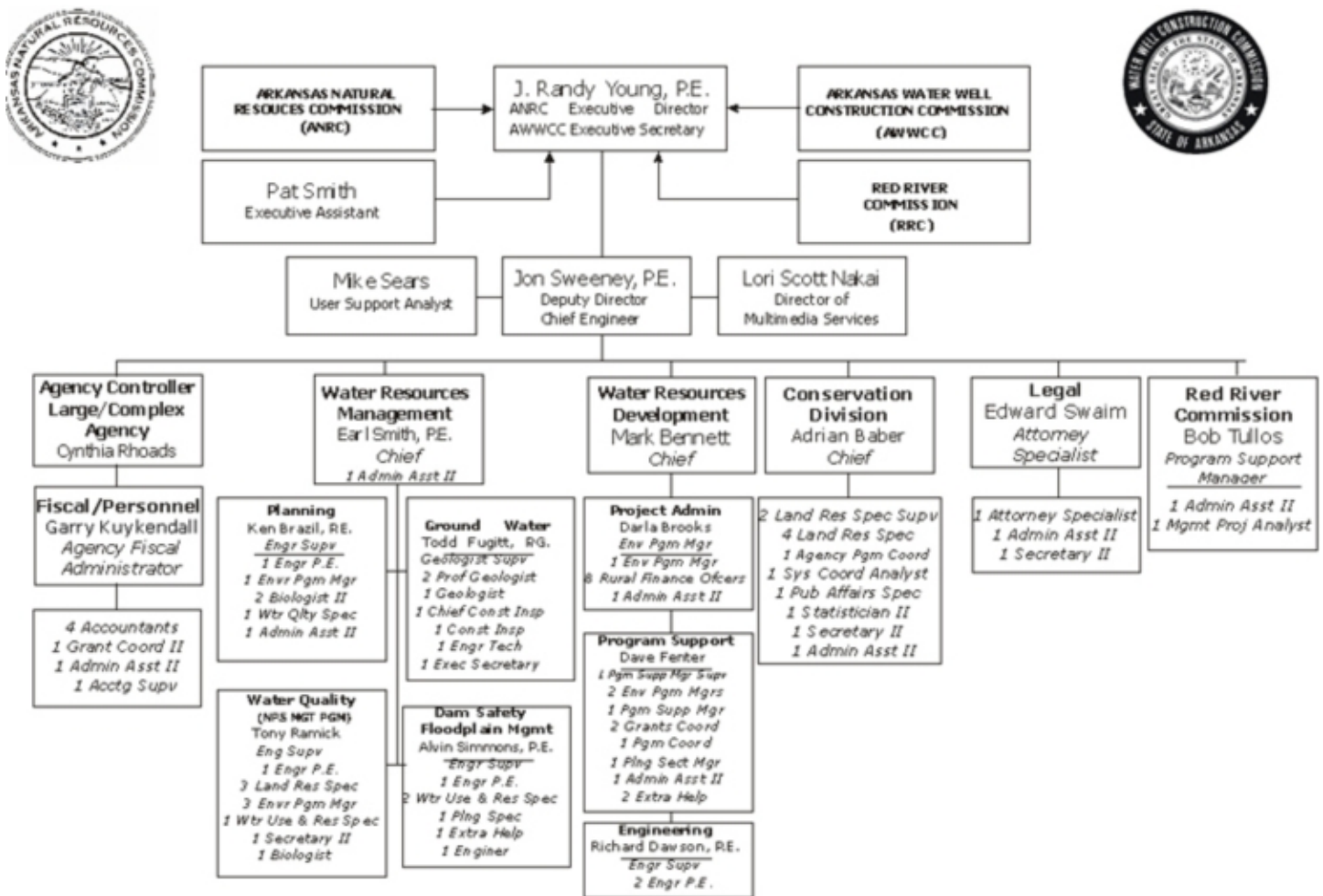
Since 1995 the Commission has provided administrative and field operations for the Water Well Construction Commission.

Act 1060 of 2003 directed the Commission to create and operate the Poultry Feeding Operation Registration Program. The purpose of this program is to assemble and maintain information on the number, composition, and practices of Poultry Feeding Operations in the state including the quantity of nutrients produced and used by those operations.

Act 1059 of 2003 authorized the Commission to institute a Nutrient Management Planner Certification Program for individuals who prepare Nutrient Management Plans. The purpose of this program is to establish criteria for planning and certify that planners have sufficient training to prepare adequate plans.

Act 1061 of 2003 authorized the Commission to institute a Nutrient Applicator Certification Program for individuals who apply agricultural nutrients in certain areas of the State. The purpose of this program is to certify that applicators have sufficient training to effectively apply nutrients in accord with applicable laws, regulations, and technical criteria.

The Arkansas Natural Resources Commission provides technical and financial support for both the Red River Commission and the Ouachita River Commission.



Agency Commentary

The Arkansas Natural Resources Commission is organized in four divisions: Administrative, Water Resources Management, Water Resources Development, and Conservation.

Administrative Division

The Administrative Division provides oversight and direction as well as personnel, purchasing, legal and information technology support for the entire agency.

Changes requested for this division include:

- Additional \$723,382 per year in unfunded appropriation in funds center 381 - Rural Fire Protection, which will restore this appropriation to the previously authorized level of \$1,100,000 each year. This unfunded appropriation is being requested in the event that savings from the Miscellaneous Agencies Fund Account becomes available.
- Additional \$31,090 first year and \$31,687 second year in funds center 262 - Operations for the restoration of one Administrative Specialist II position that was not budgeted in FY09. This request includes additional general revenue funding.
- Additional \$1,297 each year in funds center 262 - Operations to restore Extra Help and related matching that was not budgeted in FY09. This request includes additional general revenue funding.
- Additional \$3,200 per year in funds center 262 - Operations in postage, due to increase in postal rates for past several years. This request includes additional general revenue funding.
- Additional \$2,120 per year in funds center 262 - Operations in fuel purchases, due to increase in fuel costs for our agency. This request includes additional general revenue funding.

Water Resources Management Division

This division is responsible for statewide oversight and planning in the following areas: water systems, water supplies, water rights allocation, flood plain management, non-point source pollution abatement, dam safety, and wetlands mitigation banking.

Changes requested for this division include:

- Continuation of one Engineer position established by a Miscellaneous Federal Grant in funds center 1AA - Dam Inventory Program. This position's primary job is to inspect dams. This position is 100 percent federally funded.
- Additional \$15,497 per year in Grants and Aid in funds center 1AA - Dam Inventory Program. This appropriation is 100 percent federally funded.
- Additional \$200 first year and \$400 second year in Survey & Investigations in funds center 262 - Operations for U. S. Geological Survey contracts due to increased personnel costs and fuel cost. This request includes additional general revenue funding.
- Additional \$6,000 first year and \$12,000 second year in Water Planning in funds center 262 - Operations for U. S. Geological Survey contracts due to increased personnel costs and fuel cost. This request includes additional general revenue funding.
- Additional \$100 first year and \$200 second year in Research Project in funds center 262 - Operations for U. S. Geological Survey contracts due to increased personnel costs and fuel cost. This request includes additional general revenue funding.
- Additional \$2,000 first year and \$4,000 second year in Grants and Aids (River Basin Compact) in funds center 263 - Grants and Attorney Services for U. S. Geological Survey contracts due to

- increased personnel costs and fuel cost. This request includes additional general revenue funding.
- Additional \$700 first year and \$1,400 second year in Grants and Aids (Arkansas River Compact) in funds center 263 - Grants and Attorney Services for U. S. Geological Survey contracts due to increased personnel costs and fuel cost. This request includes additional general revenue funding.
- Additional \$510 first year and \$1,020 second year in Grants and Aids (Red River Compact) in funds center 263 - Grants and Attorney Services for U. S. Geological Survey contracts due to increased personnel costs and fuel cost. This request includes additional general revenue funding.
- Additional \$300 in mileage and \$3,600 meals and lodging per year in Operating Expenses, in funds center 2BU - Flood Insurance Program. This appropriation is 100 percent federally funded.
- Additional \$3,000 Extra Help and \$242 per year in personnel services matching in funds center 2BU - Flood Insurance Program. This appropriation is 100 percent federally funded.
- Additional \$20,000 first year and \$40,000 second year in Grants and Aids in funds center 2RG - Water Quality Implementation for U. S. Geological Survey contracts due to increase cost of living and fuel cost. This request includes additional general revenue funding.
- Additional \$3,500 first year and \$7,000 second year in Grants and Aids in funds center 420 - Natural Resources Commission Cash for U. S. Geological Survey contracts due to increase cost of living and fuel costs. This request will be funded by cash funds maintained in the Commission's Cash in Treasury Fund Account.
- Additional \$14,000 per year in Operating Expenses in funds center 420 - Natural Resources Commission Cash due increase cost of fuels to inspect dam site and wells. This request will be funded by cash funds maintained in the Commission's Cash in Treasury Fund Account.
- Additional \$534,871 per year in Grants and Aids and \$41,000 per year in Capital Outlay in funds center 997 - Nonpoint Source Pollution Control to restore appropriation established by a Miscellaneous Federal Grant. This appropriation is 100 percent federally funded.
- Additional \$10,000 per year in Capital Outlay in funds center 997 - NonPoint Source Pollution Control for purchase of equipment and for sales tax for vehicle purchases. This appropriation is 100 percent federally funded.
- Additional \$2,000 first year and \$4,000 second year in Grants and Aid in funds center 808 - Water Research for U. S. Geological Survey contracts due to increased personnel costs and fuel cost. This request includes additional general revenue funding.

Water Resources Development

This division administers programs that provide funding to communities for local water supply and distribution; waste water collection, treatment and disposal; and collection and disposal of solid wastes.

Changes requested for this division include:

- Additional \$411,997 per year in unfunded appropriation in funds center 2GE - Water/Sewer/Solid Waste - State, which will restore this appropriation to the previously authorized level of \$736,219 each year. This unfunded appropriation is being requested in the event that savings from the Miscellaneous Agencies Fund Account become available.
- Additional \$20,000 per year in Grants and Aids in funds center 420 - Natural Resources Commission Cash for Circuit Rider contracts Arkansas Rural Water Associations. This is due increased personnel and fuel costs. This request will be funded by cash funds maintained in the Commission's Cash in Treasury Fund Account.
- Additional \$2,900,000 per year in Grants and Aids in funds center 420 - Natural Resources Commission Cash for Water Development Fund for loan disbursements. This request will be funded by cash funds maintained in the Commission's Cash in Treasury Fund Account.

Conservation Division

Functions of this division include oversight of the 75 Conservation Districts including fiscal management and program planning; registration of surface water and groundwater usage; administration of a tax credit program, creation of surface water storage, reduction of ground water use; and administrative support of the Board of Registration for Soil Classifiers. In addition this division also performs geographic information system analyses and data acquisition. The Nutrient Management Program was implemented to oversee the Poultry Feeding Operations Registration Program and the certification of Nutrient Planners and Applicators.

Changes requested for this division include:

- Additional \$4,300 per year in Operating Expense in funds center 420 - Natural Resources Commission - Cash for mileage for planner to visit poultry farms in Northwest Arkansas. This request will be funded by cash funds maintained in the Commission's Cash in Treasury Fund Account.
- Continuation of Land Resource Specialist Supervisor position established by a Supplemental Personnel Services Position Request in funds center 420 - Natural Resources Commission Cash. This position will work with landowners by providing technical and administrative assistance to implement Federal Farm Bill Programs and to conducting status reviews on these projects to ensure compliance with contractual agreements. This position is 100 percent federal funded.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
ARKANSAS NATURAL RESOURCES COMMISSION

FOR THE YEAR ENDED JUNE 30, 2006

Findings	Recommendations
None	None

Performance Audit Findings

Oversight of Local Soil and Water Conservation Districts –
Arkansas Natural Resources Commission
UPDATE to Report Issued July 8, 2005
(July 1, 2005 – June 30, 2006) - Issued 09-14-2007

Findings and Conclusions:

- The Commission has taken necessary steps to adequately verify local match funds reported by districts.
- The new review process used by the Commission review committee is an improvement over the previous method.
- Long-term goals are not distinguishable from short-term goals in each district's operating plan as required by Commission regulations.

Recommendations:

- Clearly identify long-term goals as required in district operating plans to provide for proper planning.

Employment Summary

	Male	Female	Total	%
White Employees	45	27	72	89 %
Black Employees	3	6	9	11 %
Other Racial Minorities	0	0	0	0 %
	Total Minorities		9	11 %
	Total Employees		81	100 %

Publications

A.C.A. 25-1-204

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

Department Appropriation Summary

Historical Data

Agency Request and Executive Recommendation

Appropriation	2007-2008		2008-2009		2008-2009		2009-2010					2010-2011						
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
129 Beaver Eradication Program	150,000	0	150,000	0	150,000	0	150,000	0	150,000	0	150,000	0	150,000	0	150,000	0	150,000	0
1AA Dam Inventory	95,708	0	137,318	1	81,216	0	81,216	0	148,488	1	148,488	1	81,216	0	148,488	1	148,488	1
1EE Water, Waste Disposal, Pollution Abatement	21,123,167	5	69,423,221	5	261,268	5	90,287,320	5	90,287,320	5	90,287,320	5	293,194	5	293,194	5	293,194	5
262 Natural Resources Commission-Operations	3,153,687	27	3,194,085	27	3,171,328	28	3,298,882	27	3,342,889	28	3,311,799	27	3,337,934	27	3,388,838	28	3,357,151	27
263 Grants and Attorney Services	79,179	0	85,291	0	85,291	0	85,291	0	88,501	0	88,501	0	85,291	0	91,711	0	91,711	0
2BU Flood Insurance Program	225,596	2	325,449	2	325,337	2	329,638	2	336,780	2	336,780	2	331,411	2	338,553	2	338,553	2
2GE Water/Sewer/Solid Waste-State	474,488	0	324,222	0	736,219	0	324,222	0	736,219	0	736,219	0	324,222	0	736,219	0	736,219	0
2RG Water Quality Implementation	1,636,278	5	1,763,739	5	1,778,891	5	1,781,517	5	1,801,517	5	1,801,517	5	1,786,912	5	1,826,912	5	1,826,912	5
381 Rural Fire Protection Program	392,864	0	376,618	0	1,100,000	0	376,618	0	1,100,000	0	1,100,000	0	376,618	0	1,100,000	0	1,100,000	0
383 Conservation District Grants	250,000	0	250,000	0	250,000	0	250,000	0	250,000	0	250,000	0	250,000	0	250,000	0	250,000	0
420 Natural Resources Comm-Cash	5,451,825	20	7,645,081	20	4,722,267	20	4,819,659	20	7,808,894	21	7,808,894	21	4,842,365	20	7,835,100	21	7,835,100	21
475 Red River Levee Rehabilitation Project	138,417	2	3,483,638	3	2,141,078	3	3,520,484	3	3,520,484	3	3,520,484	3	2,150,595	3	2,150,595	3	2,150,595	3
527 Construction Asst Revolving Loan Fund Program	888,544	13	1,039,400	14	1,005,928	14	1,071,807	14	1,071,807	14	1,071,807	14	1,087,069	14	1,087,069	14	1,087,069	14
659 Ouachita River Waterways Projects	50,000	0	113,150	0	0	0	163,050	0	163,050	0	163,050	0	0	0	0	0	0	0
808 Water Research	38,800	0	38,800	0	38,800	0	38,800	0	40,800	0	40,800	0	38,800	0	42,800	0	42,800	0
822 Conservation District Clerks' Insurance	336,000	0	336,000	0	336,000	0	408,000	0	408,000	0	408,000	0	408,000	0	408,000	0	408,000	0
924 Water/Sewer/Solid Waste	1,893,280	0	5,000,000	0	5,000,000	0	5,000,000	0	5,000,000	0	5,000,000	0	5,000,000	0	5,000,000	0	5,000,000	0
997 NonPoint Source Pollution Control Program	5,372,399	12	6,871,596	16	6,302,025	16	6,367,386	16	6,953,257	16	6,953,257	16	6,377,617	16	6,963,488	16	6,963,488	16
Total	41,750,232	86	100,557,608	93	27,485,648	93	118,353,890	92	123,208,006	95	123,176,916	94	26,921,244	92	31,810,967	95	31,779,280	94

Funding Sources		%		%		%		%		%		%		%		%		%	
Fund Balance	4000005	51,705,530	53.6	54,771,639	34.3			59,353,511	32.0	59,353,511	31.7	59,353,511	31.7	67,314,523	42.5	64,325,288	40.9	64,325,288	40.9
General Revenue	4000010	6,511,296	6.7	6,518,704	4.1			6,713,330	3.6	6,782,547	3.6	6,751,457	3.6	6,757,777	4.3	6,859,101	4.4	6,827,414	4.3
Federal Revenue	4000020	6,582,247	6.8	8,373,763	5.2			7,850,047	4.2	8,510,332	4.5	8,510,332	4.5	7,877,313	5.0	8,537,598	5.4	8,537,598	5.4
Cash Fund	4000045	4,559,643	4.7	5,000,000	3.1			5,500,000	3.0	5,500,000	2.9	5,500,000	2.9	5,500,000	3.5	5,500,000	3.5	5,500,000	3.5
Merit Adjustment Fund	4000055	0	0.0	51	0.0			0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Bond Proceeds	4000125	13,410,023	13.9	69,146,962	43.2			90,000,000	48.5	90,000,000	48.0	90,000,000	48.0	54,788,384	34.6	54,788,384	34.8	54,788,384	34.9
Interest	4000300	427,916	0.4	450,000	0.3			450,000	0.2	450,000	0.2	450,000	0.2	450,000	0.3	450,000	0.3	450,000	0.3
Loan Repayment	4000330	12,680,398	13.1	15,000,000	9.4			15,000,000	8.1	15,000,000	8.0	15,000,000	8.0	15,000,000	9.5	15,000,000	9.5	15,000,000	9.5
Trust Fund Interest	4000705	644,818	0.7	650,000	0.4			650,000	0.4	650,000	0.3	650,000	0.3	650,000	0.4	650,000	0.4	650,000	0.4

Funding Sources		%		%		%		%		%		%		%		%	
Unfunded Appropriation	4000715	0	0.0	0	0.0												
		0	0.0	1,135,379	0.6	1,135,379	0.6	0	0.0	1,135,379	0.7	1,135,379	0.7	1,135,379	0.7		
Total Funds		96,521,871	100.0	159,911,119	100.0	185,516,888	100.0	187,381,769	100.0	187,350,679	100.0	158,337,997	100.0	157,245,750	100.0	157,214,063	100.0
Excess Appropriation/(Funding)		(54,771,639)		(59,353,511)		(67,162,998)		(64,173,763)		(64,173,763)		(131,416,753)		(125,434,783)		(125,434,783)	
Grand Total		41,750,232		100,557,608		118,353,890		123,208,006		123,176,916		26,921,244		31,810,967		31,779,280	

The Actual and/or Budget amount exceeds the Authorized amount in 1AA and 997 due to transfers from the Miscellaneous Federal Grant Holding Account.

The FY09 Budget Position in 1AA was established through the authority of the Miscellaneous Federal Grant.

The Actual and Budget amount exceeds the Authorized amount in 420 due to a transfer from the Cash Fund Holding Account.

The Actual and/or Budget amount exceeds the Authorized amount in 262, 2BU and 527 due to salary and/or matching rate adjustments during the 2005-07 biennium.

The Budget amount exceeds the Authorized amount in 1EE, 475 and 659 due to carry forward of appropriation.

Fund Center 659 is a biennial appropriation. The amount authorized for the 2007-09 biennium was \$163,050.

The Base Level amount exceeds the Budget amount in 822 due matching rate adjustments during the 2009-11 biennium.

The FY10 ending fund balance does not equal the FY11 beginning fund balance due to unfunded appropriation in 659.

Agency Position Usage Report

FY2006 - 2007						FY2007 - 2008						FY2008 - 2009					
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	
93	82	11	93	0	11.83 %	93	79	14	93	0	15.05 %	93	81	12	93	0	12.90 %

Analysis of Budget Request

Appropriation: 129 - Beaver Eradication Program

Funding Sources: HUA - Miscellaneous Agencies Fund

The "Beaver Eradication Program" created under Act 630 of 1993 and coordinated by the Department of Finance and Administration and county governments is now called the "Conservation District Beaver Control Program," administered by the Arkansas Natural Resources Commission through Arkansas' conservation districts. This program reimburses conservation districts \$5 per beaver for payments they make to certified beaver harvesters. To receive grant funding through this program, conservation districts must submit a district beaver control plan to the Commission, who will allocate the available funding to districts according to their projected harvest, past participation, and other factors to ensure fairness. This program is funded entirely by general revenue.

The Agency requests the continuation of Base Level appropriation and general revenue funding of \$150,000 each year of the biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 129 - Beaver Eradication Program
Funding Sources: HUA - Miscellaneous Agencies Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid 5100004	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
Total	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
Funding Sources									
General Revenue 4000010	150,000	150,000		150,000	150,000	150,000	150,000	150,000	150,000
Total Funding	150,000	150,000		150,000	150,000	150,000	150,000	150,000	150,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	150,000	150,000		150,000	150,000	150,000	150,000	150,000	150,000

Analysis of Budget Request

Appropriation: 1AA - Dam Inventory

Funding Sources: FSC - Natural Resources Commission Federal

The Natural Resources Commission's Dam Inventory appropriation is used to conduct periodic inspections to determine the number and current condition of dams within the State's jurisdiction. The Commission maintains this information in a database and provides updated records to the Federal Emergency Management Agency. This appropriation is 100% federally funded.

The Agency Base Level request includes appropriation of \$81,216 each year of the biennium.

The Agency Change Level request includes additional appropriation of \$67,272 each year of the biennium for the following:

- Salaries and Related Matching: Increase of \$51,775 each year of the biennium for the restoration of one new Engineer position approved through a Miscellaneous Federal Grant during the 2007-2009 biennium. This position is funded by a grant from the Federal Emergency Management Agency for the purpose of inspecting dams.
- Grants and Aid (Dam Safety Projects): Increase of \$15,497 each year of the biennium for the restoration of additional grant appropriation approved through a Miscellaneous Federal Grant during the 2007-2009 biennium to provide grant funding to the Natural Resources Conservation Service (NRCS).

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 1AA - Dam Inventory

Funding Sources: FSC - Natural Resources Commission Federal

Historical Data

Agency Request and Executive Recommendation

Commitment Item	Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
	2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	0	30,582	0	0	39,199	39,199	0	39,199	39,199
#Positions	0	1	0	0	1	1	0	1	1
Personal Services Matching 5010003	0	10,023	0	0	12,576	12,576	0	12,576	12,576
Operating Expenses 5020002	15,280	49,216	49,216	49,216	49,216	49,216	49,216	49,216	49,216
Conference & Travel Expenses 5050009	0	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000
Professional Fees 5060010	0	0	0	0	0	0	0	0	0
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Grants and Aid 5100004	49,000	30,497	15,000	15,000	30,497	30,497	15,000	30,497	30,497
Capital Outlay 5120011	31,428	0	0	0	0	0	0	0	0
Total	95,708	137,318	81,216	81,216	148,488	148,488	81,216	148,488	148,488
Funding Sources									
Federal Revenue 4000020	95,708	137,318		81,216	148,488	148,488	81,216	148,488	148,488
Total Funding	95,708	137,318		81,216	148,488	148,488	81,216	148,488	148,488
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	95,708	137,318		81,216	148,488	148,488	81,216	148,488	148,488

The FY08 Actual amount and/or FY09 Budget amount exceeds the Authorized amount in Regular Salaries, Personal Services Matching, Grants and Aid and Capital Outlay due to a transfer from the Miscellaneous Federal Grant Holding Account.

The FY09 Budget Position was established through the authority of the Miscellaneous Federal Grant.

Change Level by Appropriation

Appropriation: 1AA - Dam Inventory

Funding Sources: FSC - Natural Resources Commission Federal

Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	81,216	0	81,216	100.0	81,216	0	81,216	100.0
C06	Restore Position/Approp	67,272	1	148,488	182.8	67,272	1	148,488	182.8

Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	81,216	0	81,216	100.0	81,216	0	81,216	100.0
C06	Restore Position/Approp	67,272	1	148,488	182.8	67,272	1	148,488	182.8

Justification

C06	Salary and matching for the restoration of one Engineer position approved through a Miscellaneous Federal Grant in FY09 for the Dam Safety Program. Grants and Aid: \$15,497 to restore appropriation approved through a Miscellaneous Federal Grant in FY09 for the Dam Safety Program.
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Analysis of Budget Request

Appropriation: 1EE - Water, Waste Disposal, Pollution Abatement

Funding Sources: TPW - Water, Waste Disposal and Pollution Abatement Construction Fund

The Water, Waste Disposal and Pollution Abatement Program provides low interest rate loans to communities for water resources and waste disposal projects. The program is funded from the sale of Water, Waste Disposal and Pollution Abatement General Obligation Bonds, loan repayments, and interest income.

Base Level salaries for classified positions reflect the recommendations of the Pay Plan Study. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries includes Career Service payments for eligible employees. Personal Services Matching includes a \$75 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

The Agency Base Level request includes five (5) regular positions and appropriation of \$287,320 in FY2010 and \$293,194 in FY2011 for administration of the program. The Base Level request also includes \$90 million authorized for Project Disbursements in the first year of the biennium, with a special language provision that authorizes any remaining balance for Project Disbursements to be carried forward to the second year of the biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 1EE - Water, Waste Disposal, Pollution Abatement

Funding Sources: TPW - Water, Waste Disposal and Pollution Abatement Construction Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	206,500	210,735	196,182	216,192	216,192	216,192	221,127	221,127	221,127
#Positions		5	5	5	5	5	5	5	5	5
Personal Services Matching	5010003	62,747	61,124	60,686	66,728	66,728	66,728	67,667	67,667	67,667
Operating Expenses	5020002	882	4,400	4,400	4,400	4,400	4,400	4,400	4,400	4,400
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
Project Disbursements	5900046	20,853,038	69,146,962	0	90,000,000	90,000,000	90,000,000	0	0	0
Total		21,123,167	69,423,221	261,268	90,287,320	90,287,320	90,287,320	293,194	293,194	293,194

Funding Sources										
Fund Balance	4000005	26,947,749	31,051,963		42,925,704	42,925,704	42,925,704	54,788,384	54,788,384	54,788,384
Bond Proceeds	4000125	13,410,023	69,146,962		90,000,000	90,000,000	90,000,000	54,788,384	54,788,384	54,788,384
Loan Repayment	4000330	11,172,540	11,500,000		11,500,000	11,500,000	11,500,000	11,500,000	11,500,000	11,500,000
Trust Fund Interest	4000705	644,818	650,000		650,000	650,000	650,000	650,000	650,000	650,000
Total Funding		52,175,130	112,348,925		145,075,704	145,075,704	145,075,704	121,726,768	121,726,768	121,726,768
Excess Appropriation/(Funding)		(31,051,963)	(42,925,704)		(54,788,384)	(54,788,384)	(54,788,384)	(121,433,574)	(121,433,574)	(121,433,574)
Grand Total		21,123,167	69,423,221		90,287,320	90,287,320	90,287,320	293,194	293,194	293,194

The FY08 Actual amount and FY09 Budget amount in Regular Salaries and Personal Services Matching exceed the authorized amount due to salary adjustments during the 2007-2009 biennium.

The Project Disbursements line item is authorized in the first year of the biennium only and Special Language provides for the Carryforward of appropriation between fiscal years. The amount authorized in FY08 was \$90 million. The FY09 Budget amount has been adjusted to reflect the carry forward balance of appropriation of \$69,146,962.

CARRY FORWARD OF ANY UNEXPENDED BALANCE OF APPROPRIATION AND/OR FUNDING FROM FISCAL YEAR 2008 TO FISCAL YEAR 2009

Agency: Natural Resources Commission

Program: Water, Waste Disposal, Pollution Abatement

Act #: 1277 of 2007 Section(s) #: 14 & 35

Estimated Carry Forward Amount \$ 45,000,000.00 Appropriation Funds

Funding Source: Trust

Accounting Information:

Business Area: 0455 Funds Center: 1EE Fund: TPW Functional Area: COMM

Line Item	Commitment Item	Estimated Carry Forward Amount	Actual Carry Forward Amount
Project Disbursements	5900046	45,000,000.00	69,146,961.90
Total		\$ 45,000,000.00	\$ 69,146,961.90

Current law requires a written statement be submitted to the DFA Office of Budget stating the reason(s) to carry forward appropriation and/or funding for a program or a specific line item within a program from the first fiscal year of the biennium to the second fiscal year of the biennium.

Justification for carry forward of unexpended balance of appropriation and/or funding:

Section 14 of Act 1277 of 2007 authorizes \$90 million in FY08 and \$0 in FY09. Carryforward of appropriation is necessary to ensure the agency has sufficient appropriation to provide for Project Disbursements in the 2nd year of the biennium.

Actual Funding Carry Forward Amount \$ 0.00

Current status of carry forward appropriation/funding:

The appropriation that carried forward will be used to continue providing low interest rate loans to communities for water resources and waste disposal projects. \$90 million was authorized in FY08 for this purpose. FY08 Actual Expenses were approximately \$20.9 million, which left \$69.1 million available to be carried forward into FY09 to be used for the same purpose.

Randy Young
Director

08-14-2008
Date

Analysis of Budget Request

Appropriation: 262 - Natural Resources Commission-Operations

Funding Sources: HUA - Miscellaneous Agencies Fund

The State Operations appropriation provides administrative support for the Arkansas Natural Resources Commission and is funded entirely by general revenue.

Base Level salaries for classified positions reflect the recommendations of the Pay Plan Study and unclassified positions reflect similar adjustments in line item salaries. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries includes Career Service payments for eligible employees. Personal Services Matching includes a \$75 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

The Agency Base Level request includes 27 regular positions and one (1) extra help position as well as appropriation and general revenue funding of \$3,298,882 in FY2010 and \$3,337,934 in FY2011.

The Agency Change Level request includes the following increases in appropriation and general revenue funding:

- Salaries and Related Matching: Increase of \$31,090 in FY2010 and \$31,687 in FY2011 for the restoration of one (1) grade C109 Administrative Specialist II position that was authorized in the 2007-09 biennium but not budgeted in FY2009.
- Extra Help and Related Matching: Increase of \$1,297 each year of the biennium for the restoration of appropriation authorized for the 2007-09 biennium.
- Operating Expenses: Increase of \$5,320 each year of the biennium for postage and fuel costs.

The Agency Change Level request also includes an increase in appropriation and general revenue funding to provide for cost increases for the U.S. Geological Survey (USGS) for the following special line items:

- Survey and Investigations: Increase of \$200 in FY2010 and \$400 in FY2011
- Water Planning: Increase of \$6,000 in FY2010 and \$12,000 in FY2011
- Research Project: Increase of \$100 in FY2010 and \$200 in FY2011

The Executive Recommendation provides for the Agency Request for additional appropriation and general revenue funding for the following line items: Extra Help and Related Matching, Operating Expenses, Surveys and Investigations, Water Planning and Research Project. In summary, the Executive Recommendation for appropriation and general revenue funding above base level is \$12,917 in FY2010 and \$19,217 in FY2011.

Appropriation Summary

Appropriation: 262 - Natural Resources Commission-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		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	1,323,979	1,362,617	1,316,690	1,420,848	1,442,675	1,420,848	1,453,647	1,475,976	1,453,647
#Positions		27	27	28	27	28	27	27	28	27
Extra Help	5010001	0	0	1,200	0	1,200	1,200	0	1,200	1,200
#Extra Help		0	1	1	1	1	1	1	1	1
Personal Services Matching	5010003	360,996	362,091	384,061	408,657	418,017	408,754	414,910	424,365	415,007
Operating Expenses	5020002	394,443	395,059	395,059	395,059	400,379	400,379	395,059	400,379	400,379
Conference & Travel Expenses	5050009	10,116	10,165	10,165	10,165	10,165	10,165	10,165	10,165	10,165
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	939,990	939,990	939,990	939,990	939,990	939,990	939,990	939,990	939,990
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Surveys & Investigations	5900046	3,500	3,500	3,500	3,500	3,700	3,700	3,500	3,900	3,900
Water Planning	5900047	118,981	118,981	118,981	118,981	124,981	124,981	118,981	130,981	130,981
Research Project	5900048	1,682	1,682	1,682	1,682	1,782	1,782	1,682	1,882	1,882
Total		3,153,687	3,194,085	3,171,328	3,298,882	3,342,889	3,311,799	3,337,934	3,388,838	3,357,151
Funding Sources										
General Revenue	4000010	3,153,687	3,194,034		3,298,882	3,342,889	3,311,799	3,337,934	3,388,838	3,357,151
Merit Adjustment Fund	4000055	0	51		0	0	0	0	0	0
Total Funding		3,153,687	3,194,085		3,298,882	3,342,889	3,311,799	3,337,934	3,388,838	3,357,151
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		3,153,687	3,194,085		3,298,882	3,342,889	3,311,799	3,337,934	3,388,838	3,357,151

The FY08 Actual amount and FY09 Budget amount in Regular Salaries exceeds the authorized amount due to salary adjustments during the 2007-2009 biennium.

Change Level by Appropriation

Appropriation: 262 - Natural Resources Commission-Operations

Funding Sources: HUA - Miscellaneous Agencies Fund

Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	3,298,882	27	3,298,882	100.0	3,337,934	27	3,337,934	100.0
C01	Existing Program	44,007	1	3,342,889	101.3	50,904	1	3,388,838	101.5

Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	3,298,882	27	3,298,882	100.0	3,337,934	27	3,337,934	100.0
C01	Existing Program	12,917	0	3,311,799	100.4	19,217	0	3,357,151	100.6

Justification

C01	Survey and Investigations, Water Planning and Research Project: Increase of \$6,300 in FY10 and \$12,600 to increase grants to the U. S. Geological Survey. Operating Expenses: \$5,320 each year due to the postage rate increases over the past several years and increases in the cost of fuel. Salaries and Matching: To cover the restoration of one position that was not budgeted in FY09 in order to stay within the approved CAP level. Extra Help: \$1,200 plus related matching to cover the restoration of Extra Help appropriation authorized in the 2007-09 biennium.
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Analysis of Budget Request

Appropriation: 263 - Grants and Attorney Services

Funding Sources: HUA - Miscellaneous Agencies Fund

The Natural Resources Commission's Grants and Attorney Services appropriation provides for Arkansas' share of operating grants for three river and watershed compacts, provides for travel and stipend expenses for commission members, supports conservation projects, and provides for special legal assistance concerning water rights. This program is funded entirely by general revenue.

The Agency Base Level request includes appropriation and general revenue funding of \$85,291 each year of the biennium.

The Agency Change Level request includes an increase in appropriation and general revenue funding of \$3,210 in FY2010 and \$6,420 in FY2011 for the following to provide for cost increases for the U.S. Geological Survey (USGS):

- Grants and Aid (River Basin Compact): Increase of \$2,000 in FY2010 and \$4,000 in FY2011
- Arkansas River Compact: Increase of \$700 in FY2010 and \$1,400 in FY2011
- Red River Compact: Increase of \$510 in FY2010 and \$1,020 in FY2011

The Executive Recommendation provides for the Agency Request of additional appropriation and general revenue funding above base level in the amount of \$3,210 in FY2010 and \$6,420 in FY2011.

Appropriation Summary

Appropriation: 263 - Grants and Attorney Services

Funding Sources: HUA - Miscellaneous Agencies Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item		2007-2008	2008-2009	2008-2009	2009-2010			2010-2011		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid	5100004	38,820	38,820	38,820	38,820	40,820	40,820	38,820	42,820	42,820
Legal Counsel	5900040	5,844	5,871	5,871	5,871	5,871	5,871	5,871	5,871	5,871
Committee/Commission Exp	5900041	3,915	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Conservation Projects	5900046	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500
Arkansas River Compact	5900047	16,400	16,400	16,400	16,400	17,100	17,100	16,400	17,800	17,800
Red River Compact	5900048	10,700	10,700	10,700	10,700	11,210	11,210	10,700	11,720	11,720
Total		79,179	85,291	85,291	85,291	88,501	88,501	85,291	91,711	91,711
Funding Sources										
General Revenue	4000010	79,179	85,291		85,291	88,501	88,501	85,291	91,711	91,711
Total Funding		79,179	85,291		85,291	88,501	88,501	85,291	91,711	91,711
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		79,179	85,291		85,291	88,501	88,501	85,291	91,711	91,711

Change Level by Appropriation

Appropriation: 263 - Grants and Attorney Services

Funding Sources: HUA - Miscellaneous Agencies Fund

Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	85,291	0	85,291	100.0	85,291	0	85,291	100.0
C01	Existing Program	3,210	0	88,501	103.8	6,420	0	91,711	107.5

Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	85,291	0	85,291	100.0	85,291	0	85,291	100.0
C01	Existing Program	3,210	0	88,501	103.8	6,420	0	91,711	107.5

Justification

C01	The increase in Grants and Aid (River Basin Compact), the Arkansas River Compact and the Red River Compact will enable the agency to increase the level of grant funding provided to the US Geological Survey to cover increased costs.
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Analysis of Budget Request

Appropriation: 2BU - Flood Insurance Program

Funding Sources: FSC - Natural Resources Commission Federal

The Natural Resources Commission's Flood Insurance Program is funded entirely by federal revenues granted to the Commission by the Federal Emergency Management Agency (FEMA) within the U.S. Department of Homeland Security. The Commission uses this appropriation to provide a community flood insurance assistance program and to provide grant funding to Arkansas Geographic Information Office (GIS) to support the FEMA Flood Map Modernization Program.

Base Level salaries for classified positions reflect the recommendations of the Pay Plan Study. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. Personal Services Matching includes a \$75 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

The Agency's Base Level request includes two (2) regular positions and one (1) extra help position as well as appropriation in the amount of \$329,638 in FY2010 and \$331,411 in FY2011.

The Agency's Change Level request includes appropriation of \$7,142 in each year of the biennium for the following:

- Extra Help and Related Matching: Increase of \$3,242 each year of the biennium to provide for an increase in the extra help hourly wage rate.
- Operating Expenses: Increase of \$3,900 each year of the biennium to provide for increases in mileage and meals and lodging expenses.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 2BU - Flood Insurance Program

Funding Sources: FSC - Natural Resources Commission Federal

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	48,966	62,817	62,121	64,805	64,805	64,805	66,294	66,294	66,294
#Positions		2	2	2	2	2	2	2	2	2
Extra Help	5010001	6,805	7,000	7,000	7,000	10,000	10,000	7,000	10,000	10,000
#Extra Help		1	1	1	1	1	1	1	1	1
Personal Services Matching	5010003	19,657	20,922	21,506	23,123	23,365	23,365	23,407	23,649	23,649
Operating Expenses	5020002	41,997	42,139	42,139	42,139	46,039	46,039	42,139	46,039	46,039
Conference & Travel Expenses	5050009	7,171	22,571	22,571	22,571	22,571	22,571	22,571	22,571	22,571
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	101,000	170,000	170,000	170,000	170,000	170,000	170,000	170,000	170,000
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Total		225,596	325,449	325,337	329,638	336,780	336,780	331,411	338,553	338,553
Funding Sources										
Federal Revenue	4000020	225,596	325,449		329,638	336,780	336,780	331,411	338,553	338,553
Total Funding		225,596	325,449		329,638	336,780	336,780	331,411	338,553	338,553
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		225,596	325,449		329,638	336,780	336,780	331,411	338,553	338,553

The FY09 Budget amount in Regular Salaries exceeds the authorized amount due to salary adjustments during the 2007-2009 biennium.

Change Level by Appropriation

Appropriation: 2BU - Flood Insurance Program
Funding Sources: FSC - Natural Resources Commission Federal

Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	329,638	2	329,638	100.0	331,411	2	331,411	100.0
C01	Existing Program	7,142	0	336,780	102.2	7,142	0	338,553	102.2

Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	329,638	2	329,638	100.0	331,411	2	331,411	100.0
C01	Existing Program	7,142	0	336,780	102.2	7,142	0	338,553	102.2

Justification

C01	Extra Help: \$3,000 plus related matching due to the increase in the hourly rate from \$7.00 to \$10.00 per hour. Operating Expenses: \$3,900 for Mileage and Meals and Lodging for the Community Assistance Program State Support Services Element (CAP-SSSE) of the National Flood Insurance Act of 1968.
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Analysis of Budget Request

Appropriation: 2GE - Water/Sewer/Solid Waste-State

Funding Sources: HUA - Miscellaneous Agencies Fund

The Natural Resources Commission's Water, Sewer, and Solid Waste - State appropriation provides funding for water, sewer, and solid waste projects that improve or provide basic infrastructure for Arkansas' rural communities. Special language provides for any obligated funds in this account that are not expended by the close of each fiscal year to be transferred to the Commission's Water, Sewer, and Solid Waste Revolving Fund account for later expenditure toward obligated projects. This program is funded entirely by general revenue.

The Agency Base Level request includes Grants and Aid appropriation of \$324,222 each year of the biennium.

The Agency Change Level request includes unfunded Grants and Aid appropriation of \$411,997 each year of the biennium to restore the Water, Sewer and Solid Waste Grants appropriation to its previously authorized level. This additional appropriation would be used in the event that savings from the Miscellaneous Agencies Fund Account become available.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 2GE - Water/Sewer/Solid Waste-State

Funding Sources: HUA - Miscellaneous Agencies Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid 5100004	474,488	324,222	736,219	324,222	736,219	736,219	324,222	736,219	736,219
Total	474,488	324,222	736,219	324,222	736,219	736,219	324,222	736,219	736,219
Funding Sources									
General Revenue 4000010	474,488	324,222		324,222	324,222	324,222	324,222	324,222	324,222
Unfunded Appropriation 4000715	0	0		0	411,997	411,997	0	411,997	411,997
Total Funding	474,488	324,222		324,222	736,219	736,219	324,222	736,219	736,219
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	474,488	324,222		324,222	736,219	736,219	324,222	736,219	736,219

Change Level by Appropriation

Appropriation: 2GE - Water/Sewer/Solid Waste-State

Funding Sources: HUA - Miscellaneous Agencies Fund

Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	324,222	0	324,222	100.0	324,222	0	324,222	100.0
C05	Unfunded Appropriation	411,997	0	736,219	227.1	411,997	0	736,219	227.1

Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	324,222	0	324,222	100.0	324,222	0	324,222	100.0
C05	Unfunded Appropriation	411,997	0	736,219	227.1	411,997	0	736,219	227.1

Justification

C05	Grants and Aid: Unfunded appropriation of \$411,997 each year to use in the event that savings from the Miscellaneous Agencies fund Account become available.
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Analysis of Budget Request

Appropriation: 2RG - Water Quality Implementation

Funding Sources: HUA - Miscellaneous Agencies Fund

The Natural Resources Commission's Water Quality Plan Implementation Program provides matching for federal funds in the U.S. Environmental Protection Agency (EPA) Section 319 Nonpoint Source Pollution Abatement Program, as well as matching for the EPA Clean Lakes Program and Corps of Engineers projects. This program is funded entirely by general revenue.

Base Level salaries for classified positions reflect the recommendations of the Pay Plan Study. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries includes Career Service payments for eligible employees. Personal Services Matching includes a \$75 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

The Agency Base Level request includes five (5) regular positions as well as appropriation and general revenue funding of \$1,781,517 in FY2010 and \$1,786,912 in FY2011.

The Agency Change Level request includes additional Grants and Aid appropriation and general revenue funding of \$20,000 in FY2010 and \$40,000 in FY2011 for Water Quality Match Grants to provide for cost increases for the U.S. Geological Survey (USGS).

The Executive Recommendation provides for the Agency Request of additional appropriation and general revenue funding above base level in the amount of \$20,000 in FY2010 and \$40,000 in FY2011.

Appropriation Summary

Appropriation: 2RG - Water Quality Implementation

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		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	213,559	223,906	234,293	235,000	235,000	235,000	239,533	239,533	239,533
#Positions		5	5	5	5	5	5	5	5	5
Personal Services Matching	5010003	63,588	63,633	68,398	70,317	70,317	70,317	71,179	71,179	71,179
Operating Expenses	5020002	3,122	3,200	3,200	3,200	3,200	3,200	3,200	3,200	3,200
Conference & Travel Expenses	5050009	884	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Professional Fees	5060010	0	0	0	0	0	0	0	0	0
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Grants and Aid	5100004	628,101	722,000	722,000	722,000	742,000	742,000	722,000	762,000	762,000
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Water Quality Technician	5900046	727,024	750,000	750,000	750,000	750,000	750,000	750,000	750,000	750,000
Total		1,636,278	1,763,739	1,778,891	1,781,517	1,801,517	1,801,517	1,786,912	1,826,912	1,826,912
Funding Sources										
General Revenue	4000010	1,636,278	1,763,739		1,781,517	1,801,517	1,801,517	1,786,912	1,826,912	1,826,912
Total Funding		1,636,278	1,763,739		1,781,517	1,801,517	1,801,517	1,786,912	1,826,912	1,826,912
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		1,636,278	1,763,739		1,781,517	1,801,517	1,801,517	1,786,912	1,826,912	1,826,912

Special Language provides for the carryforward of appropriation and funds from the first year of the biennium to the second year to support the amount of obligated grants certified for Matching Grants and for Water Quality Technicians. The amount that carried forward from FY2008 to FY2009 for Water Quality Match Grants was \$93,899 and for Water Quality Technicians was \$22,976.

Change Level by Appropriation

Appropriation: 2RG - Water Quality Implementation

Funding Sources: HUA - Miscellaneous Agencies Fund

Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	1,781,517	5	1,781,517	100.0	1,786,912	5	1,786,912	100.0
C01	Existing Program	20,000	0	1,801,517	101.1	40,000	0	1,826,912	102.2

Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	1,781,517	5	1,781,517	100.0	1,786,912	5	1,786,912	100.0
C01	Existing Program	20,000	0	1,801,517	101.1	40,000	0	1,826,912	102.2

Justification

C01	Grants and Aid: \$20,000 for the first year and \$40,000 for the second year to increase the grant to the U.S. Geological Survey to cover increased costs.
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CARRY FORWARD OF ANY UNEXPENDED BALANCE OF APPROPRIATION AND/OR FUNDING FROM FISCAL YEAR 2008 TO FISCAL YEAR 2009

Agency: Natural Resources Commission

Program: Water Quality Implementation

Act #: 1277 of 2007 Section(s) #: 12 & 33, 34

Estimated Carry Forward Amount \$ 288,760.00 Appropriation Funds

Funding Source: Miscellaneous Agencies

Accounting Information:

Business Area: 0455 Funds Center: 2RG Fund: HUA Functional Area: COMM

Line Item	Commitment Item	Estimated Carry Forward Amount	Actual Carry Forward Amount
Grants and Aid	5100004	250,784.00	93,898.87
Water Quality Technician	5900046	37,976.00	22,976.49
Total		\$ 288,760.00	\$ 116,875.36

Current law requires a written statement be submitted to the DFA Office of Budget stating the reason(s) to carry forward appropriation and/or funding for a program or a specific line item within a program from the first fiscal year of the biennium to the second fiscal year of the biennium.

Justification for carry forward of unexpended balance of appropriation and/or funding:

To ensure the agency has sufficient appropriation and funding for obligated matching grants in the Grants and Aid line item and the Water Quality Technician line item.

Actual Funding Carry Forward Amount \$ 116,875.36

Current status of carry forward appropriation/funding:

The appropriation and funding that carried forward will be used for matching grants for federal funds in the EPA Section 319 Nonpoint Source Pollution Abatement Program, as well as matching for the EPA Clean Lakes Program and Corps of Engineers projects.

Randy Young
Director

08-25-2008
Date

Analysis of Budget Request

Appropriation: 381 - Rural Fire Protection Program

Funding Sources: HUA - Miscellaneous Agencies Fund

The Natural Resources Commission's Rural Fire Protection Program provides assistance to rural communities to develop rural water impoundments and to improve firefighting capabilities. The agency disburses the entire allotment to the Arkansas Association of Resource Conservation and Development Council (AARCDC) located in Roland, Arkansas, which is an organization designed to assist rural communities solve problems and develop new opportunities. The AARCDC determines which local fire departments and political subdivisions will be assisted. This program is funded entirely by general revenue.

The Agency Base Level request includes Grants and Aid appropriation for the Rural Fire Protection Program and general revenue funding of \$376, 618 each year of the biennium.

The Agency Change Level request includes unfunded Grants and Aid appropriation of \$723,382 each year of the biennium to restore this appropriation to its previously authorized level. This unfunded appropriation would be used in the event that savings from the Miscellaneous Agencies Fund Account become available.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 381 - Rural Fire Protection Program

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		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid	5100004	392,864	376,618	1,100,000	376,618	1,100,000	1,100,000	376,618	1,100,000	1,100,000
Total		392,864	376,618	1,100,000	376,618	1,100,000	1,100,000	376,618	1,100,000	1,100,000
Funding Sources										
General Revenue	4000010	392,864	376,618		376,618	376,618	376,618	376,618	376,618	376,618
Unfunded Appropriation	4000715	0	0		0	723,382	723,382	0	723,382	723,382
Total Funding		392,864	376,618		376,618	1,100,000	1,100,000	376,618	1,100,000	1,100,000
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		392,864	376,618		376,618	1,100,000	1,100,000	376,618	1,100,000	1,100,000

Change Level by Appropriation

Appropriation: 381 - Rural Fire Protection Program

Funding Sources: HUA - Miscellaneous Agencies Fund

Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	376,618	0	376,618	100.0	376,618	0	376,618	100.0
C05	Unfunded Appropriation	723,382	0	1,100,000	292.1	723,382	0	1,100,000	292.1

Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	376,618	0	376,618	100.0	376,618	0	376,618	100.0
C05	Unfunded Appropriation	723,382	0	1,100,000	292.1	723,382	0	1,100,000	292.1

Justification

C05	Grants and Aid: Unfunded appropriation of \$723,382 each year to use in the event that savings from the Miscellaneous Agencies fund Account become available.
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Analysis of Budget Request

Appropriation: 383 - Conservation District Grants

Funding Sources: HUA - Miscellaneous Agencies Fund

The Natural Resources Commission's Conservation District Program provides grants to conservation districts throughout the State for the purpose of enhancing the capability of conservation districts to carry out conservation within their respective district. Projects eligible for grant funds must carry out resource enhancement, restoration or protection and must be new or in addition to those projects in which a district is currently involved. Projects intended to replace existing programs are not eligible for grant funding. The maximum total grant per district is \$25,000 per year, and grant funds must be matched by local cash funds on a ratio of \$1 local to \$2 grant. This grant program is funded entirely from general revenue.

The Agency Base Level request includes appropriation for Grants to Conservation Districts in the amount of \$250,000 each year of the biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 383 - Conservation District Grants

Funding Sources: HUA - Miscellaneous Agencies Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid 5100004	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
Total	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
Funding Sources									
General Revenue 4000010	250,000	250,000		250,000	250,000	250,000	250,000	250,000	250,000
Total Funding	250,000	250,000		250,000	250,000	250,000	250,000	250,000	250,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	250,000	250,000		250,000	250,000	250,000	250,000	250,000	250,000

Analysis of Budget Request

Appropriation: 420 - Natural Resources Comm-Cash

Funding Sources: NSW - Cash in Treasury

The Natural Resources Commission - Cash appropriation provides for the Safe Drinking Water Program and the Water Grants Program. These programs provide administration for safe drinking water projects that are funded through activities of the Arkansas Development Finance Authority. As authorized in Arkansas Code §15-22-1102, funds are transferred from Arkansas Development Finance Authority to the Natural Resources Commission Cash Account for maintenance and support of this program. Additional funding primarily consists of fees, principal and interest payments on previous loans and interest income earned on investments.

Base Level salaries for classified positions reflect the recommendations of the Pay Plan Study. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries includes Career Service payments for eligible employees. Personal Services Matching includes a \$75 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

The Agency Base Level request includes twenty (20) regular positions, four (4) extra help positions and appropriation of \$4,819,659 in FY2010 and \$4,842,365 in FY2011.

The Agency Change Level request includes additional appropriation of \$2,989,235 in FY2010 and \$2,992,735 in FY2011 the following:

- Salaries and Matching: Increase of \$47,435 each year of the biennium for the restoration of one (1) grade C119 Land Resource Specialist Supervisor position that was established through a Supplemental Position Request in FY2009. This position works with landowners by providing technical and administrative assistance to implement Federal Farm Bill Programs and conducting status reviews on these projects.
- Operating Expense: Increase of \$18,300 each year of the biennium for increases in mileage and fuel costs.
- Grants and Aid: Increase of \$2,903,500 in FY2010 and \$2,907,000 in FY2011 for Soil and Water Grants and Loans. Of the total amount requested, \$2.9 million is to restore appropriation authorized in a Cash Letter in FY2009 for loan disbursements for the water development funds. The remaining \$3,500 in FY2010 and \$7,000 in FY2011 is to provide for cost increases for the U.S. Geological Survey (USGS).
- Training/Contract Services: Increase of \$20,000 each year of the biennium to increase the amount granted to the Arkansas Rural Water Association, a nonprofit organization of rural and small publicly owned water and wastewater systems that provides training and technical assistance to the managers and operators of all eligible systems serving rural populations.

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

Appropriation Summary

Appropriation: 420 - Natural Resources Comm-Cash

Funding Sources: NSW - Cash in Treasury

Historical Data

Agency Request and Executive Recommendation

Commitment Item	Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
	2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010 Base Level	2009-2010 Agency	2009-2010 Executive	2010-2011 Base Level	2010-2011 Agency	2010-2011 Executive
Regular Salaries 5010000	715,379	765,738	734,464	808,202	843,756	843,756	827,272	862,826	862,826
#Positions	20	20	20	20	21	21	20	21	21
Extra Help 5010001	12,103	30,801	30,800	30,800	30,800	30,800	30,800	30,800	30,800
#Extra Help	5	5	4	4	4	4	4	4	4
Personal Services Matching 5010003	223,098	226,492	234,953	258,607	270,488	270,488	262,243	274,124	274,124
Operating Expenses 5020002	221,479	315,031	315,031	315,031	333,331	333,331	315,031	333,331	333,331
Conference & Travel Expenses 5050009	17,175	22,000	22,000	22,000	22,000	22,000	22,000	22,000	22,000
Professional Fees 5060010	4,966	110,002	110,002	110,002	110,002	110,002	110,002	110,002	110,002
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Grants and Aid 5100004	4,172,625	6,090,017	3,190,017	3,190,017	6,093,517	6,093,517	3,190,017	6,097,017	6,097,017
Capital Outlay 5120011	0	0	0	0	0	0	0	0	0
Training/Contract Services 5900043	85,000	85,000	85,000	85,000	105,000	105,000	85,000	105,000	105,000
Total	5,451,825	7,645,081	4,722,267	4,819,659	7,808,894	7,808,894	4,842,365	7,835,100	7,835,100
Funding Sources									
Fund Balance 4000005	8,306,846	7,414,664		4,769,583	4,769,583	4,769,583	5,449,924	2,460,689	2,460,689
Cash Fund 4000045	4,559,643	5,000,000		5,500,000	5,500,000	5,500,000	5,500,000	5,500,000	5,500,000
Total Funding	12,866,489	12,414,664		10,269,583	10,269,583	10,269,583	10,949,924	7,960,689	7,960,689
Excess Appropriation/(Funding)	(7,414,664)	(4,769,583)		(5,449,924)	(2,460,689)	(2,460,689)	(6,107,559)	(125,589)	(125,589)
Grand Total	5,451,825	7,645,081		4,819,659	7,808,894	7,808,894	4,842,365	7,835,100	7,835,100

The FY08 Actual amount and FY09 Budget amount in Grants and Aid exceed the authorized amount due to a transfer from the Cash Fund Holding Account.
The FY09 Budget amount in Regular Salaries exceeds the authorized amount due to salary adjustments during the 2007-2009 biennium.

Change Level by Appropriation

Appropriation: 420 - Natural Resources Comm-Cash

Funding Sources: NSW - Cash in Treasury

Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	4,819,659	20	4,819,659	100.0	4,842,365	20	4,842,365	100.0
C01	Existing Program	2,941,800	0	7,761,459	161.0	2,945,300	0	7,787,665	160.8
C06	Restore Position/Approp	47,435	1	7,808,894	162.0	47,435	1	7,835,100	161.8

Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	4,819,659	20	4,819,659	100.0	4,842,365	20	4,842,365	100.0
C01	Existing Program	2,941,800	0	7,761,459	161.0	2,945,300	0	7,787,665	160.8
C06	Restore Position/Approp	47,435	1	7,808,894	162.0	47,435	1	7,835,100	161.8

Justification

C01	Grants and Aid: \$2.9 million to restore appropriation that was authorized by a cash letter in FY09 to be used for increased loan disbursements of Water Development Funding. Operating Expenses: \$18,300 in FY10 in each year to cover increased travel costs for inspecting poultry houses in northwest Arkansas and to cover increased fuel costs. Grants and Aid: \$3,500 the first year and \$7,000 the second the cover increased costs of the U. S. Geological Survey. Training/Contract Services: \$20,000 each year for the grant provided to Arkansas Rural Water Association to cover increased costs for fuel and personnel.
C06	Restoration of the Land Resource Specialist Supervisor position that was established by a Supplemental Position Request in FY09.

Analysis of Budget Request

Appropriation: 475 - Red River Levee Rehabilitation Project

Funding Sources: TWP - Red River Waterways Project Trust Fund

The Red River Levee Rehabilitation Project appropriation is used for navigation feasibility study expenses and bank stabilization work on the Red River in Southwest Arkansas. The focus of this program is to determine the probable volume of commerce that would be conducted via the Red River as a navigable waterway. The study is performed in conjunction with the U.S. Army Corps of Engineers on a cost sharing basis. Funding for this program consists of interest income earned on trust funds that have accumulated in the Red River Waterways Project Trust Fund.

Base Level salaries for classified positions reflect the recommendations of the Pay Plan Study. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries includes Career Service payments for eligible employees. Personal Services Matching includes a \$75 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

The Agency Base Level request includes three (3) regular positions and appropriation in the amount of \$3,520,484 in FY2010 and \$2,150,595 in FY2011. The Study Expenses appropriation is authorized in the first year of the biennium, with a special language provision that authorizes any remaining balance to be carried forward to the second year of the biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 475 - Red River Levee Rehabilitation Project
Funding Sources: TWP - Red River Waterways Project Trust Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2009-2010			2010-2011		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	77,125	110,296	106,860	111,158	111,158	111,158	113,627	113,627	113,627
#Positions		2	3	3	3	3	3	3	3	3
Personal Services Matching	5010003	28,205	33,601	34,218	36,498	36,498	36,498	36,968	36,968	36,968
Grants and Aid	5100004	0	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Study Expenses	5900046	33,087	1,339,741	0	1,372,828	1,372,828	1,372,828	0	0	0
Total		138,417	3,483,638	2,141,078	3,520,484	3,520,484	3,520,484	2,150,595	2,150,595	2,150,595
Funding Sources										
Fund Balance	4000005	10,920,867	11,210,366		8,176,728	8,176,728	8,176,728	5,106,244	5,106,244	5,106,244
Interest	4000300	427,916	450,000		450,000	450,000	450,000	450,000	450,000	450,000
Total Funding		11,348,783	11,660,366		8,626,728	8,626,728	8,626,728	5,556,244	5,556,244	5,556,244
Excess Appropriation/(Funding)		(11,210,366)	(8,176,728)		(5,106,244)	(5,106,244)	(5,106,244)	(3,405,649)	(3,405,649)	(3,405,649)
Grand Total		138,417	3,483,638		3,520,484	3,520,484	3,520,484	2,150,595	2,150,595	2,150,595

The FY09 Budget amount in Regular Salaries exceeds the authorized amount due to salary adjustments during the 2007-2009 biennium.
 The Study Expenses line item is authorized in the first year of the biennium and Special Language provides for the carryforward of appropriation between fiscal years. The amount authorized in 2008 was \$1,372,828.
 The FY09 Budget amount has been adjusted to reflect the carry forward appropriation balance of \$1,339,741.

CARRY FORWARD OF ANY UNEXPENDED BALANCE OF APPROPRIATION AND/OR FUNDING FROM FISCAL YEAR 2008 TO FISCAL YEAR 2009

Agency: Natural Resources Commission

Program: Red River Levee Rehabilitation Project

Act #: 1277 of 2007 Section(s) #: 19 & 36

Estimated Carry Forward Amount \$ 1,312,828.00 Appropriation Funds

Funding Source: Trust

Accounting Information:

Business Area: 0455 Funds Center: 475 Fund: TWP Functional Area: COMM

Line Item	Commitment Item	Estimated Carry Forward Amount	Actual Carry Forward Amount
Study Expenses	5900046	1,312,828.00	1,339,741.26
Total		\$ 1,312,828.00	\$ 1,339,741.26

Current law requires a written statement be submitted to the DFA Office of Budget stating the reason(s) to carry forward appropriation and/or funding for a program or a specific line item within a program from the first fiscal year of the biennium to the second fiscal year of the biennium.

Justification for carry forward of unexpended balance of appropriation and/or funding:

Section 19 of Act 1277 of 2007 authorizes \$1,372,828 in FY08 and \$0 in FY09. Carryforward of appropriation is necessary to ensure the agency has sufficient appropriation to provide for Study Expenses in the 2nd year of the biennium.

Actual Funding Carry Forward Amount \$ 0.00

Current status of carry forward appropriation/funding:

The appropriation that carried forward will be used on a cost sharing basis to continue a navigation feasibility study in conjunction with the Corp of Engineers.

Randy Young
Director

08-15-2008
Date

Analysis of Budget Request

Appropriation: 527 - Construction Asst Revolving Loan Fund Program

Funding Sources: FSC - Natural Resources Commission Federal

The Construction Assistance Revolving Loan Fund Program monitors and approves the progress of projects employing low interest loans from the Natural Resources Commission that are used to provide clean water by reducing or eliminating elements of water borne pollution. Funding for this appropriation is 100% federal.

Base Level salaries for classified positions reflect the recommendations of the Pay Plan Study. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries includes Career Service payments for eligible employees. Personal Services Matching includes a \$75 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

The Agency Base Level request includes fourteen (14) positions as well as appropriation in the amount of \$1,071,807 in FY2010 and \$1,087,069 in FY2011.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 527 - Construction Asst Revolving Loan Fund Program

Funding Sources: FSC - Natural Resources Commission Federal

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	603,938	656,831	618,818	669,592	669,592	669,592	682,411	682,411	682,411
#Positions		13	14	14	14	14	14	14	14	14
Personal Services Matching	5010003	176,088	179,446	183,987	199,092	199,092	199,092	201,535	201,535	201,535
Operating Expenses	5020002	102,051	182,404	182,404	182,404	182,404	182,404	182,404	182,404	182,404
Conference & Travel Expenses	5050009	6,467	7,219	7,219	7,219	7,219	7,219	7,219	7,219	7,219
Professional Fees	5060010	0	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
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Total		888,544	1,039,400	1,005,928	1,071,807	1,071,807	1,071,807	1,087,069	1,087,069	1,087,069
Funding Sources										
Federal Revenue	4000020	888,544	1,039,400		1,071,807	1,071,807	1,071,807	1,087,069	1,087,069	1,087,069
Total Funding		888,544	1,039,400		1,071,807	1,071,807	1,071,807	1,087,069	1,087,069	1,087,069
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		888,544	1,039,400		1,071,807	1,071,807	1,071,807	1,087,069	1,087,069	1,087,069

The FY09 Budget amount in Regular Salaries exceeds the authorized amount due to salary adjustments during the 2007-2009 biennium.

Analysis of Budget Request

Appropriation: 659 - Ouachita River Waterways Projects

Funding Sources: TWO - Ouachita River Waterways Project Trust Fund

The Natural Resources Commission's Ouachita River Waterways Projects Program provides grant funding to the Ouachita River Park Commission to support the development of recreational facilities, parks, and services along the banks of the Ouachita River across South Arkansas. This appropriation is funded from the Ouachita River Waterways Project Trust Fund (A.C.A. 19-5-1109).

The Agency Base Level request includes grants and aid appropriation in the amount of \$163,050 for the 2009-2011 biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 659 - Ouachita River Waterways Projects

Funding Sources: TWO - Ouachita River Waterways Project Trust Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid 5100004	50,000	113,150	0	163,050	163,050	163,050	0	0	0
Total	50,000	113,150	0	163,050	163,050	163,050	0	0	0
Funding Sources									
Fund Balance 4000005	174,675	124,675		11,525	11,525	11,525	0	0	0
Total Funding	174,675	124,675		11,525	11,525	11,525	0	0	0
Excess Appropriation/(Funding)	(124,675)	(11,525)		151,525	151,525	151,525	0	0	0
Grand Total	50,000	113,150		163,050	163,050	163,050	0	0	0

This is a Biennial Appropriation. The amount authorized for the 2007-2009 biennium was \$163,050. The FY09 Budget amount has been adjusted to reflect the carry forward balance of appropriation between fiscal years.

Analysis of Budget Request

Appropriation: 808 - Water Research

Funding Sources: HUA - Miscellaneous Agencies Fund

The Natural Resources Commission's appropriation for Water Research is used to provide grant funding to the U.S. Geological Survey to enable research using data collected and compiled in the Commission's water management and water quality programs. The appropriation is funded entirely by general revenue.

The Agency Base Level request includes appropriation and general revenue funding of \$38,800 each year of the biennium.

The Agency Change Level request includes additional grants and aid appropriation and general revenue funding of \$2,000 in FY2010 and \$4,000 in FY2011 to provide for cost increases for the U.S. Geological Survey (USGS).

The Executive Recommendation provides for the Agency Request of additional appropriation and general revenue funding of \$2,000 in FY2010 and \$4,000 in FY2011.

Appropriation Summary

Appropriation: 808 - Water Research

Funding Sources: HUA - Miscellaneous Agencies Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid 5100004	38,800	38,800	38,800	38,800	40,800	40,800	38,800	42,800	42,800
Total	38,800	38,800	38,800	38,800	40,800	40,800	38,800	42,800	42,800
Funding Sources									
General Revenue 4000010	38,800	38,800		38,800	40,800	40,800	38,800	42,800	42,800
Total Funding	38,800	38,800		38,800	40,800	40,800	38,800	42,800	42,800
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	38,800	38,800		38,800	40,800	40,800	38,800	42,800	42,800

Change Level by Appropriation

Appropriation: 808 - Water Research
Funding Sources: HUA - Miscellaneous Agencies Fund

Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	38,800	0	38,800	100.0	38,800	0	38,800	100.0
C01	Existing Program	2,000	0	40,800	105.2	4,000	0	42,800	110.3

Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	38,800	0	38,800	100.0	38,800	0	38,800	100.0
C01	Existing Program	2,000	0	40,800	105.2	4,000	0	42,800	110.3

Justification

C01	Grants and Aid: \$2,000 for the first year and \$4,000 for the second year to increase the grant to the U.S. Geological Survey to cover increased costs.
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Analysis of Budget Request

Appropriation: 822 - Conservation District Clerks' Insurance

Funding Sources: HUA - Miscellaneous Agencies Fund

Conservation district clerks are authorized by Arkansas Code Annotated §14-125-312 to take part in the State Employees Group Insurance Plan. This appropriation provides the State's matching portion of health insurance premiums and is funded entirely by general revenue.

The Agency Base Level request for this appropriation includes Personal Services Matching appropriation of \$408,000 each year of the biennium. Included in Base Level is a \$75 per month increase in the monthly contribution for district clerk's insurance for a total State contribution of \$425 per month for the current budgeted level of 80 eligible district clerks.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 822 - Conservation District Clerks' Insurance

Funding Sources: HUA - Miscellaneous Agencies Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item	Historical Data			2009-2010			2010-2011		
	2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Personal Services Matching 5010003	336,000	336,000	336,000	408,000	408,000	408,000	408,000	408,000	408,000
Total	336,000	336,000	336,000	408,000	408,000	408,000	408,000	408,000	408,000
Funding Sources									
General Revenue 4000010	336,000	336,000		408,000	408,000	408,000	408,000	408,000	408,000
Total Funding	336,000	336,000		408,000	408,000	408,000	408,000	408,000	408,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	336,000	336,000		408,000	408,000	408,000	408,000	408,000	408,000

Analysis of Budget Request

Appropriation: 924 - Water/Sewer/Solid Waste

Funding Sources: MAC - Water, Sewer, and Solid Waste Revolving Fund

The Water, Sewer, and Solid Waste-Revolving appropriation is used to provide grants, low interest loans and deferred loans to eligible entities to use for water, sewer, or solid waste management (§14-230-105). Eligible entities include cities, towns, counties, regional water districts, special improvement districts, public facilities boards, rural development authorities, rural waterworks facilities boards, other public entities and nonprofit corporations which provide water, sewer, or solid waste services to one or more cities, towns, or counties. The Maximum assistance is 50% of the total project cost. Funding for this appropriation consists of loan principal and interest repayments that are deposited into the Water, Sewer and Solid Waste Revolving Fund (§19-5-310).

The Agency Base Level request includes Sewer and Solid Waste Grants and Aid appropriation of \$5 million each year of the biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 924 - Water/Sewer/Solid Waste
Funding Sources: MAC - Water, Sewer, and Solid Waste Revolving Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid	5100004	1,893,280	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Total		1,893,280	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Funding Sources										
Fund Balance	4000005	5,355,393	4,969,971		3,469,971	3,469,971	3,469,971	1,969,971	1,969,971	1,969,971
Loan Repayment	4000330	1,507,858	3,500,000		3,500,000	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000
Total Funding		6,863,251	8,469,971		6,969,971	6,969,971	6,969,971	5,469,971	5,469,971	5,469,971
Excess Appropriation/(Funding)		(4,969,971)	(3,469,971)		(1,969,971)	(1,969,971)	(1,969,971)	(469,971)	(469,971)	(469,971)
Grand Total		1,893,280	5,000,000		5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000

Analysis of Budget Request

Appropriation: 997 - NonPoint Source Pollution Control Program

Funding Sources: FSC - Natural Resources Commission Federal

This program reflects the federal side of the Natural Resources Commission's role in conducting the U.S. Environmental Protection Agency (EPA) Section 319 grant program to fund nonpoint source pollution management strategies. This appropriation is funded from federal funding from the EPA (the state match portion of this program is expensed in the Water Quality Plan Implementation Appropriation). The Arkansas Natural Resources Commission administers this program with an emphasis on funding best management practices in priority watersheds.

Base Level salaries for classified positions reflect the recommendations of the Pay Plan Study. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries includes Career Service payments for eligible employees. Personal Services Matching includes a \$75 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

The Agency Base Level request includes sixteen (16) regular positions, one (1) extra help position and appropriation in the amount of \$6,367,386 in FY2010 and \$6,377,617 in FY2011.

The Agency Change Level request includes the following:

- **Grants and Aid:** Increase of appropriation in the amount of \$534,871 each year of the biennium, which represents the restoration of appropriation authorized by a Miscellaneous Federal Grant during FY2009 for the purpose of assisting entities with establishing and maintaining adequate measures for prevention and control of surface and groundwater pollution.
- **Capital Outlay:** Increase of appropriation in the amount of \$51,000 each year of the biennium. This total request includes the restoration of \$41,000 authorized by a Miscellaneous Federal Grant during FY2009 and \$10,000 to replace agency equipment.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 997 - NonPoint Source Pollution Control Program

Funding Sources: FSC - Natural Resources Commission Federal

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	386,017	563,521	554,201	611,944	611,944	611,944	620,539	620,539	620,539
#Positions		12	16	16	16	16	16	16	16	16
Extra Help	5010001	3,840	5,000	10,000	5,000	5,000	5,000	5,000	5,000	5,000
#Extra Help		2	2	2	2	2	2	2	2	2
Personal Services Matching	5010003	139,119	169,465	180,085	198,703	198,703	198,703	200,339	200,339	200,339
Operating Expenses	5020002	221,599	294,334	294,334	294,334	294,334	294,334	294,334	294,334	294,334
Conference & Travel Expenses	5050009	25,758	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Professional Fees	5060010	9,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Grants and Aid	5100004	4,493,922	5,642,276	5,107,405	5,107,405	5,642,276	5,642,276	5,107,405	5,642,276	5,642,276
Capital Outlay	5120011	93,144	47,000	6,000	0	51,000	51,000	0	51,000	51,000
Total		5,372,399	6,871,596	6,302,025	6,367,386	6,953,257	6,953,257	6,377,617	6,963,488	6,963,488
Funding Sources										
Federal Revenue	4000020	5,372,399	6,871,596		6,367,386	6,953,257	6,953,257	6,377,617	6,963,488	6,963,488
Total Funding		5,372,399	6,871,596		6,367,386	6,953,257	6,953,257	6,377,617	6,963,488	6,963,488
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		5,372,399	6,871,596		6,367,386	6,953,257	6,953,257	6,377,617	6,963,488	6,963,488

The FY09 Budget amount in Regular Salaries exceeds the authorized amount due to salary adjustments during the 2007-2009 biennium.

The FY08 Actual and/or FY09 Budget amounts in Grants and Aid and Capital Outlay exceed the Authorized amount due to a transfer from the Miscellaneous Federal Grant Holding Account.

Change Level by Appropriation

Appropriation: 997 - NonPoint Source Pollution Control Program

Funding Sources: FSC - Natural Resources Commission Federal

Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	6,367,386	16	6,367,386	100.0	6,377,617	16	6,377,617	100.0
C01	Existing Program	10,000	0	6,377,386	100.2	10,000	0	6,387,617	100.2
C06	Restore Position/Approp	575,871	0	6,953,257	109.2	575,871	0	6,963,488	109.2

Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	6,367,386	16	6,367,386	100.0	6,377,617	16	6,377,617	100.0
C01	Existing Program	10,000	0	6,377,386	100.2	10,000	0	6,387,617	100.2
C06	Restore Position/Approp	575,871	0	6,953,257	109.2	575,871	0	6,963,488	109.2

Justification

C01	This request will enable the agency to replace equipment and to pay sales tax on a new vehicle.
C06	This request is to restore MFG appropriation approved during FY09 for a federal grant from the Environmental Protection Agency. The purpose of the grant is to assist the state establish and maintain adequate measures for prevention and control of surface and groundwater pollution.

OIL AND GAS COMMISSION

Enabling Laws

Act 325 of 2007
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.

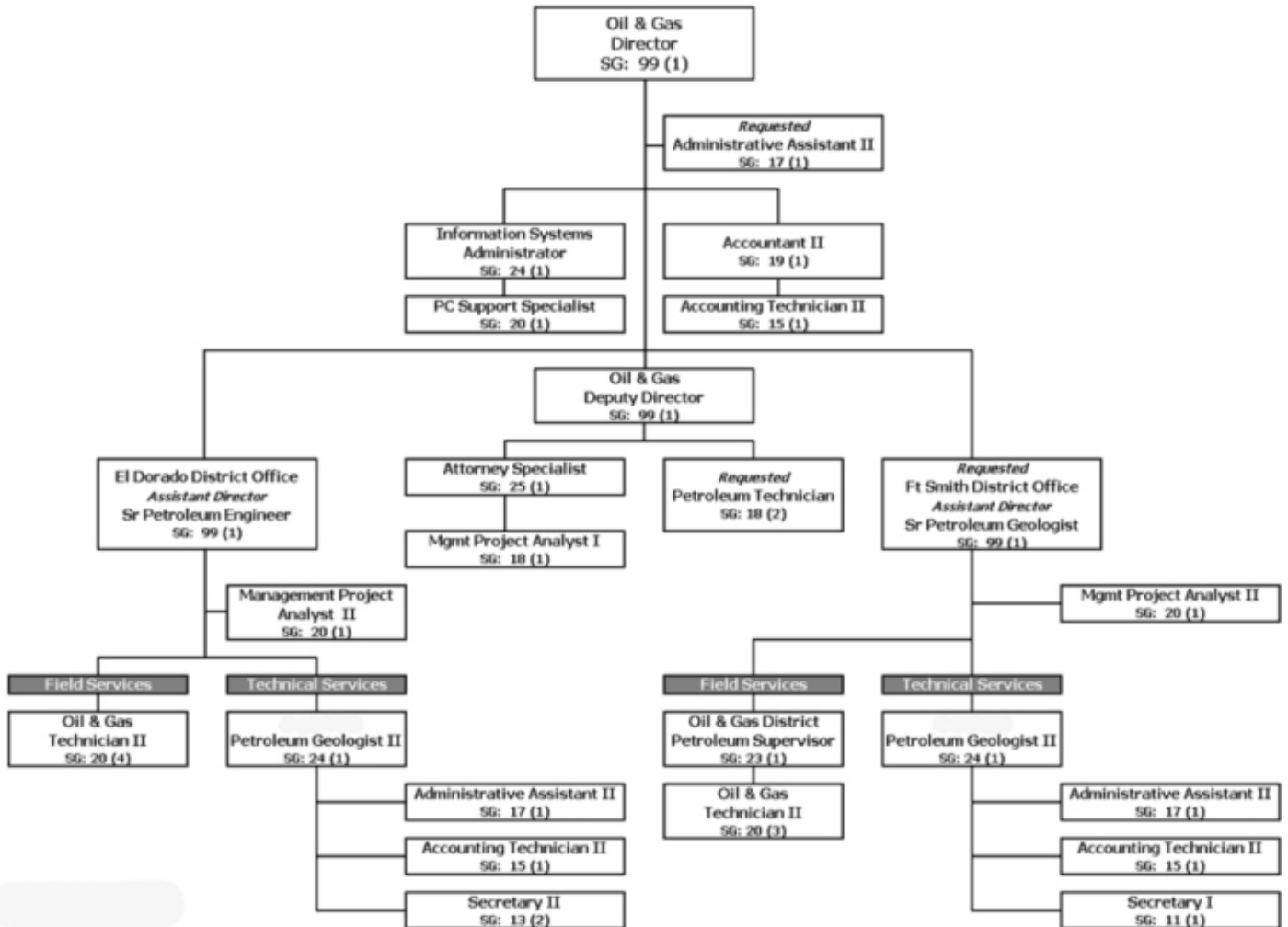
Act 937 of 1979 provided additional authorities to the Commission to regulate drilling for and extraction of bromine from produced brine.

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 and 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. Increased oil and natural gas prices in general, resulting in increased statewide exploration activity and with the rapidly expanding drilling activity associated with the Fayetteville Shale development has necessitated a Commission request for a budget increase to adequately administer the State's oil and natural gas regulatory program.

The Fayetteville Shale development is occurring in an area of the State which has not previously experienced oil and natural gas development. This growth results in the necessity of increased filed inspections to ensure compliance with Commission regulations. In addition, the Commission's oil and gas well drilling and completion information and production data gathering functions have significantly increased along with a much increased monthly hearing docket, expanding three-fold over last year. The Commission was also recently approved to administer the United States Department of Transportation (USDOT) Pipeline Safety Program for natural gas pipelines upstream from the custody transfer point. To maintain the necessary level of service and ensure regulatory compliance with the State's various oil and gas regulatory programs, the Commission is requesting seven (7) additional full time staff positions and four (4) additional part time positions. The Petroleum Engineer position will manage the natural gas pipeline program and the District Petroleum Supervisor and four (4) field inspectors will provide additional field enforcement capability. The administrative staff position and additional four (4) part time positions will enhance the various statutorily mandated data gathering functions of the Commission.

In addition to the request for additional personnel, the Commission is also requesting an increase in data processing, operations and capital outlay to provide for additional costs in operations due to increased data gathering functions and field travel for inspection staff, additional hearing costs for the full Commission, and to provide for increased building operation costs and repairs to Commission facilities.

In order to fully administer the State's oil and gas regulatory program and in view of the increasing demands on the Commission, the Commission is requesting increases in the Regular Salary, Personnel Services, Data Processing Services, Operation Expenses and Capital Outlay lines necessary to maintain and enhance the regulatory program.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
ARKANSAS OIL AND GAS COMMISSION
FOR THE YEAR ENDED JUNE 30, 2006

Findings	Recommendations
None	None

Employment Summary

	Male	Female	Total	%	
White Employees	15	13	28	93 %	
Black Employees	1	1	2	7 %	
Other Racial Minorities	0	0	0	0 %	
			Total Minorities	2	7 %
			Total Employees	30	100 %

Cash Fund Balance Description as of June 30, 2008

Fund Account	Balance	Type	Location
3010000	\$317,752	Checking	BanCorp South, El Dorado

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, fines, and penalties; and use them to fund operations.

Revenue Receipts Cycle:

Fees and Penalties are collected through the year.

Fund Balance Utilization:

Refunds/Transfers - Funds are collected on a daily basis. Appropriation is used to make refunds for overpayments and to reimburse posted bonds. The remaining balance at the end of each month is transferred to the State Treasury.

Publications

A.C.A. 25-1-204

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
Rules and Regulations	15-71-111	N	N	0	Required by industry to inform them of Agency rules and regulations. Also included are forms required to be filed for drilling and required production reporting in Arkansas. Available on agency web site.

A.C.A. 25-1-204

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
Weekly Permit and Completion Report	None	N	N	0	Weekly status report of current oil and gas well drilling and completion. Provided to all parties via agency webpage and also available to the general public in Oil & Gas Commission offices.

Department Appropriation Summary

Historical Data

Agency Request and Executive Recommendation

Appropriation	2007-2008		2008-2009		2008-2009		2009-2010					2010-2011						
	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	2,443,077	32	2,461,854	32	2,487,568	32	2,514,643	32	4,237,688	39	4,237,688	39	2,551,124	32	3,485,987	39	3,485,987	39
2XV Well Plugging Program	215,799	0	1,284,201	0	0	0	1,500,000	0	1,500,000	0	1,500,000	0	0	0	0	0	0	0
A20 Refunds/Reimbursements	20,800	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	2,679,676	32	4,246,055	32	2,987,568	32	4,514,643	32	6,237,688	39	6,237,688	39	3,051,124	32	3,985,987	39	3,985,987	39

Funding Sources		%		%		%		%		%		%		%		%		%	
Fund Balance	4000005	4,006,376	46.3	5,976,357	52.8			7,062,550	59.7	7,062,550	52.1	7,062,550	52.1	7,324,862	56.8	7,324,862	53.0	7,324,862	53.0
Special Revenue	4000030	4,578,262	52.9	5,150,000	45.5			4,276,955	36.1	6,000,000	44.2	6,000,000	44.2	5,065,137	39.3	6,000,000	43.4	6,000,000	43.4
Cash Fund	4000045	4,516,351	52.2	182,248	1.6			500,000	4.2	500,000	3.7	500,000	3.7	500,000	3.9	500,000	3.6	500,000	3.6
M & R Sales	4000340	9,395	0.1	0	0.0			0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Transfer from Special Revenue	4000565	0	0.0	750,000	6.6			750,000	6.3	1,500,000	11.1	1,500,000	11.1	0	0.0	0	0.0	0	0.0
Transfer to Treasury	4000680	(4,516,351)	(52.2)	0	0.0			0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Transfers / Adjustments	4000683	0	0.0	(750,000)	(6.6)			(750,000)	(6.3)	(1,500,000)	(11.1)	(1,500,000)	(11.1)	0	0.0	0	0.0	0	0.0
Trust Fund Interest	4000705	62,000	0.7	0	0.0			0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Total Funds		8,656,033	100.0	11,308,605	100.0			11,839,505	100.0	13,562,550	100.0	13,562,550	100.0	12,889,999	100.0	13,824,862	100.0	13,824,862	100.0
Excess Appropriation/(Funding)		(5,976,357)		(7,062,550)				(7,324,862)		(7,324,862)		(7,324,862)		(9,838,875)		(9,838,875)		(9,838,875)	
Grand Total		2,679,676		4,246,055				4,514,643		6,237,688		6,237,688		3,051,124		3,985,987		3,985,987	

The Actual and Budget amounts exceed Authorized amount in Appropriation 2XV because this is a Biennial Appropriation.

Special Language in the Agency's current appropriation act allows for \$750,000 per biennium to be transferred into the Abandoned & Orphaned Well Plugging Fund.

Special Revenue Fees are collected in Agency Cash Fund and are transferred into the Oil & Gas Commission Fund to fund operations.

Agency Position Usage Report

FY2006 - 2007						FY2007 - 2008						FY2008 - 2009					
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	27	1	28	0	3.57 %	32	30	2	32	0	6.25 %	32	30	2	32	0	6.25 %

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 salaries for classified positions reflect the recommendations of the Pay Plan Study and unclassified positions reflect similar adjustments in line item salaries. A Base Level position was also changed from unclassified to classified and the salary was adjusted accordingly. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries may include board member Stipend payments and Career Service payments for eligible employees. Personal Services Matching includes a \$75 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

The Commission is requesting \$350,899 in FY10 and \$355,399 in FY11 over Base Level spread throughout the various Operating Expense categories, along with a reallocation of appropriation from Rent of Office Equipment to Fuel Purchases. The rapid development of the Fayetteville Shale drilling has more than quadrupled the amount of well permits and inspections. The hearing load of the Commission has tripled as well. An additional duty has recently been given to the Commission. It is now approved to administer the United States Department of Transportation (USDOT) Pipeline Safety Program for natural gas pipelines upstream from the custody transfer point.

Seven new regular positions (\$248,073 in FY10 and \$253,774 in FY11) along with four Extra Help positions (\$20,016 in FY10 and \$20,516 in FY11) are being requested by the Commission to accommodate the explosion of drilling activity in the State. Four new Field Inspectors, District Petroleum Supervisor and an Administrative Staff position are all necessary to ensure compliance of those drilling with the regulations set forth by the Commission. The Petroleum Engineer position will manage the natural gas pipeline program and the Extra Help positions will aid in the data gathering performed by the Commission.

The Commission is requesting \$120,000 in Capital Outlay for both years of the biennium for vehicle replacement due to mileage and age. An additional one time request of Capital Outlay in FY10 of \$500,000 is to purchase vehicles for the new field inspectors and to remodel the Ft. Smith office.

\$300,000 is requested for Data Processing Services, this appropriation will be used to allow electronic filing of production reports by field inspectors, development of a data base for mapping and managing the oil and gas drilling activity in the state, and for hardware to assist in these functions.

A \$100,000 appropriation is requested in Refunds/Reimbursements. This will enable the Commission to refund over-payment of various fees from the special revenue fund.

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		2007-2008	2008-2009	2008-2009	2009-2010			2010-2011		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	1,250,313	1,345,747	1,341,328	1,449,713	1,697,786	1,697,786	1,480,406	1,734,180	1,734,180
#Positions		32	32	32	32	39	39	32	39	39
Extra Help	5010001	39,697	45,000	45,000	45,000	65,016	65,016	45,000	65,516	65,516
#Extra Help		6	6	6	6	10	10	6	10	10
Personal Services Matching	5010003	398,163	390,206	420,339	439,029	523,086	523,086	444,817	529,991	529,991
Operating Expenses	5020002	479,455	478,901	478,901	478,901	829,800	829,800	478,901	834,300	834,300
Conference & Travel Expenses	5050009	4,822	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Professional Fees	5060010	501	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Data Processing	5090012	20,000	0	0	0	0	0	0	0	0
Grants and Aid	5100004	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Refunds/Reimbursements	5110014	0	0	0	0	100,000	100,000	0	100,000	100,000
Capital Outlay	5120011	124,388	100,000	100,000	0	620,000	620,000	0	120,000	120,000
Data Processing Services	5900044	64,893	0	0	0	300,000	300,000	0	0	0
Interstate Oil Compact	5900046	8,200	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Underground Injection Control	5900048	37,645	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000
Groundwater Protection	5900049	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Total		2,443,077	2,461,854	2,487,568	2,514,643	4,237,688	4,237,688	2,551,124	3,485,987	3,485,987
Funding Sources										
Fund Balance	4000005	2,826,055	4,722,549		6,410,695	6,410,695	6,410,695	6,923,007	6,173,007	6,173,007
Special Revenue	4000030	4,330,176	4,900,000		3,776,955	5,500,000	5,500,000	5,065,137	6,000,000	6,000,000
M & R Sales	4000340	9,395	0		0	0	0	0	0	0
Transfers / Adjustments	4000683	0	(750,000)		(750,000)	(1,500,000)	(1,500,000)	0	0	0
Total Funding		7,165,626	8,872,549		9,437,650	10,410,695	10,410,695	11,988,144	12,173,007	12,173,007
Excess Appropriation/(Funding)		(4,722,549)	(6,410,695)		(6,923,007)	(6,173,007)	(6,173,007)	(9,437,020)	(8,687,020)	(8,687,020)
Grand Total		2,443,077	2,461,854		2,514,643	4,237,688	4,237,688	2,551,124	3,485,987	3,485,987

The Actual and/or Budget amount in Regular Salaries and Personal Services Matching exceeds Budget and/or Authorized due to salary and matching adjustments. Budget exceeds Authorized in Operating Expenses by authority of a Budget Classification Transfer. Data Processing (12) exceeds Budget and Authorized amounts because \$20,000 was authorized in FY08 and none in FY09. Actual amount in Capital Outlay exceeds Authorized due to M & R Proceeds. The Authorized amount for Capital Outlay in FY08 was \$115,000. Special Language provides for the carry forward of appropriation in Data Processing Services (44) from the first year of the biennium to the second year of the biennium. The actual amount that carried forward from FY08 to FY09 was \$135,107. Special Language in the Agency's current appropriation act allows for \$750,000 per biennium to be transferred into the Abandoned & Orphaned Well Plugging Fund. The Agency is requesting a change to allow an additional \$750,000 to be transferred.

Change Level by Appropriation

Appropriation: 204 - Oil & Gas Commission-Operations

Funding Sources: SDO - Oil and Gas Commission Fund

Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	2,514,643	32	2,514,643	100.0	2,551,124	32	2,551,124	100.0
C01	Existing Program	1,313,133	5	3,827,776	152.2	822,659	5	3,373,783	132.2
C02	New Program	109,912	2	3,937,688	156.6	112,204	2	3,485,987	136.6
C04	Reallocation	0	0	3,937,688	156.6	0	0	3,485,987	136.6
C08	Technology	300,000	0	4,237,688	168.5	0	0	3,485,987	136.6

Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	2,514,643	32	2,514,643	100.0	2,551,124	32	2,551,124	100.0
C01	Existing Program	1,313,133	5	3,827,776	152.2	822,659	5	3,373,783	132.2
C02	New Program	109,912	2	3,937,688	156.6	112,204	2	3,485,987	136.6
C04	Reallocation	0	0	3,937,688	156.6	0	0	3,485,987	136.6
C08	Technology	300,000	0	4,237,688	168.5	0	0	3,485,987	136.6

Justification

C01	The Commission is requesting 1 Oil and Gas District Supervisor, 3 additional Oil and Gas Inspectors and 1 Administrative Specialist III to provide for greater field inspection capability due to the exponentially increasing oil and gas industry activities in the State. This request reflects salary and matching for these positions. In addition, due the extremely large amount of oil and gas well completion and production data flowing into the Commission as a result of the increased oil and gas activity, additional extra help staff are necessary for data input into the Commission database. The Commission is requesting an additional 4 Extra Help positions for this purpose (\$20,016). \$120,000 each year is requested for the cost of routine replacement of fleet vehicles and to provide funds for capital expenses for facility maintenance and upgrades. In the first year an additional \$500,000 is requested for a one time expense of remodeling the office in Fort Smith to provide more office space and additional vehicles for requested field inspectors. \$100,000 is requested in each year to pay refunds for overpayment of fees and various assessments. The remainder of the request (\$500,899 in FY10 and \$355,399 in FY11) is to cover general operating expenses, gasoline costs (due to increased inspection activities), utility costs and monthly hearing expenses (due to an increase from one to two day hearings per month) have all significantly increased operation expenses.
C02	The Commission is requesting the addition of 1 Petroleum Engineer and 1 Oil and Gas Field Inspector to administer the Oil and Gas Commission's new Natural Gas Pipeline Safety Program. This amount reflects the salary and match for these two positions.
C04	This represents a shift of appropriation from Rent of Office Equipment into Fuel Purchases.
C08	The Commission is requesting \$300,000 in FY10 for maintenance of the Commission's Data Processing program including database upgrades, webpage upgrades for GIS and laptops for field staff (Information Technology Plan/IT Support Costs).

CARRY FORWARD OF ANY UNEXPENDED BALANCE OF APPROPRIATION AND/OR FUNDING FROM FISCAL YEAR 2008 TO FISCAL YEAR 2009

Agency: Oil and Gas Commission

Program: Oil & Gas Commission-Operations

Act #: 325 of 2007 Section(s) #: 3 & 6

Estimated Carry Forward Amount \$ 97,000.00 Appropriation Funds

Funding Source: Special

Accounting Information:

Business Area: 0440 Funds Center: 204 Fund: SDO Functional Area: COMM

Line Item	Commitment Item	Estimated Carry Forward Amount	Actual Carry Forward Amount
Data Processing Services	5900044	97,000.00	135,106.91
Total		\$ 97,000.00	\$ 135,106.91

Current law requires a written statement be submitted to the DFA Office of Budget stating the reason(s) to carry forward appropriation and/or funding for a program or a specific line item within a program from the first fiscal year of the biennium to the second fiscal year of the biennium.

Justification for carry forward of unexpended balance of appropriation and/or funding:

Currently we are in the midst of purchasing an eReport system so that production reports from operators can be filed electronically online to provide timely production reporting for enhanced enforcement of the Commission's regulatory program; to better provide information to the public for the purpose of verifying royalty; and for use in the upcoming natural gas severance tax program. In addition a new GIS Analyst was recently hired to develop a GIS data base for mapping and managing the greatly increased oil and gas field activity in the State. The remaining budget will be used to purchase hardware and GIS related software to implement the Commission wide GIS system and make the system available to the industry and public through the Commission web page.

Actual Funding Carry Forward Amount \$ 0.00

Current status of carry forward appropriation/funding:

The Commission continues to upgrade our data gathering functions with electronic reporting and GIS capabilities which are due to increased demand and need for these services as a result of the increased oil and gas activity. Commission's request for carry forward of appropriation received favorable review by the Arkansas Legislative Council in August, 2008.

Lawrence E. Bengal
Director

08-22-2008
Date

Analysis of Budget Request

Appropriation: 2XV - Well Plugging Program

Funding Sources: SAW - Abandoned and Orphan Well Plugging Fund

The Oil & Gas Commission's Abandoned and Orphan Well Plugging Fund is utilized for well plugging program expenses. In addition, it is funded by fees, forfeited bonds, proceeds from the sale of hydrocarbons, and grants or gifts from the public. 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 Fund was established by Acts 1265 and 1267 of 2005 (A.C.A. §15-71-115).

The Commission is requesting the continuation of the Base Level for this biennial appropriation in the amount of \$1,500,000. The FY09 budget increased substantially over FY08 actual expenditures due to carry forward of the remaining balance of the biennial appropriation. The Commission does anticipate an increase of well plugging activity in FY09 continuing into the 2009-2011 biennium.

The Commission is also requesting a change in the special language to allow an additional \$750,000 to be transferred from special revenue into the Abandoned and Orphan Well Plugging Fund.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 2XV - Well Plugging Program

Funding Sources: SAW - Abandoned and Orphan Well Plugging Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item	Historical Data			2009-2010			2010-2011		
	2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Well Plugging Expenses 5900046	215,799	1,284,201	0	1,500,000	1,500,000	1,500,000	0	0	0
Total	215,799	1,284,201	0	1,500,000	1,500,000	1,500,000	0	0	0
Funding Sources									
Fund Balance 4000005	903,769	936,056		651,855	651,855	651,855	401,855	1,151,855	1,151,855
Special Revenue 4000030	248,086	250,000		500,000	500,000	500,000	0	0	0
Transfer from Special Revenue 4000565	0	750,000		750,000	1,500,000	1,500,000	0	0	0
Total Funding	1,151,855	1,936,056		1,901,855	2,651,855	2,651,855	401,855	1,151,855	1,151,855
Excess Appropriation/(Funding)	(936,056)	(651,855)		(401,855)	(1,151,855)	(1,151,855)	(401,855)	(1,151,855)	(1,151,855)
Grand Total	215,799	1,284,201		1,500,000	1,500,000	1,500,000	0	0	0

This is a biennial appropriation of \$1,500,000. Base Level was restored to the Authorized amount.

Special Language provides for a transfer of funding in the amount of \$750,000 upon approval from the Chief Fiscal Officer of the State.

The Agency is requesting a change in the Special Language to allow a fund transfer from the Oil & Gas Commission Fund of an additional \$750,000 in the biennium for a total of \$1,500,000.

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 this appropriation 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: A20 - Refunds/Reimbursements
Funding Sources: 301 - Oil and Gas Commission Cash

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			2010-2011			
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			Base Level	Agency	Executive	
Refunds/Reimbursements	5110014	20,800	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Total		20,800	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Funding Sources											
Fund Balance	4000005	276,552	317,752		0	0	0	0	0	0	0
Cash Fund	4000045	4,516,351	182,248		500,000	500,000	500,000	500,000	500,000	500,000	500,000
Transfer to Treasury	4000680	(4,516,351)	0		0	0	0	0	0	0	0
Trust Fund Interest	4000705	62,000	0		0	0	0	0	0	0	0
Total Funding		338,552	500,000		500,000	500,000	500,000	500,000	500,000	500,000	500,000
Excess Appropriation/(Funding)		(317,752)	0		0	0	0	0	0	0	0
Grand Total		20,800	500,000		500,000	500,000	500,000	500,000	500,000	500,000	500,000

Special Revenue Fees are collected in Agency Cash Fund and are transferred into the Oil & Gas Commission Fund to fund operations.

DEPARTMENT OF PARKS AND TOURISM

Enabling Laws

Appropriation Acts: Act 420, 446, 480, 1141 and 1227 of 2007.

Arkansas Code: §25-13-101 to 104, §15-11-201 to 211, §13-9-101 to 105, §19-4-801-802, §13-3-101 to 109, §13-3-201 to 206, §15-11-601 to 604, §8-6-404, §19-6-484, §13-5-201 to 202;206 to 207, §13-5-401 to 404, §13-5-505, §22-4-112, §13-5-601 to 604, §14-54-106, §14-270-201 to 203, §18-11-301 to 307, §19-5-1051, §22-4-101, §22-4-302,305,307, §22-4-201 to 203, §22-4-312-313, §22-4-401 to 411, §22-4-501 to 504, §27-67-204, §15-11-101-102, §15-11-401 to 410, §15-11-301 to 306, §27-69-201 to 207, §25-13-102, §26-52-1006.

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 fourteen members appointed by the Governor. One is a commissioner emeritus (lifetime) and one represents the retirement age sector of our population. The remaining twelve members include representatives of the newspaper, radio, television, news media, recreation, and hospitality industries. Each of the four Congressional Districts of the State is represented on this commission.

The Parks Division is the largest in the department. It is charged with conserving and protecting the State resources, providing recreation and educational opportunities to the State's citizens and visitors, and

enhancing the economy through tourism. The State Parks Division, founded 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 53,238 acres of land, consisting of 52 State parks and museums that offer a variety of natural, cultural, historical, educational, and recreational experiences. Characterized by 865 buildings (including 183 historic structures), six national historic and one natural landmark, 1,780 campsites, five lodges, 283 miles of trails, hundreds of miles of utilities, and over 9 million visitors annually, the State parks are like running small cities.

The Parks Division handles the Outdoor Recreation Grants Program from the U.S. Department of Interior, the Natural and Cultural Resources Fund for cities, 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 works with the Prairie Grove Battlefield Commission, which is composed of five members appointed by the Governor, and charged with the duties and responsibilities deemed appropriate by the Commission for the preservation and development of the park commemorating those that fought the Battle of Prairie Grove.

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 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 of the Plantation Agriculture Museum and develops and coordinates efforts to encourage gifts or donations to the Plantation Agriculture Museum.

The Arkansas Post Museum was operated by Arkansas County until January 1997, when it became part of the Arkansas State Parks system. The Arkansas Post Museum Advisory Committee will consist of not less than seven nor more than nine members as determined by the Governor. At least one member of the committee is required to be a historian by profession.

The Ozark Folk Cultural Center Commission members are selected by the seated Commission members and must be approved by the City Council of Mountain View. The nine (9) member board was created by legislation for the purpose of construction and operation of the Ozark Folk Center. The OFCCC serves as an advisory board and approves Capital Improvements/Major Maintenance Expenditures Reserve Account projects.

The overall purpose of the Tourism Division is to enrich the quality of life and improve the economy of Arkansas by generating travel and enhancing the image of the State. The division's out-of-state efforts are to: (1) generate travel and tourism to Arkansas by utilizing sophisticated marketing techniques; (2) enhance the image of the State via advertising messages, the internet, and editorial efforts with national media; (3) encourage investment in Arkansas' tourism industry by providing an environment of cooperation and incentive where possible; and (4) encourage retirement and relocation to the State. The division's in-state objectives are to: (1) encourage travel and tourism in Arkansas by Arkansas people; (2) build pride by image enhancement and educational efforts; (3) be a leader and advocate to build understanding and support for the important role tourism plays in the Arkansas economy; (4) work to present and enhance the image of Arkansas. In 1998, arkansas.com web site was developed to expand the State's marketing and promotional efforts.

The Tourism Division has four in-house sections: Communications, Tourism Development, Group Travel, and Research & Information Services. The Communications Section generates articles and photos (which are made available to the public and the media), arranges and hosts "familiarization" tours for visiting journalists and writers, and also has Internet responsibilities. The Tourism Development Section conducts hospitality training seminars, provides technical assistance to city and county governments, assists communities and businesses with tourism development plans, promotes and assists in the development of retirement and relocation to the state, and aids in the planning and promotion of local festivals. It also administers the Division's matching fund program which makes grant monies available to recognized regional tourism promotion associations. The Group Travel Section markets the state to increase visitor expenditures made by motor coach tours, conventions, and other group travelers and assists the Arkansas tourism industry in its group travel and convention marketing efforts. The Research & Information Services Section compiles and analyzes statistical data and handles fulfillment operations for the Division's inquiries from the traveling public. It also operates the State's system of 13 Welcome Centers located at major entry points into Arkansas. Trained staff at these facilities, which are a cooperative venture with the Arkansas State Highway & Transportation Department, provide that critical "first impression" to our visitors, encouraging them to get off the main highways and explore all corners of the Natural State.

In addition, the Tourism Division works with two outside organizations, an advertising agency and an internet agency, which provide professional services to augment the Division's promotional efforts. The ad agency produces an annual marketing plan, creates and places media campaigns, conducts research, and assists in a variety of public relations efforts. The internet agency keeps the arkansas.com web site current, conducts research, places key-word buys, and coordinates search engine optimization efforts. During FY 2008, traffic on arkansas.com totaled 5,603,005 visitors - which led to 2,462,935 industry referrals for additional information or making reservations.

The Great River Road was reorganized under the Tourism Division, for administrative purposes. The Great River Road has a policy board, the Arkansas Mississippi River Parkway Commission, composed of ten members appointed by the Governor. The members represent the ten counties bordering the Mississippi River. The Great River Road Section is charged with preserving and promoting all tourism and historic aspects of the ten counties. The Section also works with the other states of the International Mississippi River Parkway Commission to secure National Scenic Byway status for all states in cooperation with the Federal Highway Administration. This International Parkway provides a unique route for tourists from Canada to the Gulf of Mexico.

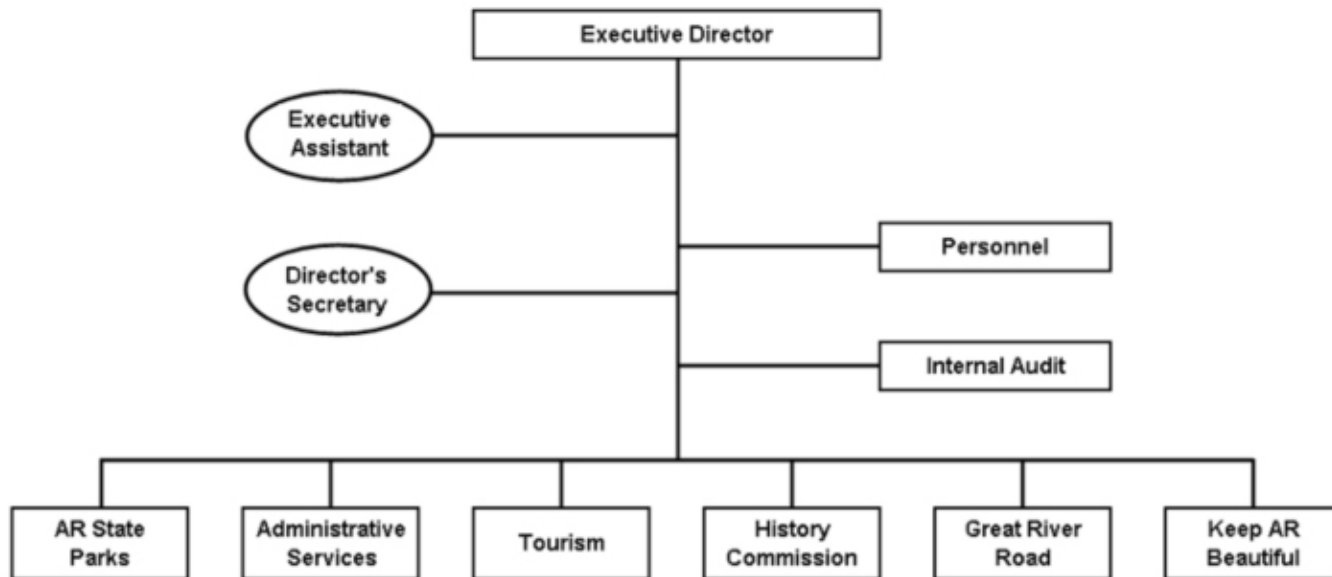
The History Commission was created by Act 215 of 1905, but its existence as a functioning State agency was uncertain until after the passage of Act 355 by the General Assembly of 1911. The latter Act, as

amended by Act 207 of 1963, is the basic law under which the Commission operates. This fundamental Act charges the History Commission with the responsibility of keeping and caring for the official archives of the State, collecting materials relating to Arkansas history, and encouraging the use of historical source materials such as documents, newspaper files, maps and photographs. A documents restoration laboratory and a microfilm section assist with preservation. In 1996, the ark-ives.com web site was developed to enhance educational and informational efforts.

The History Commission itself is composed of seven members appointed by the Governor with the approval of the Senate. Since the passage of Act 38 of 1971, the Commission has operated within the Department of Parks and Tourism. The Arkansas Black History Commission of Arkansas was created by Act 1233 of 1991 (name changed from Black History Advisory Commission by Act 1601 of 2007). It, operates in connection with the History Commission.

The Keep Arkansas Beautiful Commission (KArB) was established in 1989 by Executive Order of the Governor. Since 1993, the Keep Arkansas Beautiful Commission has been a division of the Department of Parks and Tourism. In 1996, Amendment 75 the Conservation Amendment created funding for the Keep Arkansas Beautiful Commission. Act 1278 of 1997 superseded the Executive order and re-created the KArB Commission and a new Commission was appointed by the Governor, consisting of nine Commissioners appointed to six-year terms. Two members are appointed from each of the four Congressional Districts and one from the state at-large. In 2000, KeepArkansasBeautiful.com web site was developed to enhance marketing, educational and informational efforts.

Keep Arkansas Beautiful is charged with: (1) raising public awareness of our litter problem; (2) educating the general public of the economics and ecological impact of litter; (3) encouraging litter prevention; (4) increasing awareness of litter laws and enforcement; (5) promoting recycling and recycling benefits to consumers; (6) generating interest in beautification projects; (7) supporting communities statewide in establishing litter prevention programs, ongoing recycling campaigns, and beautification projects.



Agency Commentary

Administration Division

The Administration Division provides centralized management and administrative services for the Department. 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 an increase in the maintenance and operations line item to cover increases relating to the normal cost of doing business. These requests are necessary to maintain the current level of operations and support of agency staff and to cover the rising prices for fuel, travel cost, utilities, office equipment, rent and related expenses. Included in the request is an anticipated increase in Board Member Expenses for an additional new member to the State Parks Travel and Recreation Commission due to an existing Commissioner reaching emeritus status. Also included in the increase is the Administration Division's share of the Department's Technology Plan which covers normal equipment replacement of computers, software updates, network services charges, training and the cost to upgrade from Microsoft Office 2003 to 2007. An additional request for Capital Outlay funding is included to replace a 27+ year old offset printing press.

Tourism Division

The Department's Tourism Division has an over-riding mission: to contribute to improving the economy of the State of Arkansas. It does this via several objectives: enhancing the image of the state, generating travels to Arkansas, and encouraging retirement/relocation to the Natural State. Given the quick and lucrative returns possible in the tourism industry, most state governments have made it a priority in their overall economic development plans. States that compete with Arkansas are certainly no exception, each devoting extensive resources to attracting the next season's visitors. They're improving their websites, purchasing more television exposure, and buying more newspaper and magazine ads - all aimed at getting into the mindsets of potential visitors and influencing their travel decisions. For Arkansas to maintain and increase its market share, the state's tourism promotion efforts must be expanded.

The Tourism Division's request for additional general revenue is to bring the State's Retirement/Relocation Program up to a competitive level. In Appropriation 504 (the State's 2% tourism tax), increases are requested for advertising, regional matching fund grants, and capital expenditures (for replacement vehicles and photographic equipment). Additional monies are also requested for technological improvements/advancements.

The Tourism Division no longer needs the 1VH - Motor Coach Incentive (Fund MCP0100) due to market conditions. Diminished interest in the program is due to the fact that other states now have similar programs for assessing the property of tour operators, and Arkansas is no longer operating at a competitive disadvantage.

State Parks Division

The State Parks Division operates 52 state parks and museums covering 53,569 acres of forest, wetlands, fish and wildlife habitat, outdoor recreation facilities and unique historic and cultural resources. The system includes over 865 buildings (including 183 historic structures) in its inventory with the buildings and contents insured for over \$300 million. Our state parks have over 1,799 campsites, over 963 picnic sites, 116 cabins, five lodges (278 guest rooms), eight restaurants, nine marinas, 283 miles of hiking trails, over 120 miles of roads, and hundreds of miles of utilities. The parks have over 9 million visitors

each year who come from all regions of the country. In fiscal year 2007 the parks took in over \$22.5 million in revenue. Each park is similar to a small city, except the population changes every week. There are constant maintenance needs with buildings, recreational facilities, roads, and utility systems. There are customer service, law enforcement, fire protection, visitor safety and security responsibilities to be concerned with on a daily basis.

Personnel Request - The State Parks Division requests 7 new positions and 17 restored positions. The positions are needed to staff: New facilities at Hobbs, Jacksonport, Moro Bay, and trail construction at Delta Heritage Trail along with front desk support at Queen Wilhelmina. We are also requesting three Park Superintendent Trainee positions to prepare for future park management roles.

Parks General Revenue (Appropriation 499) - The general revenue request for the Parks Division is "continuing level".

Parks Cash Fund (Appropriation 986) - Generated from the numerous retail facilities and services provided at the state parks and museums, this is a major operating fund for their operations. Five new and six restored positions are requested to support operations and to meet the demand for full-time positions at revenue facilities (\$334,198 for FY10 and \$341,879 for FY11). We are requesting an increase in Extra Help of \$490,485 for FY10 and \$500,294 for FY11 as a result of the increase in the federal minimum wage and an increase for long-term returning employees. An increase of \$148,104 for FY10 and \$154,324 for FY11 is needed to provide additional M&O throughout the parks system for increases related to higher fuel and utility costs and inflation. An increase in Conference Fees and Travel of \$10,000 each year of the biennium is needed to cover training needs of park staff responsible for managing, operating and administering state parks and museums. An increase in Professional Fees and Services of \$115,000 each year of the biennium is needed for additional expenses for advertising and marketing new facilities at Lake Fort Smith, Mississippi River and Hobbs along with inflation adjustments. An increase of \$472,950 in FY10 and \$480,214 in FY11 in Resale is needed for increasing prices and inflation system-wide and for new facilities coming on line. In order to replace deteriorated equipment and vehicles, our request is to re-establish Capital Outlay in the amount of \$525,000 each year of the biennium for the Central Office and Regional Offices. An increase of \$460,271 for each year of the biennium in Debt Service is needed for increases in the bond payment and interest for Mount Magazine. An increase in Operating Expenses for Network Services of \$760,012 in FY10 and \$303,301 in FY11 for WAN network services, computer hardware and software and to establish a point of sale system for merchandise sales at state park gift shops, stores and marinas and a golf pro shop. With annual sales of approximately \$3 million, an efficient modern system is needed for integration into AASIS and the park reservation system, to include bar-code scanning, inventory management for purchases, sales and vendor order tracking, physical inventory time savings and improved management of sales and reporting.

Amendment 75-1/8¢ Conservation Tax (Appropriation 500) - The request is to continue the long-term plan to repair, renovate, improve, expand and properly equip the 52 state parks. Two new and ten restored positions are requested to support operations and to meet the demand at new facilities. We are requesting an increase of \$67,247 in FY10 and \$68,592 in FY11 for Extra Help as a result of the increase in the federal minimum wage and an increase for long term returning employees. An additional \$668,277 in FY10 and \$717,438 in FY11 in M&O is needed to operate new facilities and cover increasing utility and fuel costs and inflation. Establish Capital Outlay in FY10 for \$1,360,101 and FY11 for \$1,428,106 in order to meet the parks and museums needs to replace worn out and deteriorated equipment and vehicles. Increase of \$82,477 in FY10 and \$169,077 for FY11 in Special Maintenance for increases in costs for plumbing, electrical, other building materials and inflation. Increase of \$3,000,000 in both years of the biennium in Construction for scheduled design and construction as a part of the long

term plan for the Conservation Amendment.

Arkansas Museum of Natural Resources - (Appropriation 984) - An increase of \$3,046 in FY10 and \$3,107 in FY11 for Extra Help as a result of the increase in the federal minimum wage and an increase for long term returning employees. An increase of \$17,000 each year of the biennium in M&O is needed to cover increasing utility and fuel costs and inflation.

Outdoor Recreation Grants Program: Federal Land & Water Conservation Fund - (Appropriation 2JJ) - Restoration of Regular Salaries of \$29,251 in FY10 and \$29,923 in FY11 is requested should the Conservation and Reinvestment Act grant program of LWCF be funded.

Outdoor Recreation Grants Program - (Appropriation 579) - Reduction of \$381,828 in both years of the biennium due to the Base Level exceeding the anticipated funding level.

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. 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 citizens working with governmental organizations to accomplish these programs, contributing more than \$5.00 in cost avoidance benefit value to each program dollar. To strengthen this relationship, we wish to increase communication, knowledge and training opportunities offered by the program.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
DEPARTMENT OF PARKS AND TOURISM

FOR THE YEAR ENDED JUNE 30, 2007

	Findings	Recommendations
Review of the Agency's fixed asset accounts revealed material differences between the balances recorded on the Arkansas Administrative Statewide Information System (AASIS) and the amounts recorded on the Agency's subsidiary ledger. The variances were caused by errors in recording the initial balances in AASIS for fiscal year 2002 and remain uncorrected as of the end of field work. Material variances noted are as follows:		Continue to work with the Department of Finance and Administration in order to correct the fixed asset account balances in AASIS.
	Balance as of June 30, 2007	
Description	Per Audit	Per AASIS
	Variance	
Buildings	\$127,913,584	\$ 64,224,813
Construction		
in progress	11,292,391	96,016,681
Improvements	20,245,248	10,417,536
Infrastructure	60,828,611	34,816,621
	\$220,279,834	\$205,475,651
Total assets	\$14,804,183	

In December of 2007 the Agency submitted to the Department of

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
DEPARTMENT OF PARKS AND TOURISM

FOR THE YEAR ENDED JUNE 30, 2007

Findings

Recommendations

Finance and Administration the adjustments that need to be made in AASIS in order to correct fixed asset account balances; however, approval to make the adjustments had not been granted as of the end of fieldwork.

Employment Summary

	Male	Female	Total	%
White Employees	331	299	630	90 %
Black Employees	18	34	52	7 %
Other Racial Minorities	10	10	20	3 %
Total Minorities			72	10 %
Total Employees			702	100 %

Publications

A.C.A. 25-1-204

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

Department Appropriation Summary

Historical Data

Agency Request and Executive Recommendation

Appropriation	2007-2008		2008-2009		2008-2009		2009-2010					2010-2011						
	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	179,457	0	260,000	0	260,000	0	260,000	0	260,000	0	260,000	0	260,000	0	260,000	0	260,000	0
21J SCORP Program-Federal	757,158	2	6,677,380	2	6,722,954	3	6,681,897	2	6,721,982	3	6,721,982	3	6,683,261	2	6,724,150	3	6,724,150	3
433 Museum Natural Res-Spec Rev	103,697	2	113,228	2	114,260	2	124,638	2	124,638	2	124,638	2	126,970	2	126,970	2	126,970	2
499 State Operations	19,965,383	450	20,238,746	443	20,170,401	444	21,672,191	443	21,846,251	444	21,846,251	444	22,061,921	443	22,141,454	444	22,141,454	444
500 Conservation Tax	27,629,743	126	29,204,785	133	29,135,496	143	28,356,758	133	33,954,978	144	33,954,978	144	28,447,642	133	34,304,917	145	34,304,917	145
501 Museum Natural Res-ConsTax	66,494	0	66,500	0	66,500	0	66,500	0	66,500	0	66,500	0	66,500	0	66,500	0	66,500	0
502 Keep Arkansas Beautiful-ConsTax	608,385	3	702,928	3	697,792	3	707,934	3	749,836	3	707,934	3	710,858	3	752,760	3	710,858	3
504 Tourism Promotion-Special Rev	11,464,016	7	12,706,855	7	13,298,070	7	12,695,339	7	13,822,855	7	13,822,855	7	12,700,073	7	14,147,355	7	14,147,355	7
579 Outdoor Recreation Grants Prg	2,682,759	4	4,831,316	4	4,849,746	4	4,848,198	4	4,466,370	4	4,466,370	4	4,851,702	4	4,469,874	4	4,469,874	4
984 Museum Natural Resources-Treas	160,849	3	171,091	3	198,547	3	177,120	3	197,428	3	197,428	3	179,897	3	200,271	3	200,271	3
986 Operations & Construction-Cash in Treasury	20,115,571	140	23,909,360	151	22,453,838	157	22,615,358	151	26,095,117	162	26,095,117	162	22,728,020	151	25,784,388	162	25,784,388	162
994 Retirement & Relocation Program	228,226	0	228,278	0	228,278	0	228,278	0	500,000	0	228,278	0	228,278	0	500,000	0	228,278	0
995 Tourism - Cash in Treasury	4,101	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	12,585	0	49,633	0	49,633	0	49,633	0	49,633	0	49,633	0	49,633	0	49,633	0	49,633	0
NOT REQUESTED FOR THE BIENNIUM																		
1VH Motorcoach Incentive	0	0	0	0	100,000	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	83,978,424	737	99,225,300	748	98,410,715	766	98,549,044	748	108,920,788	772	108,607,164	772	99,159,955	748	109,593,472	773	109,279,848	773

Funding Sources		%		%		%		%		%		%		%		%		%
Fund Balance	4000005	28,339,978	24.1	33,457,027	26.0	29,301,399	23.0	29,301,399	22.9	29,301,399	23.0	29,047,019	22.2	19,161,142	15.8	19,203,044	15.9	
General Revenue	4000010	19,986,223	17.0	20,267,842	15.8	21,900,469	17.2	22,346,251	17.4	21,900,469	17.2	22,290,199	17.1	22,641,454	18.7	22,290,199	18.4	
Federal Revenue	4000020	757,158	0.6	6,677,380	5.2	6,681,897	5.2	6,721,982	5.2	6,721,982	5.3	6,683,261	5.1	6,724,150	5.6	6,724,150	5.6	
Special Revenue	4000030	82,919	0.1	84,668	0.1	113,014	0.1	113,014	0.1	113,014	0.1	126,970	0.1	126,970	0.1	126,970	0.1	
Cash Fund	4000045	26,779,595	22.8	24,324,301	18.9	24,841,612	19.5	24,841,612	19.4	24,841,612	19.5	25,384,936	19.4	25,384,936	21.0	25,384,936	21.0	
Trust Fund	4000050	11,492,356	9.8	12,707,355	9.9	12,795,363	10.0	12,795,363	10.0	12,795,363	10.0	13,947,355	10.7	13,947,355	11.5	13,947,355	11.5	
Merit Adjustment Fund	4000055	207,386	0.2	199,182	0.2	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	
Interest	4000300	22,563	0.0	15,000	0.0	15,000	0.0	15,000	0.0	15,000	0.0	15,000	0.0	15,000	0.0	15,000	0.0	
Real Estate Transfer Tax	4000403	2,277,229	1.9	2,364,334	1.8	2,482,551	1.9	2,482,551	1.9	2,482,551	1.9	2,612,684	2.0	2,612,684	2.2	2,612,684	2.2	
Conservation Tax	4000453	27,237,211	23.2	28,179,610	21.9	29,214,758	22.9	29,214,758	22.8	29,214,758	22.9	30,280,106	23.2	30,280,106	25.0	30,280,106	25.1	

Funding Sources			%		%		%		%		%		%		%
Tobacco Settlement	4000495	252,833	0.2	250,000	0.2										
						250,000	0.2	250,000	0.2	250,000	0.2	250,000	0.2	250,000	0.2
Total Funds		117,435,451	100.0	128,526,699	100.0	127,596,063	100.0	128,081,930	100.0	127,636,148	100.0	130,637,530	100.0	121,143,797	100.0
Excess Appropriation/(Funding)		(33,457,027)		(29,301,399)		(29,047,019)		(19,161,142)		(19,028,984)		(31,477,575)		(11,550,325)	
Grand Total		83,978,424		99,225,300		98,549,044		108,920,788		108,607,164		99,159,955		109,593,472	

Actual number of positions may exceed the Authorized due to the flexibility inherent in the authorization of all positions through one salary section in appropriation acts (Appropriation 499) .

The FY09 Budget amount for State Operations (Appropriation 499), Conservation Tax (Appropriation 500), and Keep Arkansas Beautiful (Appropriation 502) exceeds the authorized amount due to salary adjustments during the 2007 -2009 biennium.

The FY09 Budget amount for Operations & Construction - Cash in Treasury (Appropriation 986) exceeds the authorized amount due transfers from the Cash Fund Holding Account as well as salary adjustments during the 2007-2009 biennium.

Variances in fund balances are due to unfunded appropriation (Appropriation 499).

Agency Position Usage Report

FY2006 - 2007						FY2007 - 2008						FY2008 - 2009					
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	
724	677	27	704	20	6.49 %	766	704	44	748	18	8.09 %	766	702	46	748	18	8.36 %

Analysis of Budget Request

Appropriation: 1MH - Trails for Life Grants

Funding Sources: NPT - Parks Treasury Fund

This appropriation is funded by proceeds derived from the Health Department - Tobacco Settlement Proceeds Act for grants to cities and counties for the purpose of constructing health and fitness trails and other related facilities that target public health and fitness improvements in their communities.

The Agency Request is for Base Level.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 1MH - Trails for Life Grants

Funding Sources: NPT - Parks Treasury Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2009-2010			2010-2011		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid	5100004	179,457	260,000	260,000	260,000	260,000	260,000	260,000	260,000	260,000
Total		179,457	260,000	260,000	260,000	260,000	260,000	260,000	260,000	260,000
Funding Sources										
Fund Balance	4000005	424,442	520,381		525,381	525,381	525,381	530,381	530,381	530,381
Interest	4000300	22,563	15,000		15,000	15,000	15,000	15,000	15,000	15,000
Tobacco Settlement	4000495	252,833	250,000		250,000	250,000	250,000	250,000	250,000	250,000
Total Funding		699,838	785,381		790,381	790,381	790,381	795,381	795,381	795,381
Excess Appropriation/(Funding)		(520,381)	(525,381)		(530,381)	(530,381)	(530,381)	(535,381)	(535,381)	(535,381)
Grand Total		179,457	260,000		260,000	260,000	260,000	260,000	260,000	260,000

Special Language provides for carry forward of appropriation. The carry forward amount for FY09 was \$100,543.

CARRY FORWARD OF ANY UNEXPENDED BALANCE OF APPROPRIATION AND/OR FUNDING FROM FISCAL YEAR 2008 TO FISCAL YEAR 2009

Agency: Parks & Tourism Department

Program: Trails for Life Grants-Treas

Act #: 1227 of 2007 Section(s) #: 26 & 29

Estimated Carry Forward Amount \$ 100,543.00 Appropriation Funds

Funding Source: Cash

Accounting Information:

Business Area: 0900 Funds Center: 1MH Fund: NPT Functional Area: REC

Line Item	Commitment Item	Estimated Carry Forward Amount	Actual Carry Forward Amount
Grants and Aid	5100004	100,543.00	100,542.66
Total		\$ 100,543.00	\$ 100,542.66

Current law requires a written statement be submitted to the DFA Office of Budget stating the reason(s) to carry forward appropriation and/or funding for a program or a specific line item within a program from the first fiscal year of the biennium to the second fiscal year of the biennium.

Justification for carry forward of unexpended balance of appropriation and/or funding:

To ensure the Agency has sufficient appropriation available to fund grant awards from Tobacco Settlement proceeds.

Actual Funding Carry Forward Amount \$ 0.00

Current status of carry forward appropriation/funding:

Current carry forward appropriation is used for grants awarded from proceeds received from the Tobacco Settlement.

Richard Davies
Executive Director

08-22-2008
Date

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 salaries for classified positions reflect the recommendations of the Pay Plan Study. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries may include board member Stipends payments and Career Service payments for eligible employees. Personal Services Matching includes a \$75 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

The Agency's Change Level request of \$40,085 in FY10 and \$40,889 in FY11 in Regular Salaries & Personal Services Matching provides for the restoration of one (1) Administrative Analyst position should the Conservation and Reinvestment Act Grant Program of LWCF be funded.

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		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	41,705	47,313	80,951	49,584	78,835	78,835	50,724	80,647	80,647
#Positions		2	2	3	2	3	3	2	3	3
Personal Services Matching	5010003	17,058	17,672	29,608	19,918	30,752	30,752	20,142	31,108	31,108
Operating Expenses	5020002	22,889	25,800	25,800	25,800	25,800	25,800	25,800	25,800	25,800
Conference & Travel Expenses	5050009	0	4,600	4,600	4,600	4,600	4,600	4,600	4,600	4,600
Professional Fees	5060010	0	0	0	0	0	0	0	0	0
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Grants and Aid	5100004	675,506	6,581,995	6,581,995	6,581,995	6,581,995	6,581,995	6,581,995	6,581,995	6,581,995
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Total		757,158	6,677,380	6,722,954	6,681,897	6,721,982	6,721,982	6,683,261	6,724,150	6,724,150
Funding Sources										
Federal Revenue	4000020	757,158	6,677,380		6,681,897	6,721,982	6,721,982	6,683,261	6,724,150	6,724,150
Total Funding		757,158	6,677,380		6,681,897	6,721,982	6,721,982	6,683,261	6,724,150	6,724,150
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		757,158	6,677,380		6,681,897	6,721,982	6,721,982	6,683,261	6,724,150	6,724,150

Change Level by Appropriation

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

Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	6,681,897	2	6,681,897	100.0	6,683,261	2	6,683,261	100.0
C01	Existing Program	40,085	1	6,721,982	100.6	40,889	1	6,724,150	100.6

Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	6,681,897	2	6,681,897	100.0	6,683,261	2	6,683,261	100.0
C01	Existing Program	40,085	1	6,721,982	100.6	40,889	1	6,724,150	100.6

Justification

C01	Restore – Administrative Analyst (C115) for the Outdoor Recreation Grants program should the Conservation and Reinvestment Act Grant program of LWCF be funded.
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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 salaries for classified positions reflect the recommendations of the Pay Plan Study. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries may include board member Stipends payments and Career Service payments for eligible employees. Personal Services Matching includes a \$75 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

The Agency Request is for Base Level.

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		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	64,873	73,134	73,134	81,169	81,169	81,169	83,119	83,119	83,119
#Positions		2	2	2	2	2	2	2	2	2
Personal Services Matching	5010003	21,753	22,734	23,766	26,109	26,109	26,109	26,491	26,491	26,491
Operating Expenses	5020002	17,071	17,360	17,360	17,360	17,360	17,360	17,360	17,360	17,360
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		103,697	113,228	114,260	124,638	124,638	124,638	126,970	126,970	126,970
Funding Sources										
Fund Balance	4000005	60,962	40,184		11,624	11,624	11,624	0	0	0
Special Revenue	4000030	82,919	84,668		113,014	113,014	113,014	126,970	126,970	126,970
Total Funding		143,881	124,852		124,638	124,638	124,638	126,970	126,970	126,970
Excess Appropriation/(Funding)		(40,184)	(11,624)		0	0	0	0	0	0
Grand Total		103,697	113,228		124,638	124,638	124,638	126,970	126,970	126,970

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 salaries for classified positions reflect the recommendations of the Pay Plan Study as well as the recommendation for two unclassified positions to classified. Salaries are adjusted accordingly. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries may include board member Stipends payments and Career Service payments for eligible employees. Personal Services Matching includes a \$75 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

The Agency's Change Level requests total \$174,060 in FY10 and \$79,533 in FY11 and reflect the following:

Regular Salaries & Personal Services Matching totaling \$43,670 in FY10 and \$44,556 in FY11 to restore an existing Computer Support Analyst to provide additional support for 700+ computers, a multitude of printers and peripheral equipment and 700-1200 employees.

Operating Expenses of \$43,590 in FY10 and \$34,977 in FY11. These increases are necessary to maintain the current level of operations and support of agency staff and to cover the rising costs for fuel, travel, utilities, office equipment, rent and other related expenses.

Capital Outlay of \$86,800 in FY10 for a new printing press to replace a 27 year-old printing press that has incurred numerous repair expenses in order to produce a quality printing job.

The Executive Recommendation provides for the Agency Request with no additional general revenue funding.

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		
	2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	13,790,101	14,122,812	13,834,676	14,923,502	14,955,751	14,955,751	15,249,228	15,282,218	15,282,218
#Positions	450	443	444	443	444	444	443	444	444
Extra Help 5010001	20,564	23,032	23,032	23,032	23,032	23,032	23,032	23,032	23,032
#Extra Help	6	18	18	18	18	18	18	18	18
Personal Services Matching 5010003	4,615,768	4,551,195	4,770,986	5,183,950	5,195,371	5,195,371	5,247,954	5,259,520	5,259,520
Operating Expenses 5020002	514,653	514,916	514,916	514,916	558,506	558,506	514,916	549,893	549,893
Conference & Travel Expenses 5050009	2,884	4,950	4,950	4,950	4,950	4,950	4,950	4,950	4,950
Professional Fees 5060010	0	0	0	0	0	0	0	0	0
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Grants and Aid 5100004	22,160	22,588	22,588	22,588	22,588	22,588	22,588	22,588	22,588
Capital Outlay 5120011	0	0	0	0	86,800	86,800	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	682,890	682,890	682,890	682,890	682,890	682,890	682,890	682,890	682,890
Conference-DAC 5900048	100	100	100	100	100	100	100	100	100
Total	19,965,383	20,238,746	20,170,401	21,672,191	21,846,251	21,846,251	22,061,921	22,141,454	22,141,454
Funding Sources									
General Revenue 4000010	19,757,997	20,039,564		21,672,191	21,846,251	21,672,191	22,061,921	22,141,454	22,061,921
Merit Adjustment Fund 4000055	207,386	199,182		0	0	0	0	0	0
Total Funding	19,965,383	20,238,746		21,672,191	21,846,251	21,672,191	22,061,921	22,141,454	22,061,921
Excess Appropriation/(Funding)	0	0		0	0	174,060	0	0	79,533
Grand Total	19,965,383	20,238,746		21,672,191	21,846,251	21,846,251	22,061,921	22,141,454	22,141,454

Actual number of positions may exceed the Authorized number of positions due to the flexibility inherent in the authorization of all positions through one salary section in appropriation acts.

The FY09 Budget amount in Regular Salaries exceeds the authorized amount due to salary adjustments during the 2007-2009 biennium.

Change Level by Appropriation

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

Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	21,672,191	443	21,672,191	100.0	22,061,921	443	22,061,921	100.0
C01	Existing Program	99,086	0	21,771,277	100.5	13,995	0	22,075,916	100.1
C03	Discontinue Program	(100)	0	21,771,177	100.5	(4,390)	0	22,071,526	100.0
C08	Technology	75,074	1	21,846,251	100.8	69,928	1	22,141,454	100.4

Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	21,672,191	443	21,672,191	100.0	22,061,921	443	22,061,921	100.0
C01	Existing Program	110,507	0	21,782,698	100.5	25,561	0	22,087,482	100.1
C03	Discontinue Program	(100)	0	21,782,598	100.5	(4,390)	0	22,083,092	100.1
C08	Technology	63,653	1	21,846,251	100.8	58,362	1	22,141,454	100.4

Justification

C01	Additional M & O is requested to cover the normal inflationary increase in cost of doing business. These requests are necessary to maintain the current level of operations and support of agency staff and to cover the rising prices for fuel, travel costs, utilities, office equipment, rent and other related expenses. Included in the request is an anticipated increase in board member expenses for an additional new member to the State Parks Travel and Recreation Commission due to an existing Commissioner reaching emeritus status. An additional cost element was added for vehicle licenses for the Executive Director and pool vehicles assigned to MIS and Personnel and for the warehouse/mailroom vehicles. Line item appropriation for this cost element was not included in the previous biennium budgets. Capital Outlay of \$86,600 is requested in 2010 to replace a 27+ year old printing press. Costs of repairs continue to rise and replacement parts are becoming more difficult to obtain. The press constantly needs repair and parts to keep it producing acceptable print quality jobs. Replacement of the press will avoid the cost and delays of commercial printing.
C03	A reduction in the Base Level of \$100 in FY2010 and FY2011 is due to no longer needing the Data Processing Equipment Maintenance Cost Element. Reduction of \$4,290 in Low Value Assets in the second year of the biennium is due to fewer replacements of computers in 2011 than in 2010, based on established computer replacement policy.
C08	The Administration Division's share of the Department technology budget includes an increase in IT expenditures for upgrades from Microsoft 2003 to Microsoft 2007, hardware and software costs for record retention electronic filing requirements, ongoing software support, increases in network service charges and the cost of normal computer replacement. The Department is requesting to restore a Computer Support Analyst position (C117) to provide additional IT support for 700+ computers, a multitude of printers and peripheral equipment and 700-1200 employees. IT Plan-Agency Desktop Software and Hardware.

Analysis of Budget Request

Appropriation: 500 - Conservation Tax

Funding Sources: SPT - Department 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 salaries for classified positions reflect the recommendations of the Pay Plan Study. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries may include board member Stipends payments and Career Service payments for eligible employees. Personal Services Matching includes a \$75 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

The Agency's Change Level requests totaling \$5,598,220 in FY10 and \$5,857,275 in FY11 reflect the following:

Regular Salaries & Personal Services Matching increases totaling \$414,974 in FY10 and \$468,815 in FY11 to support twelve (12) positions, including: 1) New positions - Park Superintendent I in FY10 at Moro Bay and Park Superintendent II in FY11 for Jacksonport State Park; and 2) Restored positions - Maintenance Specialist, Park Ranger, and Park Office Manager I at Mississippi River, Facility Manager I and Maintenance Technician at Pinnacle Mountain, Skilled Trades Supervisor and Museum Program Assistant I at Old Washington, Maintenance Technician at Delta Heritage Trail, Supervisor of Interpretive Programs at Ozark Folk Center, and a Park Superintendent II at Beaver Lake.

Extra Help and Personal Services Matching in the sum of \$72,391 in FY10 and \$73,839 in FY11 to offset federal minimum wage and 2% increase for long-term Extra Help employees.

Operating Expenses in the amount of \$668,277 in FY10 and \$717,438 in FY11 for utilities, building and grounds maintenance, fuel purchases, office supplies and equipment for new facilities at Delta Heritage, Jacksonport, Hobbs and Lake Fort Smith;

Capital Outlay of \$1,360,101 FY10 and \$1,428,106 in FY11 for replacing worn out and deteriorated equipment system-wide.

Construction totaling \$3,000,000 each year to offset the Department's Cash Operations due to loan repayments for major construction projects;

Special Maintenance of \$82,477 in FY10 and \$169,077 in FY11 for increases in the cost to replace plumbing, electrical and other building materials.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 500 - Conservation Tax

Funding Sources: SPT - Department 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		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	3,047,730	3,584,550	3,476,138	3,858,464	4,157,995	4,157,995	3,934,460	4,274,737	4,274,737
#Positions		126	133	143	133	144	144	133	145	145
Extra Help	5010001	895,922	1,034,260	1,034,260	1,034,260	1,101,507	1,101,507	1,034,260	1,102,852	1,102,852
#Extra Help		126	147	147	147	147	147	147	147	147
Personal Services Matching	5010003	1,343,734	1,350,015	1,389,138	1,523,408	1,643,995	1,643,995	1,538,296	1,672,081	1,672,081
Operating Expenses	5020002	11,368,174	11,078,035	11,078,035	11,078,035	11,746,312	11,746,312	11,078,035	11,795,473	11,795,473
Conference & Travel Expenses	5050009	0	0	0	0	0	0	0	0	0
Professional Fees	5060010	246,439	296,760	296,760	296,760	296,760	296,760	296,760	296,760	296,760
Construction	5090005	7,996,164	8,916,293	8,916,293	8,916,293	11,916,293	11,916,293	8,916,293	11,916,293	11,916,293
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	1,709,494	1,295,334	1,295,334	0	1,360,101	1,360,101	0	1,428,106	1,428,106
Special Maintenance	5120032	1,022,086	1,649,538	1,649,538	1,649,538	1,732,015	1,732,015	1,649,538	1,818,615	1,818,615
Total		27,629,743	29,204,785	29,135,496	28,356,758	33,954,978	33,954,978	28,447,642	34,304,917	34,304,917
Funding Sources										
Fund Balance	4000005	14,268,202	13,217,856		11,531,571	11,531,571	11,531,571	11,706,698	6,108,478	6,108,478
Conservation Tax	4000453	26,579,397	27,518,500		28,531,885	28,531,885	28,531,885	29,574,674	29,574,674	29,574,674
Total Funding		40,847,599	40,736,356		40,063,456	40,063,456	40,063,456	41,281,372	35,683,152	35,683,152
Excess Appropriation/(Funding)		(13,217,856)	(11,531,571)		(11,706,698)	(6,108,478)	(6,108,478)	(12,833,730)	(1,378,235)	(1,378,235)
Grand Total		27,629,743	29,204,785		28,356,758	33,954,978	33,954,978	28,447,642	34,304,917	34,304,917

The FY09 Budget amount in Regular Salaries exceeds the authorized amount due to salary adjustments during the 2007-2009 biennium.

Act 1227 of 2007 authorized \$11,872,903 in Operating Expense for FY08 due to new park facilities scheduled to open in FY08 and to offset loan repayments from Parks Cash appropriation (986) for Mt. Magazine construction bonds.

Actual exceeds Authorized Appropriation in Capital Outlay due to transfers from the DFA Motor Vehicle Acquisition Fund.

Special Language provides for carry forward of appropriation in Construction & Special Maintenance. The carry forward amount for FY09 was \$25,909,389.

Change Level by Appropriation

Appropriation: 500 - Conservation Tax

Funding Sources: SPT - Department of Parks & Tourism Treasury Fund

Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	28,356,758	133	28,356,758	100.0	28,447,642	133	28,447,642	100.0
C01	Existing Program	5,598,220	11	33,954,978	119.7	5,857,275	12	34,304,917	120.6

Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	28,356,758	133	28,356,758	100.0	28,447,642	133	28,447,642	100.0
C01	Existing Program	5,598,220	11	33,954,978	119.7	5,857,275	12	34,304,917	120.6

Justification

C01	<p>New Positions-Park Superintendent II for Jacksonport State Park to be used as an Assistant Superintendent. With the addition of two new facilities, a 9,000 sq. ft. Collection Management Facility (historic artifacts) and a 7,000 sq. ft. Visitor/Education Center, an Assistant will be needed in the second year of the biennium in order to meet increased administrative, supervisory, security needs, expanded visitor programs and meet the needs of the public. Park Superintendent I for Moro Bay State Park to be used as an Assistant Superintendent. Construction is underway for five rental cabins that will be open in the spring of 2009. An Assistant will be needed to provide administrative duties, supervision of additional employees, increased programming and providing security for new facilities and additional overnight guests. Restore Positions- Park Superintendent II, Facility Manager I, Museum Program Assistant I, Skilled Trades Supervisor, Park Office Manager I, Supervisor of Interpretive Programs, Park Ranger, Two Maintenance Technicians and a Maintenance Specialist in both FY10 and FY11. Other Operating Expenses-An increase in the Extra Help commitment item of \$67,247 in FY10 and \$68,592 in FY11 as a result of the increase in federal minimum wage and a 2% increase for other long term extra help employees. M&O-An increase of \$668,277 for FY10 and \$717,438 for FY11 is needed for additional M&O for new facilities at Delta Heritage Trail, Hobbs, Jacksonport, Lake Fort Smith, Mississippi River and Moro Bay. This increase also provides additional M&O throughout the parks system for increases related to higher fuel and utility costs and inflation. Capital Outlay-Establish the Capital Outlay in FY10 for \$1,360,101 and FY11 for \$1,428,106 in order to meet the parks and museums needs to replace worn out and deteriorated equipment. Special Maintenance-Increase by \$82,477 in FY10 and \$169,077 in FY11 for increases in costs for plumbing, electrical, other building materials and inflation. Construction-Increase by \$3,000,000 in both years of the biennium for scheduled design and construction as a part of the long term plan for the Conservation Amendment.</p>
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CARRY FORWARD OF ANY UNEXPENDED BALANCE OF APPROPRIATION AND/OR FUNDING FROM FISCAL YEAR 2008 TO FISCAL YEAR 2009

Agency: Parks & Tourism Department

Program: Conservation Tax

Act #: 1227 of 2007 Section(s) #: 6 & 30

Estimated Carry Forward Amount \$ 10,865,298.00 Appropriation Funds

Funding Source: Special

Accounting Information:

Business Area: 0900 Funds Center: 500 Fund: SPT Functional Area: REC

Line Item	Commitment Item	Estimated Carry Forward Amount	Actual Carry Forward Amount
Construction	5090005	10,152,593.00	24,483,453.46
Special Maintenance	5120032	712,705.00	1,425,935.58
Total		\$ 10,865,298.00	\$ 25,909,389.04

Current law requires a written statement be submitted to the DFA Office of Budget stating the reason(s) to carry forward appropriation and/or funding for a program or a specific line item within a program from the first fiscal year of the biennium to the second fiscal year of the biennium.

Justification for carry forward of unexpended balance of appropriation and/or funding:

To ensure that amounts will be available to pay contracts and commitments for various construction projects with Conservation Tax funding.

Actual Funding Carry Forward Amount \$ 0.00

Current status of carry forward appropriation/funding:

Commitment item 05 is currently used for systemwide design, major renovation, and construction of State Park facilities such as water & sewer systems, campgrounds, visitor centers. Major projects include Lake Fort Smith State Park, Mississippi River State Park, and Moro Bay State Park. Commitment item 32 carry forward is used for systemwide special maintenance which includes, renovation, repairing, replacing and restoring state park buildings and facilities, infrastructure and lands.

Richard Davies
Executive Director

08-22-2008
Date

Analysis of Budget Request

Appropriation: 501 - Museum Natural Res-Constax

Funding Sources: SPT - Department of Parks & Tourism Treasury Fund

This appropriation provides for Operating Expenses of the Museum of Natural Resources (formerly the Oil and Brine Museum). Funding is derived from the Conservation Tax levied by Amendment 75 (A.C.A. 19-6-484).

The Agency Request is for Base Level.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 501 - Museum Natural Res-Constax
Funding Sources: SPT - Department 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		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	66,494	66,500	66,500	66,500	66,500	66,500	66,500	66,500	66,500
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		66,494	66,500	66,500	66,500	66,500	66,500	66,500	66,500	66,500
Funding Sources										
Conservation Tax	4000453	66,494	66,500		66,500	66,500	66,500	66,500	66,500	66,500
Total Funding		66,494	66,500		66,500	66,500	66,500	66,500	66,500	66,500
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		66,494	66,500		66,500	66,500	66,500	66,500	66,500	66,500

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 salaries for classified positions reflect the recommendations of the Pay Plan Study as well as the recommendation for one unclassified position to classified. Salaries are adjusted accordingly. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries may include board member Stipends payments and Career Service payments for eligible employees. Personal Services Matching includes a \$75 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

The Agency's Change Level requests total \$41,902 each year and reflects the following:

Operating Expenses increase of \$12,300 each year for advertising tracking, freight costs, ground transportation, parking and fuel costs.

Grants and Aid in the amount of \$10,000 each year for organizational and project assistance and training to Keep Arkansas Beautiful and to invest in local community improvement organizations to attract, train and maintain volunteers.

Advertising Expense totaling \$19,602 each year to continue to improve citizen behavior via mass media, the Commission's primary vehicle for change.

The Executive Recommendation provides for the Base Level.

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		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	107,693	110,370	105,138	112,299	112,299	112,299	114,743	114,743	114,743
#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	34,567	33,879	33,975	36,956	36,956	36,956	37,436	37,436	37,436
Operating Expenses	5020002	65,538	102,228	102,228	102,228	114,528	102,228	102,228	114,528	102,228
Conference & Travel Expenses	5050009	0	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Professional Fees	5060010	40,000	40,400	40,400	40,400	40,400	40,400	40,400	40,400	40,400
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Grants and Aid	5100004	6,118	20,000	20,000	20,000	30,000	20,000	20,000	30,000	20,000
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Advertising Expense	5900047	354,469	392,051	392,051	392,051	411,653	392,051	392,051	411,653	392,051
Total		608,385	702,928	697,792	707,934	749,836	707,934	710,858	752,760	710,858
Funding Sources										
Fund Balance	4000005	314,779	297,714		189,396	189,396	189,396	97,835	55,933	97,835
Conservation Tax	4000453	591,320	594,610		616,373	616,373	616,373	638,932	638,932	638,932
Total Funding		906,099	892,324		805,769	805,769	805,769	736,767	694,865	736,767
Excess Appropriation/(Funding)		(297,714)	(189,396)		(97,835)	(55,933)	(97,835)	(25,909)	57,895	(25,909)
Grand Total		608,385	702,928		707,934	749,836	707,934	710,858	752,760	710,858

The FY08 Actual and FY09 Budget amounts in Regular Salaries and Personal Services Matching exceeds the authorized amounts due to salary and matching rate adjustments during the 2007-2009 biennium.

Change Level by Appropriation

Appropriation: 502 - Keep Arkansas Beautiful-ConsTax

Funding Sources: SBA - Keep Arkansas Beautiful

Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	707,934	3	707,934	100.0	710,858	3	710,858	100.0
C01	Existing Program	40,702	0	748,636	105.7	40,702	0	751,560	105.7
C08	Technology	1,200	0	749,836	105.9	1,200	0	752,760	105.9

Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	707,934	3	707,934	100.0	710,858	3	710,858	100.0
C01	Existing Program	0	0	707,934	100.0	0	0	710,858	100.0
C08	Technology	0	0	707,934	100.0	0	0	710,858	100.0

Justification

C01	Advertising tracking, freight costs, ground transportation and parking and fuel costs need to reflect actual current expenses and projected increases. We are increasingly attending more meetings that require an exhibitor fee; it needs to be charged under the appropriate commitment item. Commission meeting expenses are increasing due to the greater travel and lodging costs that are being incurred by Commissioners and staff attending meetings out in the state. In order to attract and retain volunteers to our two statewide cleanups each year, we offer T-shirts as incentives, some are provided by sponsors, but we are always far short of the number needed to furnish them to all volunteers, which is our goal and their expectation. We offer small matching grants now for organizational and project assistance and training to the Keep America Beautiful Certified Affiliates and other community organizations that furnish our 40,000 volunteers each year, but we need greater funding to offer more meaningful grants to help them sustain and insure their viability and effectiveness. We continually utilize mass communications to inspire, educate, influence and promote improved behaviors toward our state's prized environment. We reach citizens statewide through promotional and educational messages placed on electronic, broadcast and print media to provide information about our programs and events and to encourage voluntary participation by individuals, governmental, businesses and civic and community organizations. These communication costs are increasing; we must maintain our ability to communicate at the local community level through timely messages and information to support our volunteer groups and to attract and inform new potential volunteers to the opportunities we offer for environmental stewardship and improvement.
C08	The new technology request is required for renewal of IT licenses, services and software and DIS, training and hardware costs. IT Plan-Agency Desktop Software.

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 salaries for classified positions reflect the recommendations of the Pay Plan Study. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries may include board member Stipends payments and Career Service payments for eligible employees. Personal Services Matching includes a \$75 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

The Agency's Change Level requests total \$1,127,516 in FY10 and \$1,447,282 in FY11 reflect the following:

Operating Expenses increase of \$48,596 in FY10 and \$78,596 in FY11 to address postage increases for fulfillment of an expanding number of vacation information packet requests; and network services expenses as needed for replacement and upgrades of computer equipment & software licenses, as outlined in the Department's IT plan.

Capital Outlay in the amount of \$42,000 each year of the biennium for new digital photographic equipment for the photo library.

Tourism Promotion totaling \$50,000 in FY10 and \$100,000 in FY11 to increase the regional matching fund program which serves grassroots promotions across the state.

Advertising Expense in the amount of \$986,920 in FY10 and \$1,226,686 in FY11 for print, broadcast, and internet mass media advertising to promote tourism in Arkansas.

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		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	181,531	201,936	188,593	216,303	216,303	216,303	220,262	220,262	220,262
#Positions		7	7	7	7	7	7	7	7	7
Extra Help	5010001	16,175	19,000	19,000	19,000	19,000	19,000	19,000	19,000	19,000
#Extra Help		4	5	5	5	5	5	5	5	5
Personal Services Matching	5010003	69,169	70,612	70,634	79,729	79,729	79,729	80,504	80,504	80,504
Operating Expenses	5020002	1,105,701	1,478,674	1,478,674	1,478,674	1,527,270	1,527,270	1,478,674	1,557,270	1,557,270
Conference & Travel Expenses	5050009	99	3,860	3,860	3,860	3,860	3,860	3,860	3,860	3,860
Professional Fees	5060010	0	50,000	145,000	50,000	50,000	50,000	50,000	50,000	50,000
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	35,000	50,000	0	42,000	42,000	0	42,000	42,000
Tourist Promotion	5900046	862,490	886,490	912,490	886,490	936,490	936,490	886,490	986,490	986,490
Advertising Expense	5900047	9,228,851	9,961,283	10,429,819	9,961,283	10,948,203	10,948,203	9,961,283	11,187,969	11,187,969
Total		11,464,016	12,706,855	13,298,070	12,695,339	13,822,855	13,822,855	12,700,073	14,147,355	14,147,355
Funding Sources										
Fund Balance	4000005	1,198,652	1,226,992		1,227,492	1,227,492	1,227,492	1,327,516	200,000	200,000
Trust Fund	4000050	11,492,356	12,707,355		12,795,363	12,795,363	12,795,363	13,947,355	13,947,355	13,947,355
Total Funding		12,691,008	13,934,347		14,022,855	14,022,855	14,022,855	15,274,871	14,147,355	14,147,355
Excess Appropriation/(Funding)		(1,226,992)	(1,227,492)		(1,327,516)	(200,000)	(200,000)	(2,574,798)	0	0
Grand Total		11,464,016	12,706,855		12,695,339	13,822,855	13,822,855	12,700,073	14,147,355	14,147,355

The FY09 Budget amount in Regular Salaries exceeds the authorized amount due to salary adjustments during the 2007-2009 biennium.

Change Level by Appropriation

Appropriation: 504 - Tourism Promotion-Special Rev

Funding Sources: TDT - Tourism Development Trust

Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	12,695,339	7	12,695,339	100.0	12,700,073	7	12,700,073	100.0
C01	Existing Program	1,098,920	0	13,794,259	108.7	1,418,686	0	14,118,759	111.2
C08	Technology	28,596	0	13,822,855	108.9	28,596	0	14,147,355	111.4

Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	12,695,339	7	12,695,339	100.0	12,700,073	7	12,700,073	100.0
C01	Existing Program	1,098,920	0	13,794,259	108.7	1,418,686	0	14,118,759	111.2
C08	Technology	28,596	0	13,822,855	108.9	28,596	0	14,147,355	111.4

Justification

C01	This request is to replace or upgrade capital equipment and vehicles as needed—new digital photographic equipment is required to ensure that the photo library can meet the needs of publishers and editors from across the country, and new display cases at the welcome centers are needed to promote special events. An increase is needed to allow a boost to our advertising investments. As the tourism industry becomes increasingly competitive, Arkansas must maintain an active presence in the marketplace, getting our message in front of perspective travelers. The additional funds will allow us to expand our Internet campaigns and to purchase additional print and broadcast media. With the increased costs for fulfillment of vacation information, additional postage is being requested. An increase is also needed in the Regional Matching Funds program, which supports grassroots promotion of local tourism attractions. The state's 12 regions work hand-in-hand with the state, focusing consumer attention on local destinations and events. The additional funding will allow the regions to maintain and expand their advertising campaigns, reaching more travelers with their unique marketing messages.
C08	The technology request is required to meet additional needs for software license updates and network services from remote tourism sites to the central office. IT Plan-State Network Connectivity.

Analysis of Budget Request

Appropriation: 579 - Outdoor Recreation Grants Prg

Funding Sources: MPT - Parks & Tourism Outdoor Recreation

The Department 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 salaries for classified positions reflect the recommendations of the Pay Plan Study. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries may include board member Stipends payments and Career Service payments for eligible employees. Personal Services Matching includes a \$75 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

The Agency Request is for Base Level, with the exception of a reduction in the Grants and Aid line item of \$381,828 in both years due to the inability to certify funding to fully support the Base Level.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

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

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	171,324	174,207	180,492	178,300	178,300	178,300	181,230	181,230	181,230
#Positions		4	4	4	4	4	4	4	4	4
Extra Help	5010001	0	15,210	15,210	15,210	15,210	15,210	15,210	15,210	15,210
#Extra Help		0	1	1	1	1	1	1	1	1
Personal Services Matching	5010003	42,768	43,865	56,010	56,654	56,654	56,654	57,228	57,228	57,228
Operating Expenses	5020002	36,832	37,020	37,020	37,020	37,020	37,020	37,020	37,020	37,020
Conference & Travel Expenses	5050009	287	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	2,431,548	4,559,514	4,559,514	4,559,514	4,177,686	4,177,686	4,559,514	4,177,686	4,177,686
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Total		2,682,759	4,831,316	4,849,746	4,848,198	4,466,370	4,466,370	4,851,702	4,469,874	4,469,874
Funding Sources										
Fund Balance	4000005	6,714,981	6,309,451		3,842,469	3,842,469	3,842,469	1,476,822	1,858,650	1,858,650
Real Estate Transfer Tax	4000403	2,277,229	2,364,334		2,482,551	2,482,551	2,482,551	2,612,684	2,612,684	2,612,684
Total Funding		8,992,210	8,673,785		6,325,020	6,325,020	6,325,020	4,089,506	4,471,334	4,471,334
Excess Appropriation/(Funding)		(6,309,451)	(3,842,469)		(1,476,822)	(1,858,650)	(1,858,650)	762,196	(1,460)	(1,460)
Grand Total		2,682,759	4,831,316		4,848,198	4,466,370	4,466,370	4,851,702	4,469,874	4,469,874

Change Level by Appropriation

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

Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	4,848,198	4	4,848,198	100.0	4,851,702	4	4,851,702	100.0
C03	Discontinue Program	(381,828)	0	4,466,370	92.1	(381,828)	0	4,469,874	92.1

Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	4,848,198	4	4,848,198	100.0	4,851,702	4	4,851,702	100.0
C03	Discontinue Program	(381,828)	0	4,466,370	92.1	(381,828)	0	4,469,874	92.1

Justification

C03	Reduction of \$381,828 in both years of the biennium due to the Base Level exceeding anticipated funding levels.
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Analysis of Budget Request

Appropriation: 984 - Museum Natural Resources-Treas

Funding Sources: NPT - Parks Oil Museum

The Department utilizes this appropriation for personal services and operating expenses of the Museum of Natural Resources. Pursuant to Arkansas Code §26-58-302, funding is derived from a 2 cents per barrel tax on oil produced in the State and a 10 cents per 1,000 barrels tax on brine produced in the State for bromine extraction.

Base Level salaries for classified positions reflect the recommendations of the Pay Plan Study. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries may include board member Stipends payments and Career Service payments for eligible employees. Personal Services Matching includes a \$75 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

The Agency's Change Level requests of \$20,308 in FY10 and \$20,374 in FY11 reflects the following:

Extra Help and Personal Services Matching \$3,308 in FY10 and \$3,374 in FY11 for federal minimum wage increases and a 2% COLA for long-term extra help employees.

Operating Expenses of \$17,000 in each year to offset increases in fuel and utility costs.

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

Appropriation Summary

Appropriation: 984 - Museum Natural Resources-Treas

Funding Sources: NPT - Parks Oil Museum

Historical Data

Agency Request and Executive Recommendation

Commitment Item	Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
	2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	96,276	99,609	117,676	102,393	102,393	102,393	104,714	104,714	104,714
#Positions	3	3	3	3	3	3	3	3	3
Extra Help 5010001	11,071	10,000	10,000	10,000	13,046	13,046	10,000	13,107	13,107
#Extra Help	3	3	3	3	3	3	3	3	3
Personal Services Matching 5010003	34,866	32,982	42,371	36,227	36,489	36,489	36,683	36,950	36,950
Operating Expenses 5020002	6,493	6,500	6,500	6,500	23,500	23,500	6,500	23,500	23,500
Conference & Travel Expenses 5050009	0	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
Resale (COGS) 5090017	12,143	21,500	21,500	21,500	21,500	21,500	21,500	21,500	21,500
Capital Outlay 5120011	0	0	0	0	0	0	0	0	0
Total	160,849	171,091	198,547	177,120	197,428	197,428	179,897	200,271	200,271
Funding Sources									
Fund Balance 4000005	54,692	75,170		85,129	85,129	85,129	99,009	78,701	78,701
Cash Fund 4000045	181,327	181,050		191,000	191,000	191,000	191,000	191,000	191,000
Total Funding	236,019	256,220		276,129	276,129	276,129	290,009	269,701	269,701
Excess Appropriation/(Funding)	(75,170)	(85,129)		(99,009)	(78,701)	(78,701)	(110,112)	(69,430)	(69,430)
Grand Total	160,849	171,091		177,120	197,428	197,428	179,897	200,271	200,271

Actual exceeds Authorized Appropriation in Extra Help due to a transfer from the Cash Fund Holding Account.

Change Level by Appropriation

Appropriation: 984 - Museum Natural Resources-Treas

Funding Sources: NPT - Parks Oil Museum

Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	177,120	3	177,120	100.0	179,897	3	179,897	100.0
C01	Existing Program	20,308	0	197,428	111.5	20,374	0	200,271	111.3

Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	177,120	3	177,120	100.0	179,897	3	179,897	100.0
C01	Existing Program	20,308	0	197,428	111.5	20,374	0	200,271	111.3

Justification

C01	M&O- Increase by \$17,000 in each year of the biennium for increases related to higher fuel and utility costs as well as other increases in operational expenses. Other Operating Expenses – An increase in the Extra Help commitment item of \$3,046 in FY10 and \$3,107 in FY11 as a result of the increase in federal minimum wage and a 2% annual COLA increase for other long term extra help employees.
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Analysis of Budget Request

Appropriation: 986 - Operations & Construction-Cash in Treasury

Funding Sources: NPT - Parks Fund

This appropriation is financed by cash receipts and interest income generated by the State Park System. Cash receipts include the fees charged for park facility usage and/or property rentals, the sale of items purchased from gift shops, restaurant operations, and other miscellaneous receipts. The Department utilizes this appropriation to provide staff and operational support to park and museum activities.

Base Level salaries for classified positions reflect the recommendations of the Pay Plan Study. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries may include board member Stipends payments and Career Service payments for eligible employees. Personal Services Matching includes a \$75 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

The Agency's Change Level requests total \$3,479,759 in FY10 and \$3,056,368 in FY11 and reflect the following:

Regular Salaries & Personal Services Matching totaling \$497,937 in FY10 and \$507,965 in FY11 to support eleven (11) positions, including: 1) New positions - Desk Clerk at Queen Wilhelmina, three (3) Park Superintendent I at the Central Office to train for upcoming openings at various parks due to retirements, and a Skilled Tradesman at Delta Heritage Trail to build trails, bridges and signage projects; and 2) Restored Positions - Park & Tourism Regional Park Supervisor, General Maintenance Repairman, Museum Manager, Administrative Analyst and an Administrative Specialist III at the Central Office, and a Park Interpreter for the Ozark Folk Center.

Extra Help and Personal Services Matching increases of \$490,485 in FY10 and \$500,294 in FY11 to cover the minimum wage increase for six hundred forty-one existing positions and a 2% COLA increase for long-term extra help employees.

Operating Expenses of \$908,116 in FY10 and \$457,624 in FY11 for implementation of a Microsoft Enterprise Point of Sale System for merchandise & fuel sales at gift shops, stores, marinas, and golf pro shops system-wide, in order to integrate them with AASIS and the park reservation system, and to improve sales reporting and inventory tracking; and to offset higher fuel, utility, and inflation costs.

Conference & Travel Expenses totaling \$10,000 each year for reservation system training needs and staff professional development.

Professional Fees increases of \$115,000 in each year of the biennium to fund marketing and advertising for new facilities at Lake Fort Smith, Hobbs and Mississippi River.

Resale Items in the sum of \$472,950 in FY10 and \$480,214 in FY11 for increasing prices system-wide and the increase to supply new park facilities due to open in 2009.

Capital Outlay in the amount of \$525,000 each year for vehicle replacement and equipment needs at park facilities.

Debt Service increase totaling \$460,271 in each year for increases in bond payments and interest for Mount Magazine.

The Executive Recommendation provides for the Agency Request. 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		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	3,248,981	4,076,510	3,792,388	4,336,035	4,670,233	4,670,233	4,430,237	4,772,116	4,772,116
#Positions		140	151	157	151	162	162	151	162	162
Extra Help	5010001	3,195,857	3,733,275	3,584,892	3,584,892	4,075,377	4,075,377	3,584,892	4,085,186	4,085,186
#Extra Help		566	616	616	616	616	616	616	616	616
Personal Services Matching	5010003	1,932,779	1,748,404	1,785,032	1,927,905	2,091,644	2,091,644	1,946,365	2,112,451	2,112,451
Operating Expenses	5020002	2,076,535	3,526,282	3,526,282	3,526,282	4,434,398	4,434,398	3,526,282	3,983,906	3,983,906
Conference & Travel Expenses	5050009	20,386	30,000	30,000	30,000	40,000	40,000	30,000	40,000	40,000
Professional Fees	5060010	553,808	687,700	687,700	687,700	802,700	802,700	687,700	802,700	802,700
Construction	5090005	698,121	689,757	0	0	0	0	0	0	0
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Resale (COGS)	5090017	3,977,413	4,487,756	4,117,868	4,117,868	4,590,818	4,590,818	4,117,868	4,598,082	4,598,082
Capital Outlay	5120011	22,343	525,000	525,000	0	525,000	525,000	0	525,000	525,000
Debt Service	5120019	4,135,371	4,068,499	4,068,499	4,068,499	4,528,770	4,528,770	4,068,499	4,528,770	4,528,770
Contractual Services	5900043	253,977	336,177	336,177	336,177	336,177	336,177	336,177	336,177	336,177
Total		20,115,571	23,909,360	22,453,838	22,615,358	26,095,117	26,095,117	22,728,020	25,784,388	25,784,388
Funding Sources										
Fund Balance	4000005	5,184,541	11,640,869		11,836,760	11,836,760	11,836,760	13,808,758	10,328,999	10,328,999
Cash Fund	4000045	26,571,899	24,105,251		24,587,356	24,587,356	24,587,356	25,079,103	25,079,103	25,079,103
Total Funding		31,756,440	35,746,120		36,424,116	36,424,116	36,424,116	38,887,861	35,408,102	35,408,102
Excess Appropriation/(Funding)		(11,640,869)	(11,836,760)		(13,808,758)	(10,328,999)	(10,328,999)	(16,159,841)	(9,623,714)	(9,623,714)
Grand Total		20,115,571	23,909,360		22,615,358	26,095,117	26,095,117	22,728,020	25,784,388	25,784,388

The FY09 Budget amount in Regular Salaries exceeds the authorized amount due to salary adjustments during the 2007-2009 biennium.

FY09 Budgeted amount exceeds Authorized Appropriation in Extra Help and Resale (COGS) due to transfers from the Cash Fund Holding Account.

Change Level by Appropriation

Appropriation: 986 - Operations & Construction-Cash in Treasury

Funding Sources: NPT - Parks Fund

Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	22,615,358	151	22,615,358	100.0	22,728,020	151	22,728,020	100.0
C01	Existing Program	2,719,747	11	25,335,105	112.0	2,753,067	11	25,481,087	112.1
C08	Technology	760,012	0	26,095,117	115.4	303,301	0	25,784,388	113.4

Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	22,615,358	151	22,615,358	100.0	22,728,020	151	22,728,020	100.0
C01	Existing Program	2,719,747	11	25,335,105	112.0	2,753,067	11	25,481,087	112.1
C08	Technology	760,012	0	26,095,117	115.4	303,301	0	25,784,388	113.4

Justification

C01	<p>New Positions – Desk Clerk for Queen Wilhelmina to assist with the lodge and campground operations. Since the lodge is open 24 hours each day, two employees are needed to cover the front desk for the morning and evening shifts. Three Park Superintendent I positions in the Central Office are needed as Superintendent trainees to prepare for future park management roles caused by numerous retiring park management staff. Skilled Tradesman at the Delta Heritage Trail is needed to construct and build trails, bridges and signage projects for the 73 mile project. Restored Positions-Park Interpreter, Park & Tourism Regional Park Supervisor, General Maintenance Repairman, Museum Manager, Administrative Analyst and an Administrative Specialist III. Other Operating Expenses – An increase in the Extra Help commitment item of \$490,485 in FY10 and \$500,294 in FY11 as a result of the increase in Federal minimum wage and a 2% annual COLA increase for other long term extra help employees. M&O–An increase of \$148,104 for FY10 and \$154,323 for FY11 is needed to provide additional M&O throughout the parks system for increases related to higher fuel and utility costs and inflation. Conference Fees and Travel – An increase of \$10,000 each year of the biennium to cover training needs of park staff responsible for managing, operating and administering state parks and museums. Professional Fees and Services-An increase of \$115,000 in each year of the biennium is needed for additional expenses for marketing and advertising new facilities/parks at Lake Fort Smith, Mississippi River and Hobbs along with inflation adjustments. Resale – An increase of \$472,950 in FY10 and \$480,214 in FY11 for increasing prices and inflation system-wide and the increase in resale purchase items for the new facilities coming on line in the new biennium. Capital Outlay – To re-establish Capital Outlay each year of the biennium of \$525,000 for vehicle replacement and other equipment needs in the park systems Central and Regional Offices. Debt Service – An increase of \$460,271 for each year of the biennium is needed for increases in the bond payments and interest for Mount Magazine.</p>
C08	<p>M&O-An increase of \$760,012 in FY10 and \$303,301 in FY11 is needed for WAN network services, computer hardware and computer software and to establish a point of sale system for merchandise sales at state park gift shops, stores, marinas and a golf pro shop. With annual sales at approximately \$3 million, an efficient modern system is needed for integration into AASIS and the park reservation system, to include bar-code scanning, inventory management for purchases, sales and vendor order tracking, physical inventory time savings and improved management of sales and reporting. IT Plan-POS System, Hardware and Agency Desktop Software.</p>

Analysis of Budget Request

Appropriation: 994 - Retirement & Relocation Program

Funding Sources: HGA - Parks & Tourism Account

Act 609 of 1997 (A.C.A. §25-13-301) created the Retirement and Relocation Program to promote economic development of the State by encouraging retirees to relocate to Arkansas. Funding is derived from general revenues. The Department utilizes the appropriation for advertising expenses to encourage retirees to relocate to Arkansas.

The Agency's Change Level requests total \$271,722 each year and reflect the following:

Operating Expenses in the amount of \$3,341 each year for postage for increased promotional efforts.

Professional Fees of \$7,000 each year for website improvements.

Advertising Expense increase totaling \$261,381 each year to improve the State's opportunities to attract retiring baby boomers to Arkansas.

The Executive Recommendation provides for Base Level.

Appropriation Summary

Appropriation: 994 - Retirement & Relocation Program

Funding Sources: HGA - Parks & Tourism Account

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			2010-2011		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010 Base Level	2009-2010 Agency	2009-2010 Executive	2010-2011 Base Level	2010-2011 Agency	2010-2011 Executive
Operating Expenses	5020002	26,659	26,659	26,659	26,659	30,000	26,659	26,659	30,000	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	10,000	3,000	3,000	10,000	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	198,567	198,619	198,619	198,619	460,000	198,619	198,619	460,000	198,619
Total		228,226	228,278	228,278	228,278	500,000	228,278	228,278	500,000	228,278
Funding Sources										
General Revenue	4000010	228,226	228,278		228,278	500,000	228,278	228,278	500,000	228,278
Total Funding		228,226	228,278		228,278	500,000	228,278	228,278	500,000	228,278
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		228,226	228,278		228,278	500,000	228,278	228,278	500,000	228,278

Change Level by Appropriation

Appropriation: 994 - Retirement & Relocation Program

Funding Sources: HGA - Parks & Tourism Account

Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	228,278	0	228,278	100.0	228,278	0	228,278	100.0
C01	Existing Program	264,722	0	493,000	216.0	264,722	0	493,000	216.0
C08	Technology	7,000	0	500,000	219.0	7,000	0	500,000	219.0

Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	228,278	0	228,278	100.0	228,278	0	228,278	100.0
C01	Existing Program	0	0	228,278	100.0	0	0	228,278	100.0
C08	Technology	0	0	228,278	100.0	0	0	228,278	100.0

Justification

C01	The Agency requests an increase of \$264,722 for each year in Operating Expenses and Advertising Expense appropriations to (1) augment the state's annual retirement/relocation marketing program; and (2) to cover increased fulfillment costs associated with expanded promotional efforts. Given Arkansas' temperate climate, distinct seasons, favorable cost of living, reasonable taxes, and hospitable citizens, the state is ideally suited for baby boomers looking to relocate. The supplemental monies will allow Arkansas to more aggressively compete for this lucrative demographic group.
C08	The Agency requests an increase of \$7,000 in Professional Fees each year for improvements to our retirement and relocation website. ITPlan-Agency Desktop Software/Major Application Information.

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 unfunded balance of this request will be covered by these projected balances.

The Agency Request is for Base Level.

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			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	2,301	40,200	40,200	40,200	40,200	40,200	40,200	40,200	40,200
Conference & Travel Expenses	5050009	0	0	0	0	0	0	0	0	0
Professional Fees	5060010	0	0	0	0	0	0	0	0	0
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Resale (COGS)	5090017	1,800	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Total		4,101	65,200	65,200	65,200	65,200	65,200	65,200	65,200	65,200
Funding Sources										
Fund Balance	4000005	70,994	85,169		40,969	40,969	40,969	0	0	0
Cash Fund	4000045	18,276	21,000		24,231	24,231	24,231	65,200	65,200	65,200
Total Funding		89,270	106,169		65,200	65,200	65,200	65,200	65,200	65,200
Excess Appropriation/(Funding)		(85,169)	(40,969)		0	0	0	0	0	0
Grand Total		4,101	65,200		65,200	65,200	65,200	65,200	65,200	65,200

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 Request is for Base Level.

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	2007-2008	2008-2009	2008-2009	2009-2010			2010-2011		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Various Exp. - Entertainers Hall 5900046	12,585	49,633	49,633	49,633	49,633	49,633	49,633	49,633	49,633
Total	12,585	49,633	49,633	49,633	49,633	49,633	49,633	49,633	49,633
Funding Sources									
Fund Balance 4000005	47,733	43,241		10,608	10,608	10,608	0	0	0
Cash Fund 4000045	8,093	17,000		39,025	39,025	39,025	49,633	49,633	49,633
Total Funding	55,826	60,241		49,633	49,633	49,633	49,633	49,633	49,633
Excess Appropriation/(Funding)	(43,241)	(10,608)		0	0	0	0	0	0
Grand Total	12,585	49,633		49,633	49,633	49,633	49,633	49,633	49,633

Appropriation Summary

Appropriation: 1VH - Motorcoach Incentive

Funding Sources: NPT-Parks Treasury Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item	Historical Data			2009-2010			2010-2011		
	2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Motorcoach Incentive Payments 5900046	0	0	100,000	0	0	0	0	0	0
Total	0	0	100,000	0	0	0	0	0	0

THIS APPROPRIATION IS NOT REQUESTED FOR THE NEW BIENNIUM.

DEPT OF PARKS & TOURISM - HISTORY COMMISSION

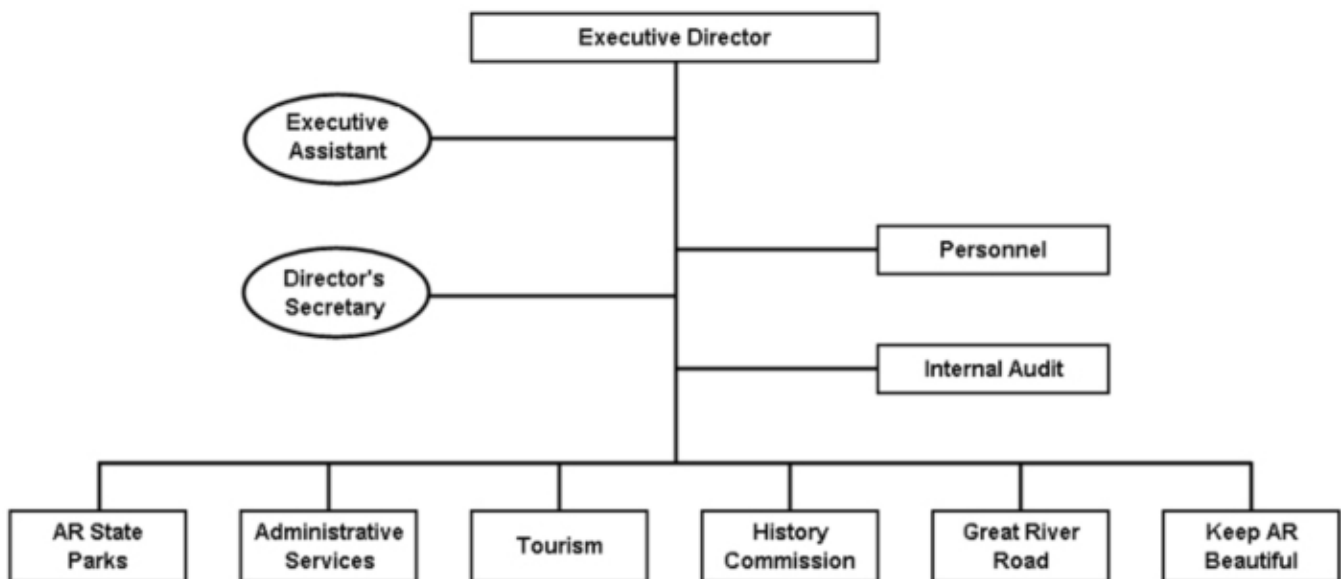
Enabling Laws

Acts 420 and 480 of 2007
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, newspaper files, maps and photographs. Two public research rooms in Little Rock and Washington 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 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 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.



Agency Commentary

The History Commission's budget request is Base Level plus (1) funds for new positions and operating expenses to establish the Northeast Arkansas Regional Archives at Powhatan Historic State Park, an operation similar to the existing program at Historic Washington State Park; (2) funds for technology-related equipment and services to enable the State Archives to meet ever-increasing demands for information delivered via the internet; and (3) program improvements needed as a result of growth of outreach activities and greater services for visitors/patrons, with a particular emphasis on technology and web development.

The Arkansas History Commission (AHC) is the state's largest archival institution and keeper of Arkansas' documentary heritage. The AHC's primary goals are to collect historical Arkansas material, 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. To keep the State Archives at levels commensurate with those of other states, more money is needed for technology, positions, and operations to serve the thousands of researchers who visit each year. Unfortunately, budget increases have been virtually non-existent in recent years, even with tremendous changes in technology. After salaries and facilities rental expenses are paid, only \$82,000 remains to support of a staff of twenty-three to operate public research rooms and preservation facilities at two locations to preserve the State's most valuable treasures. Advances in technology establish a critical need for additional services, personnel, and equipment to adequately serve the public and maintain state-of-the-art research facilities equal to those in other states.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
DEPARTMENT OF PARKS AND TOURISM
HISTORY COMMISSION

FOR THE YEAR ENDED JUNE 30, 2006

Findings	Recommendations
None	None

Employment Summary

	Male	Female	Total	%
White Employees	3	15	18	78 %
Black Employees	0	5	5	22 %
Other Racial Minorities	0	0	0	0 %
Total Minorities			5	22 %
Total Employees			23	100 %

Publications

A.C.A. 25-1-204

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

Department Appropriation Summary

Historical Data

Agency Request and Executive Recommendation

Appropriation	2007-2008		2008-2009		2008-2009		2009-2010						2010-2011					
	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	1,459,254	23	1,481,273	23	1,496,480	23	1,560,705	23	1,919,616	26	1,600,705	23	1,582,790	23	2,063,884	29	1,669,102	25
955 History Commission-Cash in Treasury	45,292	0	79,000	0	79,000	0	79,000	0	79,000	0	79,000	0	79,000	0	79,000	0	79,000	0
Total	1,504,546	23	1,560,273	23	1,575,480	23	1,639,705	23	1,998,616	26	1,679,705	23	1,661,790	23	2,142,884	29	1,748,102	25

Funding Sources		%		%		%		%		%		%		%		%
Fund Balance 4000005	49,766	3.2	61,577	3.9			27,765	1.7	27,765	1.4	27,765	1.6	3,765	0.2	3,765	0.2
General Revenue 4000010	1,459,254	93.2	1,481,273	93.3			1,560,705	95.0	1,919,616	95.9	1,600,705	95.1	1,582,790	95.2	2,063,884	96.3
Cash Fund 4000045	57,103	3.6	45,188	2.8			55,000	3.3	55,000	2.7	55,000	3.3	75,235	4.5	75,235	3.5
Total Funds	1,566,123	100.0	1,588,038	100.0			1,643,470	100.0	2,002,381	100.0	1,683,470	100.0	1,661,790	100.0	2,142,884	100.0
Excess Appropriation/(Funding)	(61,577)		(27,765)				(3,765)		(3,765)		(3,765)		0		0	
Grand Total	1,504,546		1,560,273				1,639,705		1,998,616		1,679,705		1,661,790		2,142,884	

Agency Position Usage Report

FY2006 - 2007						FY2007 - 2008						FY2008 - 2009					
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	
23	23	0	23	0	0.00 %	23	23	0	23	0	0.00 %	23	23	0	23	0	0.00 %

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.

The Commission is requesting to open the Northeast Arkansas Regional Archives (NEARA) near Powhatan State Park in Lawrence County in cooperation with the Department of Parks & Tourism and the Lawrence County Historical Society.

Base Level salaries for classified positions reflect the recommendations of the Pay Plan Study and unclassified positions reflect similar adjustments in line item salaries. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries may include board member Stipends payments and Career Service payments for eligible employees. Personal Services Matching includes a \$75 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

The Agency's Change Level requests total \$358,911 in FY10 and \$481,094 in FY11 and reflect the following:

Regular Salaries & Personal Services Matching totaling \$123,381 in FY10 and \$245,564 in FY11 for three (3) new positions in FY10 and three (3) additional positions in FY11. These include: two (2) Archivists and one (1) Multi Media Specialists to support the Commission's main research and archival facility; and an Archival Manager, an Archivist and an Administrative Specialist II in FY11 to support the new NEARA archival facility at Powhatan State Park.

Extra Help & Personal Services Matching increase of \$21,530 each year to fund current Extra Help positions to provide assistance at the NEARA, Southwest Arkansas Regional Archives (SARA) and the Commission's main research and archival facility.

Operating Expenses in the amount of \$125,000 each year of the biennium for software & networking, database subscriptions, office supplies, educational & photographic supplies, member travel, vehicle maintenance and fuel to support the new NEARA facility.

Conference & Travel Expenses totaling \$14,000 each year for staff professional development.

Professional Fees in the sum of \$25,000 each year for website development and online archival.

Capital Outlay totaling \$50,000 each year for compact storage shelving for artifacts, office furniture for the NEARA and computer equipment as outlined in the Department's IT plan.

The Executive Recommendation provides for Base Level, with additional appropriation and general revenue funding of \$40,000 in FY10 and \$86,312 in FY11 to provide support to the NEARA as follows:

Regular Salaries & Personal Services Matching of \$76,312 in FY11 for one (1) Archival Manager (C118) and one (1) Administrative Assistant III (C109) to staff the facility.

Operating Expenses of \$30,000 in FY10 and \$10,000 in FY11 for office supplies, fixtures & furnishings, and low-value equipment for the facility.

Capital Outlay of \$10,000 in FY10 to provide fixed equipment for the facility.

Appropriation Summary

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

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	786,421	812,680	802,049	849,009	940,038	849,009	867,611	1,048,669	923,299
#Positions		23	23	23	23	26	23	23	29	25
Extra Help	5010001	6,358	10,300	10,300	10,300	30,300	10,300	10,300	30,300	10,300
#Extra Help		2	3	3	3	3	3	3	3	3
Personal Services Matching	5010003	242,546	233,607	259,445	276,710	310,592	276,710	280,193	346,229	300,817
Operating Expenses	5020002	413,530	414,110	414,110	414,110	539,110	444,110	414,110	539,110	424,110
Conference & Travel Expenses	5050009	363	396	396	396	14,396	396	396	14,396	396
Professional Fees	5060010	0	0	0	0	25,000	0	0	25,000	0
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	50,000	10,000	0	50,000	0
Black History Advisory Cmte	5900041	10,036	10,180	10,180	10,180	10,180	10,180	10,180	10,180	10,180
Total		1,459,254	1,481,273	1,496,480	1,560,705	1,919,616	1,600,705	1,582,790	2,063,884	1,669,102
Funding Sources										
General Revenue	4000010	1,459,254	1,481,273		1,560,705	1,919,616	1,600,705	1,582,790	2,063,884	1,669,102
Total Funding		1,459,254	1,481,273		1,560,705	1,919,616	1,600,705	1,582,790	2,063,884	1,669,102
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		1,459,254	1,481,273		1,560,705	1,919,616	1,600,705	1,582,790	2,063,884	1,669,102

The FY09 Budget amount in Regular Salaries exceeds the authorized amount due to salary and matching rate adjustments during the 2007-2009 biennium.

Change Level by Appropriation

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

Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	1,560,705	23	1,560,705	100.0	1,582,790	23	1,582,790	100.0
C01	Existing Program	213,911	3	1,774,616	113.7	281,396	3	1,864,186	117.8
C02	New Program	95,000	0	1,869,616	119.8	149,698	3	2,013,884	127.2
C08	Technology	50,000	0	1,919,616	123.0	50,000	0	2,063,884	130.4

Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	1,560,705	23	1,560,705	100.0	1,582,790	23	1,582,790	100.0
C01	Existing Program	0	0	1,560,705	100.0	0	0	1,582,790	100.0
C02	New Program	30,500	0	1,591,205	102.0	82,812	2	1,665,602	105.2
C08	Technology	9,500	0	1,600,705	102.6	3,500	0	1,669,102	105.5

Justification

C01	Growth in public programming activities and the resulting increases in patronage create the need for additional funds in a variety of areas. Naturally, the acquisition of the Southwest Arkansas Regional Archives in Washington in 2005 and the opening of the Northeast Arkansas Regional Archives planned for opening summer 2010 generate more needs in all of these areas. AHC-sponsored workshops held annually at Arkansas Post, Washington, Powhatan, and Little Rock require extra funds to produce. Presentations by individual staff members to local history groups and organizations add expenses. As leaders in the archival field in Arkansas, professional staff members need to keep abreast of new developments in archives and technology, making travel to national conferences such as the Society of American Archivists, National Association of Government Archives and Records Administrators almost a necessity. Archival/office supplies, postage, equipment maintenance/leases, and materials acquisitions create other expenses. Both funds and personnel are required to support the increased needs. A critical need exists to address the backlog of unprocessed materials and utilize new means of technology to make those materials available to the public. With the ever-evolving nature of the archival profession and greater emphasis on electronic access to historical materials, the AHC needs two archivist positions not only to address its existing backlog, but also to utilize technology to make its holdings accessible worldwide. At current staffing levels, it would take approximately twelve years to process the backlog, not accounting for new, incoming materials. Processing of hundreds of cubic feet of materials---from accessioning (recording receipt of new documents), to sorting, to organizing, to providing basic preservation aids (acid-free enclosures, removal of foreign objects such as paper clips, proper storage conditions), to preparing inventories, to ultimately delivering the information on-line---is a time-consuming task. Additionally, retrospective cataloging is needed to convert decades-old finding aids/inventories into electronic form so the information may be searched on the web. With an increase in volume of records received as a result of the AHC's role in the state's Records Retention Program, the additional material establishes a greater need for processing government records. Additional Extra Help funds would provide support to the professional archival staff in accomplishing these tasks. New demands from the public for "instant" information make a multimedia specialist position critical in taking the AHC's collections to researchers around the world.
C02	Pending funding, beginning in the summer of 2010, the Arkansas History Commission plans to open the NorthEast Arkansas Regional Archives (NEARA) facility at Powhatan Historic State Park. NEARA will serve the northeastern portion of the state, much as the AHC's Southwest Arkansas Regional Archives (SARA) serves that section. SARA's area of emphasis is the original Hempstead County, which includes portions of twelve different counties in southwest Arkansas. Likewise, NEARA will focus on northeastern Arkansas region, all of which was once within the original Lawrence County, among Arkansas' first counties to be established. Records from this northeastern region of Arkansas are among the state's oldest, and will comprise the core of the facility's research collection. The requested funds will enable the AHC to preserve and make available some of Arkansas' earliest official government documents, created while the Arkansas area was still a part of Missouri Territory. A regional archival facility, NEARA will be the result of a cooperative effort between the History Commission (to provide professional staffing), Arkansas State Parks (to provide facilities and maintenance), and the Lawrence County Historical Society, among others (to provide documents and research materials). It is anticipated that the facility will host hundreds of researchers during its first months of operation. The History Commission will be unable to operate NEARA without the requested new positions. Without these positions for the History Commission, Arkansas State Parks will not construct the NEARA facility, to which they have already committed. The public is eager for the project to begin: numerous articles have been published in newspapers and journals criticizing State Parks and the History Commission for not already opening the facility. M&O funds would purchase items needed for an operation that would be starting from "scratch"---from bookends to trashcans to paper clips. Capital funds are for shelving. Professional Fees would establish a webpage to inform the public about NEARA's services and holdings.
C08	The History Commission hosts thousands of researchers in its public research room each year, and receives hundreds of thousands of visits to its website. However, during its century-long existence, the AHC has devoted only a small amount of its budget to technology-related equipment and services. To keep the State Archives at levels achieved by other states and meet today's ever-increasing demands by the public for information delivered via computer, the AHC must continually work to improve the AHC's equipment, website and databases. This will provide greater research capabilities to in-house visitors as well as offer digital images of original documents and museum objects to users in Arkansas and around the world. As services and data grow, however, expenses for storage of that data and purchase/maintenance of equipment also grow. Increases in amounts spent for network services, communications, computer equipment/accessories, hardware, and software, reflect those growing needs. IT Plan-Agency Desktop Software, State Network Connectivity and Hardware.

Analysis of Budget Request

Appropriation: 955 - History Commission-Cash in Treasury

Funding Sources: NPT - History Commission-Cash in Treasury

This appropriation is utilized to provide for the operating expenses of the History Commission. Funding is derived from cash receipts generated from sales of microfilm, photographs, and photocopies.

The Agency's Request is for a Base Level.

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		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	45,292	79,000	79,000	79,000	79,000	79,000	79,000	79,000	79,000
Conference & Travel Expenses	5050009	0	0	0	0	0	0	0	0	0
Professional Fees	5060010	0	0	0	0	0	0	0	0	0
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Total		45,292	79,000	79,000	79,000	79,000	79,000	79,000	79,000	79,000
Funding Sources										
Fund Balance	4000005	49,766	61,577		27,765	27,765	27,765	3,765	3,765	3,765
Cash Fund	4000045	57,103	45,188		55,000	55,000	55,000	75,235	75,235	75,235
Total Funding		106,869	106,765		82,765	82,765	82,765	79,000	79,000	79,000
Excess Appropriation/(Funding)		(61,577)	(27,765)		(3,765)	(3,765)	(3,765)	0	0	0
Grand Total		45,292	79,000		79,000	79,000	79,000	79,000	79,000	79,000

ARKANSAS STATE BOARD OF PHYSICAL THERAPY

Enabling Laws

Act 89 of 2007
A.C.A. §17-93-201

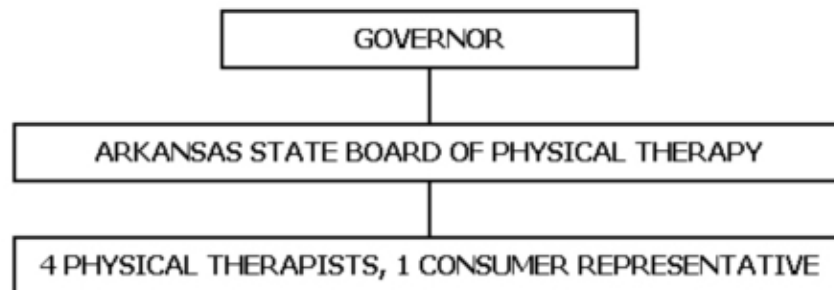
History and Organization

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 with the exception of a reallocation of \$2,000 from Data Processing to Operating Expenses in each year of the 2009-11 Biennium.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
ARKANSAS STATE BOARD OF PHYSICAL THERAPY
FOR THE YEAR ENDED JUNE 30, 2007

Findings	Recommendations
None	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, 2008

Fund Account	Balance	Type	Location
3460000	\$436,290	Investment Certificate of Deposit	Metropolitan/State Treasury

Statutory/Other Restrictions on use:

A.C.A. 17-93-203 provides for the deposit of funds.

Statutory Provisions for Fees, Fines, Penalties:

A.C.A. 17-93-203 authorizes the agency to collect fees.

Revenue Receipts Cycle:

Annual renewal fees are due by March of each year. Other funds are collected on an irregular basis.

Fund Balance Utilization:

Funds are expended for the purpose of regulating, licensing and examining physical therapists and physical therapist assistants.

Fund Account	Balance	Type	Location
3460000	\$63,126	Checking/Treasury	Metropolitan/State Treasury

Statutory/Other Restrictions on use:

A.C.A. 17-93-203 provides for the disposition 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.

Publications

A.C.A. 25-1-204

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
Annual Report	A.C.A. §17-93-203 (c)	Y	N	1	Report receipts and disbursements
Directory	A.C.A. §17-93-202 (4) (A)	N	N	2,700	Communication with Licensees
Newsletter	None	N	N	2,600	Practice Changes:Suspension

Agency Position Usage Report

FY2006 - 2007						FY2007 - 2008						FY2008 - 2009					
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	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

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 positions and provide operating expenses for the administration of the laws governing individuals who provide physical therapy services.

Base Level positions were changed from unclassified to classified to reflect the recommendations of the Pay Plan Study and salaries were adjusted accordingly. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries may include board member Stipends payments and Career Service payments for eligible employees. Personal Services Matching includes a \$75 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

The Board is requesting Base Level with the exception of a reallocation of \$2,000 from Data Processing to Operating Expenses to properly classify expenditures.

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

Historical Data

Agency Request and Executive Recommendation

Commitment Item		2007-2008	2008-2009	2008-2009	2009-2010			2010-2011		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	80,876	96,188	96,188	97,906	97,906	97,906	100,711	100,711	100,711
#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	24,642	26,511	28,012	28,691	28,691	28,691	29,217	29,217	29,217
Operating Expenses	5020002	52,627	87,833	87,833	87,833	89,833	89,833	87,833	89,833	89,833
Conference & Travel Expenses	5050009	1,022	3,489	3,489	3,489	3,489	3,489	3,489	3,489	3,489
Professional Fees	5060010	7,535	16,000	16,000	16,000	16,000	16,000	16,000	16,000	16,000
Data Processing	5090012	0	2,000	2,000	2,000	0	0	2,000	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Total		166,702	237,021	238,522	240,919	240,919	240,919	244,250	244,250	244,250
Funding Sources										
Fund Balance	4000005	475,029	499,416		367,174	367,174	367,174	301,255	301,255	301,255
Cash Fund	4000045	191,089	104,779		175,000	175,000	175,000	104,779	104,779	104,779
Total Funding		666,118	604,195		542,174	542,174	542,174	406,034	406,034	406,034
Excess Appropriation/(Funding)		(499,416)	(367,174)		(301,255)	(301,255)	(301,255)	(161,784)	(161,784)	(161,784)
Grand Total		166,702	237,021		240,919	240,919	240,919	244,250	244,250	244,250

Change Level by Appropriation

Appropriation: B47 - Cash Operations
Funding Sources: 346 - Physical Therapy Cash

Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	240,919	2	240,919	100.0	244,250	2	244,250	100.0
C04	Reallocation	0	0	240,919	100.0	0	0	244,250	100.0

Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	240,919	2	240,919	100.0	244,250	2	244,250	100.0
C04	Reallocation	0	0	240,919	100.0	0	0	244,250	100.0

Justification

C04	Reallocation to properly classify expenditures.
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STATE BOARD OF PRIVATE CAREER EDUCATION

Enabling Laws

Act 778 of 2007

A.C.A. § 6-51-601 through 623

History and Organization

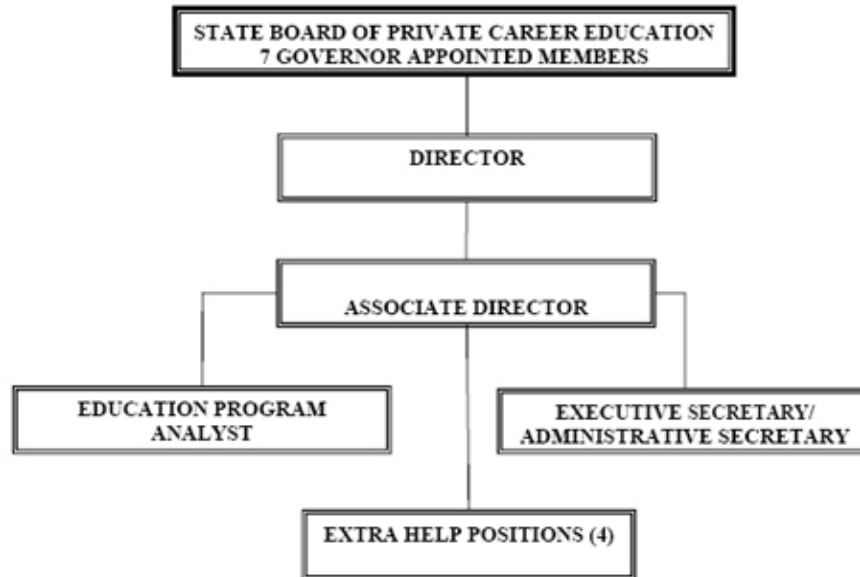
MISSION: The Arkansas State Board of Private Career Education (SBPCE) was established to provide consumer protection for Arkansas residents by licensing and monitoring organizations that offer training that leads to or enhances a career. The Board's authority extends to organizations that offer education in Arkansas or that recruit students to attend a school located in another state.

The Board was established in 1989 with responsibilities and authority as set forth in Arkansas Code Annotated § 6-51-601 et seq. The Governor appointed Board consists of seven members; four (4) members from the general public and three (3) members from the private education industry, as well as ex officio members representing the Departments of Higher Education and Workforce Education.

Currently, 254 schools and 188 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 arbitration and 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. The transcripts are scanned, maintained and serviced as long as the computer equipment available will allow for retrieval. If the school participates in the Federal Financial Aid Program, financial aid records are received for the previous three (3) years and are maintained for an additional three (3) years. If the school does not participate in the Federal Financial Aid Program, student financial records are received from the previous year and are maintained for one (1) additional year. We currently have 50,165 student transcripts available from closed schools. Transcript requests are processed twice a month.

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. On May 30 of each year since 2004, the SPF has continued to have a balance in excess of \$500,000. Schools that were originally licensed during 1989-1991 and have 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 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

The General Operations appropriation of the State Board of Private Career Education is 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. A Change Level increase of \$8,000 each year is requested for Operating Expenses. This increase is requested in part to cover the increase in costs related to the agency’s move in FY07. Since 1990, the Board has leased approximately 600 square feet of office space from the Arkansas Real Estate Commission. As the number of licensed schools continued to increase, additional space was needed to maintain appropriate documentation and services to the schools. The Board now leases approximately 1,343 square feet in the 501 Building. With the move came increases in categories such as rent, lease of office equipment, and telecommunications. Due to the rising cost of fuel, we are also requesting an increase to cover the cost of travel for staff and Board members. This is the first increase the Board has ever requested for operating expenses.

The additional increase of \$3,000 in Professional Fees is being requested to allow the Board to continue progress in providing more efficient electronic services to schools. Online services allow the Board to respond more rapidly to school changes and to reduce the amount of paper consumed by the Board.

For the Student Protection Trust Fund appropriation, funded from special revenues received from annual assessment fees charged to 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.

The Cash Operations appropriation is funded through cash fees, grants, and proceeds received from

school surety bonds for students. A reallocation of \$315 each year from Data Processing to Operating Expenses is requested in order to properly classify any associated expenses within the State's Accounting System. With this exception, the request is for continuation of Base Level for each year of the 2009-11 biennium.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
ARKANSAS STATE BOARD OF PRIVATE CAREER EDUCATION
FOR THE YEAR ENDED JUNE 30, 2007

Findings	Recommendations
None	None

Employment Summary

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

Publications

A.C.A. 25-1-204

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

Department Appropriation Summary

Historical Data

Agency Request and Executive Recommendation

Appropriation	2007-2008		2008-2009		2008-2009		2009-2010						2010-2011					
	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	324,714	4	373,011	4	370,714	4	365,714	4	376,714	4	376,714	4	367,704	4	378,704	4	378,704	4
506 Student Protection Trust	15,764	0	500,000	0	500,000	0	500,000	0	500,000	0	500,000	0	500,000	0	500,000	0	500,000	0
834 Private Career Ed-Cash in Treasury	0	0	100,500	0	100,500	0	100,500	0	100,500	0	100,500	0	100,500	0	100,500	0	100,500	0
Total	340,478	4	973,511	4	971,214	4	966,214	4	977,214	4	977,214	4	968,204	4	979,204	4	979,204	4

Funding Sources		%		%		%		%		%		%		%		%	
Fund Balance	4000005	1,372,882	74.8	1,496,106	78.1	942,595	69.2	942,595	68.7	942,595	68.7	538,089	56.2	538,089	55.6	538,089	55.6
Special Revenue	4000030	345,986	18.8	300,000	15.7	319,000	23.4	330,000	24.0	330,000	24.0	319,000	33.3	330,000	34.1	330,000	34.1
Cash Fund	4000045	4,345	0.2	50,000	2.6	50,000	3.7	50,000	3.6	50,000	3.6	50,000	5.2	50,000	5.2	50,000	5.2
Trust Fund	4000050	113,371	6.2	70,000	3.7	50,000	3.7	50,000	3.6	50,000	3.6	50,000	5.2	50,000	5.2	50,000	5.2
Total Funds		1,836,585	100.0	1,916,106	100.0	1,361,595	100.0	1,372,595	100.0	1,372,595	100.0	957,089	100.0	968,089	100.0	968,089	100.0
Excess Appropriation/(Funding)		(1,496,106)		(942,595)		(395,381)		(395,381)		(395,381)		11,115		11,115		11,115	
Grand Total		340,478		973,511		966,214		977,214		977,214		968,204		979,204		979,204	

Fund Balances differ between fiscal years due to excess levels of appropriation for Fund Centers 506 (Student Protection Trust) & 834 (Private Career Education - Cash). Budgeted Level exceed Authorized Level for Fund Center 505 due to salary adjustments made during the 2007-2009 biennium.

Agency Position Usage Report

FY2006 - 2007						FY2007 - 2008						FY2008 - 2009					
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	3	1	4	0	25.00 %	4	3	1	4	0	25.00 %	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.

Two (2) Base Level positions were changed from unclassified to classified to reflect the recommendations of the Pay Plan Study and salaries were adjusted accordingly. Salaries for other Base Level classified positions reflect the recommendations of the Pay Plan Study. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries may include board member Stipend payments and Career Service payments for eligible employees. Personal Services Matching includes a \$75 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

For the 2009-2011 biennium, the Agency is requesting additional appropriation of \$8,000 each year in Operating Expenses. This request is due to a move in FY2007 to new facilities at the 501 Building. Office space more than doubled and office space rental, equipment lease, and telecommunication costs increased accordingly. The Agency is also requesting increased appropriation to meet official business travel and Board travel expenses caused by the sharp increases in fuel costs.

The Agency is also requesting a \$3,000 increase each year in Professional Fees to continue and enhance efforts to provide more efficient electronic services to schools. According to the Board, online services allow faster response time to school needs and greatly reduce the amount of paper used by the Board. Plans are to contract with the Information Network of Arkansas (INA) in order that all forms and documents required by the Board can be submitted by the schools online.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 505 - Private Career Education-Operations

Funding Sources: SCS - Private Career Education Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	180,033	211,600	205,924	202,801	202,801	202,801	204,399	204,399	204,399
#Positions		4	4	4	4	4	4	4	4	4
Extra Help	5010001	26,674	32,500	32,500	32,500	32,500	32,500	32,500	32,500	32,500
#Extra Help		2	4	4	4	4	4	4	4	4
Personal Services Matching	5010003	67,894	71,911	75,290	73,413	73,413	73,413	73,805	73,805	73,805
Operating Expenses	5020002	49,344	50,000	50,000	50,000	58,000	58,000	50,000	58,000	58,000
Conference & Travel Expenses	5050009	157	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Professional Fees	5060010	612	3,000	3,000	3,000	6,000	6,000	3,000	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		324,714	373,011	370,714	365,714	376,714	376,714	367,704	378,704	378,704
Funding Sources										
Fund Balance	4000005	636,542	657,814		584,803	584,803	584,803	538,089	538,089	538,089
Special Revenue	4000030	345,986	300,000		319,000	330,000	330,000	319,000	330,000	330,000
Total Funding		982,528	957,814		903,803	914,803	914,803	857,089	868,089	868,089
Excess Appropriation/(Funding)		(657,814)	(584,803)		(538,089)	(538,089)	(538,089)	(489,385)	(489,385)	(489,385)
Grand Total		324,714	373,011		365,714	376,714	376,714	367,704	378,704	378,704

The FY09 Budgeted Level for Regular Salaries exceeds the Authorized Level due to salary adjustments made during the 2007-2009 biennium.

Change Level by Appropriation

Appropriation: 505 - Private Career Education-Operations

Funding Sources: SCS - Private Career Education Fund

Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	365,714	4	365,714	100.0	367,704	4	367,704	100.0
C01	Existing Program	11,000	0	376,714	103.0	11,000	0	378,704	103.0

Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	365,714	4	365,714	100.0	367,704	4	367,704	100.0
C01	Existing Program	11,000	0	376,714	103.0	11,000	0	378,704	103.0

Justification

C01	Agency requests Operating Expenses appropriation to support additional costs of office rent, rent of office equipment, and telecommunications due to a move to the 501 Building. Office space has more than doubled to approximately 1,300 square feet. The rising costs of fuel has made it necessary to request increases for official business mileage and Board member travel expenses. Also, \$3,000 is requested in Professional Fees to enable the Board to more efficiently respond to the needs of the schools by provision of electronic on-line services. This will also serve to reduce the amount of paper used by the Board.
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Analysis of Budget Request

Appropriation: 506 - Student Protection Trust

Funding Sources: TCS - Private Career School Student Protection Trust Fund

The State Board of Private Career Education requests the continuation of the \$500,000 Base Level for each year of the 2009-2011 biennium for the Student Protection Trust Fund Program.

Revenues deposited into this fund consists of annual certification fees paid by participating schools to the Board and are primarily used to cover expenses associated with providing for a student's continuing education in the event a school closes or to pay student claims when this arrangement is not feasible. Schools originally licensed during the 1989-91 biennium and have maintained their licensure for fifteen (15) years will not be assessed additional fees unless the fund balance totals less than \$500,000 on May 30th of any fiscal year. Regardless of the fund balance, schools that have not paid licensure fees for fifteen (15) years will continue being charged until they have paid fees for a minimum of fifteen (15) years.

The 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 Executive Recommendation provides for Base Level each year of the 2009-2011 biennium.

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			2009-2010			2010-2011		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Expenses/Claims/Fees	5900046	15,764	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Total		15,764	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Funding Sources										
Fund Balance	4000005	676,664	774,271		344,271	344,271	344,271	0	0	0
Trust Fund	4000050	113,371	70,000		50,000	50,000	50,000	50,000	50,000	50,000
Total Funding		790,036	844,271		394,271	394,271	394,271	50,000	50,000	50,000
Excess Appropriation/(Funding)		(774,271)	(344,271)		105,729	105,729	105,729	450,000	450,000	450,000
Grand Total		15,764	500,000		500,000	500,000	500,000	500,000	500,000	500,000

Analysis of Budget Request

Appropriation: 834 - Private Career Ed-Cash in Treasury

Funding Sources: NPC - Cash in Treasury

Funds for the Cash Operations appropriation are received through grants from the Real Estate Foundation and the Winthrop Rockefeller Foundation, investments, and from surety bond receipts paid to the Board to be used for payment of tuition refunds to students or potential students. These funds are used to supplement funding for regular operation costs of the Arkansas Private Career Education Board.

The Agency is requesting a reallocation of \$315 each year for Rent of Data Processing Equipment from Data Processing to Operating Expenses in order to properly classify any associated expenses within the State's Accounting System. With this exception, Base Level is requested for each year of the 2009-2011 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		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	0	81,287	81,287	81,287	81,602	81,602	81,287	81,602	81,602
Conference & Travel Expenses	5050009	0	8,898	8,898	8,898	8,898	8,898	8,898	8,898	8,898
Professional Fees	5060010	0	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Data Processing	5090012	0	315	315	315	0	0	315	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Total		0	100,500	100,500	100,500	100,500	100,500	100,500	100,500	100,500
Funding Sources										
Fund Balance	4000005	59,676	64,021		13,521	13,521	13,521	0	0	0
Cash Fund	4000045	4,345	50,000		50,000	50,000	50,000	50,000	50,000	50,000
Total Funding		64,021	114,021		63,521	63,521	63,521	50,000	50,000	50,000
Excess Appropriation/(Funding)		(64,021)	(13,521)		36,979	36,979	36,979	50,500	50,500	50,500
Grand Total		0	100,500		100,500	100,500	100,500	100,500	100,500	100,500

Change Level by Appropriation

Appropriation: 834 - Private Career Ed-Cash in Treasury

Funding Sources: NPC - Cash in Treasury

Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	100,500	0	100,500	100.0	100,500	0	100,500	100.0
C04	Reallocation	0	0	100,500	100.0	0	0	100,500	100.0

Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	100,500	0	100,500	100.0	100,500	0	100,500	100.0
C04	Reallocation	0	0	100,500	100.0	0	0	100,500	100.0

Justification

C04	The Board budgets for rent of data processing equipment. A reallocation of these costs to Operating Expenses is requested each year in order to properly classify these expenses in the State's Accounting System.
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ARKANSAS PSYCHOLOGY BOARD

Enabling Laws

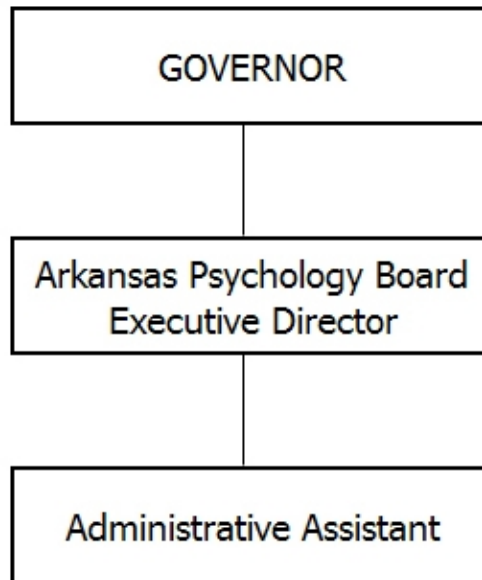
Act 92 of 2007
A.C.A. §17-97-101, et seq.

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 two full time staff members who serve as the Board's Executive Director and Administrative Assistant.



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.

In addition to Base Level, the Board is requesting the following:

An increase in Operating Expense appropriation of \$591 each year of the biennium. The request includes an increase in Board Member travel due to a mileage reimbursement increase for privately-owned motor vehicles on official business of the State, increases in bank service charges, and employee parking rates.

The Board is also requesting appropriation of \$2,364 each year of the biennium in Professional Fees related to the GL SUITE database.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
 AUDIT OF :
 ARKANSAS BOARD OF EXAMINERS IN PSYCHOLOGY

FOR THE YEAR ENDED JUNE 30, 2007

Findings	Recommendations
Review of receipting procedures revealed that during January 2007, the Agency discontinued the practice of maintaining a receipt log to provide an audit trail of funds collected. As a result, license fees in the amount of \$16,250 were not recorded in a receipt log.	Strengthen internal controls by maintaining a receipt log for all items of income and reconciling the receipt log to deposits.

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, 2008

Fund Account	Balance	Type	Location
3230000	\$328,062	Investment and Checking	Treasury Money Mgmt. & Paying Acct. and US Bank

Statutory/Other Restrictions on use:

Board operations and processing license applications and renewals.

Statutory Provisions for Fees, Fines, Penalties:

A.C.A. §17-97-101 et seq., fees for copying and services, license application, examination, and license renewal.

Revenue Receipts Cycle:

Most license and renewal receipts occur during May through July of each year.

Fund Balance Utilization:

For administrative expenses of board operations.

Publications

A.C.A. 25-1-204

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
ABEP Directory	None	N	N	0	Required by the Rules and Regulations Section 1.3.E(2-6); (AS REQUESTED)
ABEP Newsletter	None	N	N	900	Required by the Rules and Regulations Section 1.3.F

Agency Position Usage Report

FY2006 - 2007						FY2007 - 2008						FY2008 - 2009					
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	2	0	2	0	0.00 %	2	3	0	3	-1	-50.00 %	2	2	0	2	0	0.00 %

Analysis of Budget Request

Appropriation: A31 - Cash Operations

Funding Sources: 323-Psychology Examiners - Cash

A.C.A. §17-97-201 established the State Board of Examiners in Psychology. The Board is a cash agency funded from the fees collected primarily for application, testing and renewal. The Board is responsible for regulating the practice of psychology in the State of Arkansas by ensuring that Arkansans are protected from misrepresentation, unethical practices, and/or incompetence in the practice of psychology. This goal is accomplished by licensing psychologists and psychological examiners, registering psychological technicians, and investigating complaints.

Base Level positions were changed from unclassified to classified to reflect the recommendations of the Pay Plan Study and salaries were adjusted accordingly.

A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries may include board member Stipend payments and Career Service payments for eligible employees. Personal Services Matching includes a \$75 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

The Board's total Base Level request includes two (2) positions as well as appropriation in the amount of \$186,165 in FY2010 and \$188,195 in FY2011.

The Board requests additional appropriation of \$591 in Operating Expenses each year of the biennium. This will allow for increases in board member travel due to mileage reimbursement increases for privately owned motor vehicles on official business of the State, an increase in bank service charges due to changes in on-line banking fees including a \$15 per month online access fee, statement copy fee and Verifone fee used to verify credit card security over the phone, and increases in parking fees.

Also, the Board requests an increase in Professional Fees appropriation of \$2,364 each year of the biennium due to increased cost of GL Suite Database. This database is the agency's management system used to keep records of licensees, their personal information, for the recording of payments, reconciliation, etc.

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

Appropriation Summary

Appropriation: A31 - Cash Operations
Funding Sources: 323-Psychology Examiners - Cash

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	77,061	76,181	72,431	75,255	75,255	75,255	76,966	76,966	76,966
#Positions		3	2	2	2	2	2	2	2	2
Personal Services Matching	5010003	23,826	23,818	23,068	24,289	24,289	24,289	24,608	24,608	24,608
Supplemental Emerg Positions	5010007	0	1,750	0	0	0	0	0	0	0
Operating Expenses	5020002	56,638	60,258	62,758	60,258	60,849	60,849	60,258	60,849	60,849
Conference & Travel Expenses	5050009	3,841	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Professional Fees	5060010	33,752	22,363	22,363	22,363	24,727	24,727	22,363	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		195,118	188,370	184,620	186,165	189,120	189,120	188,195	191,150	191,150
Funding Sources										
Fund Balance	4000005	363,001	328,062		279,692	279,692	279,692	230,572	230,572	230,572
Cash Fund	4000045	160,179	140,000		137,045	140,000	140,000	137,045	140,000	140,000
Total Funding		523,180	468,062		416,737	419,692	419,692	367,617	370,572	370,572
Excess Appropriation/(Funding)		(328,062)	(279,692)		(230,572)	(230,572)	(230,572)	(179,422)	(179,422)	(179,422)
Grand Total		195,118	188,370		186,165	189,120	189,120	188,195	191,150	191,150

Actual exceeds Authorized Appropriation in Regular Salaries and Personal Services Matching due to Supplemental Position.

Actual exceeds Authorized Appropriation in Professional Fees due to a transfer from the Cash Fund Holding Account.

Change Level by Appropriation

Appropriation: A31 - Cash Operations
Funding Sources: 323-Psychology Examiners - Cash

Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	186,165	2	186,165	100.0	188,195	2	188,195	100.0
C01	Existing Program	2,955	0	189,120	101.6	2,955	0	191,150	101.6

Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	186,165	2	186,165	100.0	188,195	2	188,195	100.0
C01	Existing Program	2,955	0	189,120	101.6	2,955	0	191,150	101.6

Justification

C01	Agency requests an increase in Operating Expense appropriation of \$591 each year of the biennium due to increases in mileage rates related to Board Member Travel, and fee increases associated with parking and on-line banking; also, an increase is requested in Professional Fees appropriation of \$2,364 each year of the biennium for increases in the GL Suite data processing program.
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ARKANSAS PUBLIC SERVICE COMMISSION

Enabling Laws

Act 785 of 2007
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	22
Master Meter Gas Operators	171
Water and Sewer Utilities	4
Incumbent Local Exchange Carriers	30
Regional Transmission Organization	1
Competitive Local Exchange Carriers	102
Interexchange Carriers and Private Pay Telephone Providers	<u>200</u>
TOTAL	556

These utilities generate annual revenues in Arkansas of approximately \$5.8 billion, of which \$4.7 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 Tax Division submits a separate budget request.

The Utilities Division, including the 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 public utilities and carriers operating in Arkansas.

The Tax Division had its beginning in the creation, by the General Assembly, of the Board of Railroad Commissioners in 1883. Under the authority of the Arkansas Constitution, Article 16, § 5, the General Assembly vested the Board with the power of original assessment of certain railroad property for the purpose of taxation. Through the years, the Tax Division's responsibilities have been broadened to include assessment of public utility property and the administration and enforcement of the tax laws related to public utilities and carriers. The Tax Division has been placed under the direction and supervision of the Arkansas Public Service Commission.

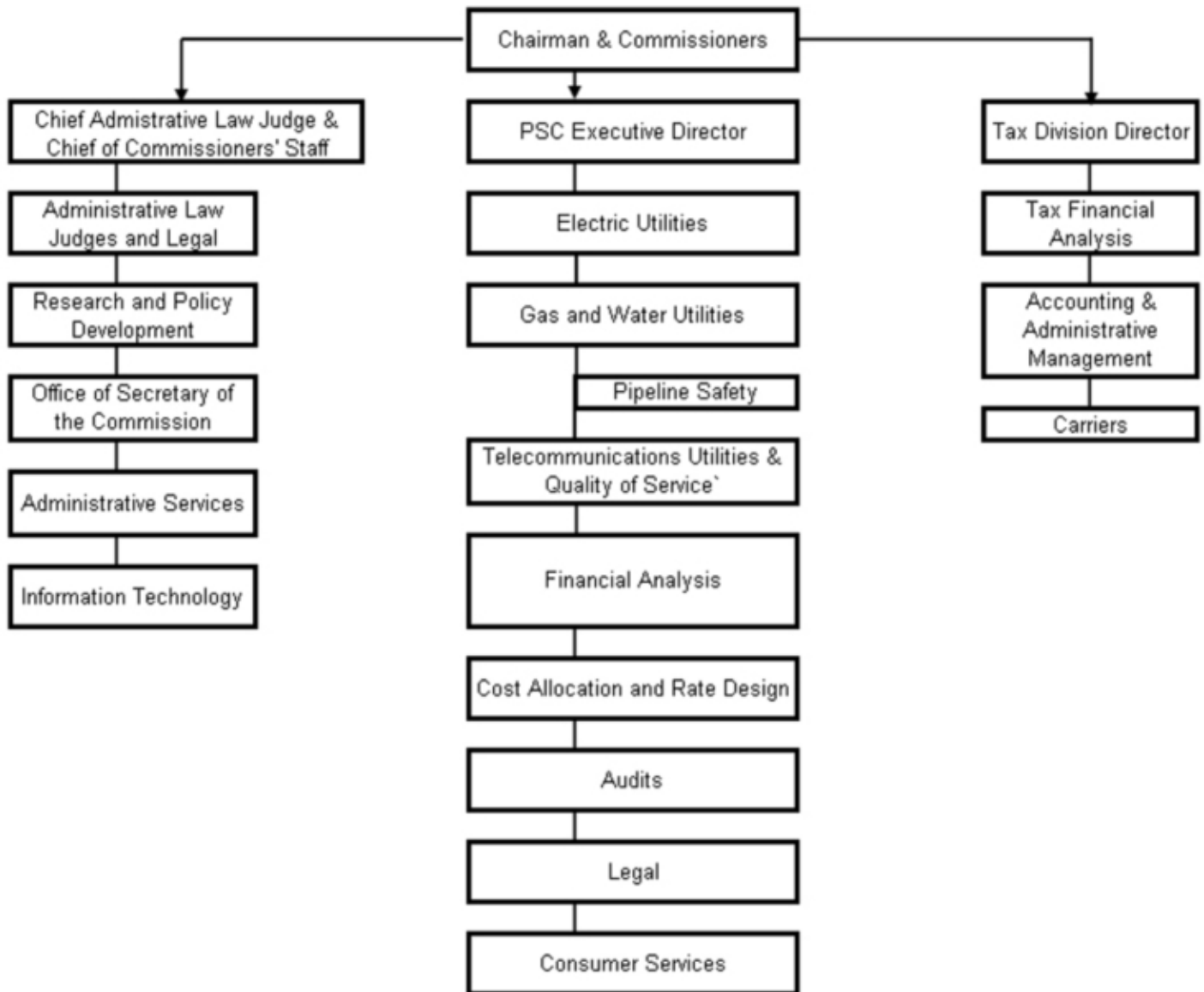
For the purpose of assessment, the Tax Division determines the fair market value of the property of all public utilities and carriers doing business in Arkansas. Once the Tax Division determines the fair market value, it calculates an assessed value which is distributed to the counties where the utility and railroad property is located for the calculation of property taxes due. The property tax revenue which results from the assessments made by the Division is a significant source of monetary support for the schools, cities, and counties of Arkansas.

Annually, the Tax Division determines the property tax assessments for public utilities and carriers in accordance with Title 26 of Arkansas Code Annotated (1997). Once determined, the assessments placed on the property of public utilities are approved by the Arkansas Public Service Commission. The assessments placed on the property of carriers are approved by the Arkansas Highway Commission.

With certain exceptions, the Tax Division certifies the approved assessments on utility and carrier property to the counties in which the property is located by the fifteenth of July each year. The various county assessors then place these assessment amounts on the property tax rolls. The exceptions are the assessments on the personal property of bus lines, motor carriers, airlines, barge lines, and private car companies, which are certified to the Department of Finance and Administration after the average state millage rate has been determined and applied to the assessments.

In 2007, the Tax Division assessed over 57,000 companies, with assessments rendered by the Tax Division totaling \$2,916,000,000. Revenue generated from these assessments provides approximately \$113,600,000 annually for the support of schools, cities, and counties. Annual tax revenue of approximately \$16,000,000 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 is one of the two divisions of the Arkansas Public Service Commission, the other being the Utilities Division. The Tax Division has an authorized staff of 15 full-time positions and five Extra Help positions. The Division, for functional purposes, is organized into three smaller sections: the Tax Financial Analysis Section, which determines assessments for public utilities and carriers and determines financial inputs necessary for such assessments; the Motor Carrier Section, which determines assessments for all motor carrier companies and certain other types of carriers; and the Accounting & Administrative Management Section, which distributes and prepares the certification of the assessments, assists the other sections in determining utility and carrier assessments, and assists in Division administration.



Agency Commentary

Utilities Division of the Public Service Commission

The Arkansas Public Service Commission (Commission or APSC) has general regulatory authority over electric, gas, telecommunications, water and sewer services which are provided to the public for compensation. The Commission is charged with the duty of ensuring that a public utility charges rates that will allow it the opportunity to earn a fair rate of return on invested capital and that the customer does not pay more than necessary to produce a fair return to the utility for its service. Funding for the Arkansas Public Service Commission - Utilities Division comes from special revenues derived from assessments on jurisdictional utility companies' revenues.

Base Level for the Utilities Division is \$9,970,369 in FY10 and \$9,772,315 in FY11 with 90 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 \$8,286 and \$21,000, respectively, are requested each year of the 2009-2011 Biennium for Extra Help and Capital Outlay. The Extra Help request will enable the Commission to hire temporary employees, as needed, to assist with utility rate case preparation. Capital Outlay requests are for the replacement of one state vehicle in each year. The Agency requests the addition of one position title in Special Language and deletion of one title and that all special language provisions be continued. As recommended by the Office of Accounting, the Division is also requesting the reallocation of \$15,000 each year from the Data Processing line item to Operating Expenses so that payments to the Department of Information Systems for support and assistance can be made from the proper line item.

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 34 intra-state natural gas operators and 174 operators covering 311 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 \$818,709 for FY10 and \$826,676 for FY11, with nine positions authorized for each fiscal year.

Change level requests for the Pipeline Safety Office include one new position, with associated Personal Services Matching, and Capital Outlay of \$24,000 each year for replacement of a four wheel drive vehicle in each fiscal year.

Tax Division of the Public Service Commission

The Tax Division of the Arkansas Public Service Commission is responsible for performing all functions and duties regarding the annual assessment, for property taxation purposes, of public utilities and carriers operating in Arkansas. The property tax revenue which results from the assessments made by

the Tax Division is a significant source of monetary support for the schools, cities, and counties of Arkansas. In 2007, the Tax Division assessed over 57,000 companies. Revenue generated from these assessments provides approximately \$113,600,000 annually for the support of schools, cities, and counties. In addition, a portion of ad valorem revenues is used to partially fund the Tax Division, the Assessment Coordinaton Department and the Division of Legislative Audit.

For the 2009-2011 Biennium, the Tax Division is requesting Base Level as an operating budget.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
ARKANSAS PUBLIC SERVICE COMMISSION

FOR THE YEAR ENDED JUNE 30, 2006

Findings	Recommendations
None	None

Employment Summary

	Male	Female	Total	%
White Employees	37	46	83	81 %
Black Employees	3	16	19	18 %
Other Racial Minorities	1	0	1	1 %
Total Minorities			20	19 %
Total Employees			103	100 %

Publications

A.C.A. 25-1-204

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
PSC Annual Report	A.C.A. 23-2-315 and A.C.A. 13-2-212	Y	N	31	Required by Statute. One copy provided to the Governor and 30 copies to the State Library.
Tax Division Biennial Report	A.C.A. 26-24-121 and A.C.A. 13-2-212	Y	N	31	Required by Statute. One copy provided to the Governor and 30 copies to the State Library.
Utility Rate Case Report	A.C.A. 23-4-420 and A.C.A. 13-2-212	Y	Y	167	Required by Statute. One copy provided to the Governor, 136 copies to the General Assembly, and 30 copies to the State Library.

Department Appropriation Summary

Historical Data

Agency Request and Executive Recommendation

Appropriation	2007-2008		2008-2009		2008-2009		2009-2010					2010-2011						
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
255 Utilities Division-Operations	8,059,576	90	9,650,588	90	9,532,857	90	9,970,369	90	9,999,655	90	9,999,655	90	9,772,315	90	9,801,601	90	9,801,601	90
256 Pipeline Safety Program	676,681	9	844,654	9	839,735	9	818,709	9	892,226	10	892,226	10	826,676	9	901,215	10	901,215	10
257 Tax Division-Operations	865,857	14	1,494,757	15	1,502,063	15	1,577,448	15	1,577,448	15	1,577,448	15	1,592,701	15	1,592,701	15	1,592,701	15
2KA Contingency	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	1,000,000	0
NOT REQUESTED FOR THE BIENNIUM																		
38Z AR One Call Program	40,500	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	9,642,614	113	12,989,999	114	12,874,655	114	13,366,526	114	13,469,329	115	13,469,329	115	13,191,692	114	13,295,517	115	13,295,517	115

Funding Sources		%		%		%		%		%		%		%		%	
Fund Balance	4000005	5,981,566	37.0	6,508,477	37.8	4,231,843	26.4	4,231,843	26.3	4,231,843	26.3	2,650,398	17.3	2,650,398	17.2	2,650,398	17.2
Federal Revenue	4000020	368,377	2.3	420,077	2.4	260,184	1.6	296,942	1.8	296,942	1.8	387,644	2.5	424,913	2.8	424,913	2.8
Special Revenue	4000030	8,983,350	55.6	9,493,288	55.1	10,724,897	67.0	10,790,942	66.9	10,790,942	66.9	11,462,469	74.9	11,529,025	74.8	11,529,025	74.8
Ad Valorem Tax	4000060	817,798	5.1	800,000	4.6	800,000	5.0	800,000	5.0	800,000	5.0	800,000	5.2	800,000	5.2	800,000	5.2
Total Funds		16,151,091	100.0	17,221,842	100.0	16,016,924	100.0	16,119,727	100.0	16,119,727	100.0	15,300,511	100.0	15,404,336	100.0	15,404,336	100.0
Excess Appropriation/(Funding)		(6,508,477)		(4,231,843)		(2,650,398)		(2,650,398)		(2,650,398)		(2,108,819)		(2,108,819)		(2,108,819)	
Grand Total		9,642,614		12,989,999		13,366,526		13,469,329		13,469,329		13,191,692		13,295,517		13,295,517	

Budget for the Utilities Division-Operations Program (255) exceeds Authorized due to special language carry forward provisions.
 Budget for the Pipeline Safety Program (256) exceeds Authorized due to salary adjustments made during the 2007-2009 Biennium.

Agency Position Usage Report

FY2006 - 2007						FY2007 - 2008						FY2008 - 2009					
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	
114	106	8	114	0	7.02 %	114	104	10	114	0	8.77 %	114	103	11	114	0	9.65 %

Analysis of Budget Request

Appropriation: 255 - Utilities Division-Operations

Funding Sources: SJP - Public Service Commission Fund

The Public Service Commission - Utilities Division is funded entirely by special revenues derived from assessments paid by the utility companies under its jurisdiction, as authorized in A.C.A. §19-6-406. Base Level for the Division totals \$9,970,369 for FY10 and \$9,772,315 for FY11, with 90 budgeted positions. The second year Base Level is less than the first year because current special language for the Data Processing Services and Special Maintenance line items provide for the entire appropriations to be placed in the first year and their balances to be carried forward into the second year of the biennium.

Seven Base Level positions were changed from unclassified to classified to reflect the recommendations of the Pay Plan Study and salaries were adjusted accordingly. Base Level salaries for classified positions reflect the recommendations of the Pay Plan Study and unclassified positions reflect similar adjustments in line item salaries. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries may include Career Service payments for eligible employees. Personal Services Matching includes a \$75 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

Requested changes include Extra Help totaling \$8,286 each year in salaries and matching, Capital Outlay of \$21,000 each year for replacement of vehicles, along with continuation of special language that provides special pay rates for professional employees, contingency transfers, and carry forward of first year balances for the Data Processing Services and Special Maintenance line items, and reallocation of \$15,000 each year from the Data Processing line item to Operating Expenses so that payments for support and assistance from the Department of Information Systems can be made in the proper line item.

The Executive Recommendation provides for the Agency Request.

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		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	5,077,493	5,595,852	5,550,192	5,653,312	5,653,312	5,653,312	5,760,596	5,760,596	5,760,596
#Positions		90	90	90	90	90	90	90	90	90
Extra Help	5010001	0	1,325	1,325	1,325	9,000	9,000	1,325	9,000	9,000
#Extra Help		0	6	6	6	6	6	6	6	6
Personal Services Matching	5010003	1,355,277	1,422,895	1,506,846	1,535,887	1,536,498	1,536,498	1,556,900	1,557,511	1,557,511
Overtime	5010006	0	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Operating Expenses	5020002	1,026,875	1,040,997	1,040,997	1,040,997	1,055,997	1,055,997	1,040,997	1,055,997	1,055,997
Conference & Travel Expenses	5050009	51,303	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	15,000	15,000	15,000	0	0	15,000	0	0
Capital Outlay	5120011	14,889	21,000	21,000	0	21,000	21,000	0	21,000	21,000
Special Maintenance	5120032	47,815	823	0	48,638	48,638	48,638	0	0	0
Fed Regulatory Services	5900040	210,443	290,575	290,575	290,575	290,575	290,575	290,575	290,575	290,575
Professional Services	5900043	152,967	998,000	998,000	998,000	998,000	998,000	998,000	998,000	998,000
Data Processing Services	5900044	122,514	155,199	0	277,713	277,713	277,713	0	0	0
Total		8,059,576	9,650,588	9,532,857	9,970,369	9,999,655	9,999,655	9,772,315	9,801,601	9,801,601
Funding Sources										
Fund Balance	4000005	2,448,511	2,933,314		1,283,302	1,283,302	1,283,302	425,256	425,256	425,256
Special Revenue	4000030	8,544,379	8,000,576		9,112,323	9,141,609	9,141,609	9,612,558	9,641,844	9,641,844
Total Funding		10,992,890	10,933,890		10,395,625	10,424,911	10,424,911	10,037,814	10,067,100	10,067,100
Excess Appropriation/(Funding)		(2,933,314)	(1,283,302)		(425,256)	(425,256)	(425,256)	(265,499)	(265,499)	(265,499)
Grand Total		8,059,576	9,650,588		9,970,369	9,999,655	9,999,655	9,772,315	9,801,601	9,801,601

Budget for Regular Salaries exceeds Authorized due to salary adjustments made during the 2007-2009 Biennium.
Carry Forward amounts for FY09: Special Maintenance, \$823, and Data Processing Services, \$155,199.

Change Level by Appropriation

Appropriation: 255 - Utilities Division-Operations
Funding Sources: SJP - Public Service Commission Fund

Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	9,970,369	90	9,970,369	100.0	9,772,315	90	9,772,315	100.0
C01	Existing Program	29,286	0	9,999,655	100.3	29,286	0	9,801,601	100.3
C04	Reallocation	0	0	9,999,655	100.3	0	0	9,801,601	100.3

Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	9,970,369	90	9,970,369	100.0	9,772,315	90	9,772,315	100.0
C01	Existing Program	29,286	0	9,999,655	100.3	29,286	0	9,801,601	100.3
C04	Reallocation	0	0	9,999,655	100.3	0	0	9,801,601	100.3

Justification

C01	Change levels totaling \$8,286 and \$21,000, respectively, are requested each year of the 2009-2011 biennium for Extra Help and Capital Outlay. The Extra Help request will enable the Commission to hire temporary employees, as needed, to assist with utility rate case preparation. Capital Outlay requests are for the replacement of one state vehicle in each year.
C04	Resources are budgeted in the Data Processing line item for assistance and support by the Department of Information Systems. The Office of Accounting has determined that this appropriation should be reallocated for expenditure in the Operating Expenses line item, not Data Processing.

CARRY FORWARD OF ANY UNEXPENDED BALANCE OF APPROPRIATION AND/OR FUNDING FROM FISCAL YEAR 2008 TO FISCAL YEAR 2009

Agency: Public Service Commission

Program: Utilities Division-Operations

Act #: 785 of 2007 Section(s) #: 3,12 & 13

Estimated Carry Forward Amount \$ 162,575.00 Appropriation Funds

Funding Source: Special

Accounting Information:

Business Area: 0450 Funds Center: 255 Fund: SJP Functional Area: COMM

Line Item	Commitment Item	Estimated Carry Forward Amount	Actual Carry Forward Amount
Special Maintenance	5120032	500.00	822.67
Data Processing Services	5900044	162,075.00	155,281.26
Total		\$ 162,575.00	\$ 156,103.93

Current law requires a written statement be submitted to the DFA Office of Budget stating the reason(s) to carry forward appropriation and/or funding for a program or a specific line item within a program from the first fiscal year of the biennium to the second fiscal year of the biennium.

Justification for carry forward of unexpended balance of appropriation and/or funding:

To ensure the agency has sufficient appropriation to meet necessary technology needs and building maintenance.

Actual Funding Carry Forward Amount \$ 0.00

Current status of carry forward appropriation/funding:

Special Maintenance appropriation is available for application toward the cost of any building repair project in Fiscal Year 2009. Data Processing Services appropriation is available to be applied toward replacement of IT supplies and equipment and upgrading of IT hardware.

Paul Suskie
Chairman

08-12-2008
Date

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 A.C.A. § 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.

One Base Level position was changed from unclassified to classified to reflect the recommendations of the Pay Plan Study and salaries were adjusted accordingly. Base Level salaries for classified positions reflect the recommendations of the Pay Plan Study. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries may include Career Service payments for eligible employees. Personal Services Matching includes a \$75 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425. The following additions to Base Level are requested:

One additional position of Pipeline Safety Specialist is requested due to the increase in workload anticipated with exploration and development in the Fayetteville Shale area. Costs total \$49,517 for FY10 and \$50,539 for FY11.

Capital Outlay of \$24,000 each year is requested for replacement of a four-wheel drive vehicle in each 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		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	441,391	558,527	548,398	549,943	587,275	587,275	556,640	594,830	594,830
#Positions		9	9	9	9	10	10	9	10	10
Personal Services Matching	5010003	127,832	143,641	148,851	150,280	162,465	162,465	151,550	163,899	163,899
Operating Expenses	5020002	82,397	97,637	97,637	97,637	97,637	97,637	97,637	97,637	97,637
Conference & Travel Expenses	5050009	3,388	12,620	12,620	12,620	12,620	12,620	12,620	12,620	12,620
Professional Fees	5060010	1,123	8,229	8,229	8,229	8,229	8,229	8,229	8,229	8,229
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	20,550	24,000	24,000	0	24,000	24,000	0	24,000	24,000
Total		676,681	844,654	839,735	818,709	892,226	892,226	826,676	901,215	901,215
Funding Sources										
Fund Balance	4000005	1,189,784	1,168,858		1,164,358	1,164,358	1,164,358	866,016	866,016	866,016
Federal Revenue	4000020	327,877	420,077		260,184	296,942	296,942	387,644	424,913	424,913
Special Revenue	4000030	327,878	420,077		260,183	296,942	296,942	387,643	424,913	424,913
Total Funding		1,845,539	2,009,012		1,684,725	1,758,242	1,758,242	1,641,303	1,715,842	1,715,842
Excess Appropriation/(Funding)		(1,168,858)	(1,164,358)		(866,016)	(866,016)	(866,016)	(814,627)	(814,627)	(814,627)
Grand Total		676,681	844,654		818,709	892,226	892,226	826,676	901,215	901,215

Budget for Regular Salaries exceeds Authorized due to salary adjustments made during the 2007-2009 Biennium.

Change Level by Appropriation

Appropriation: 256 - Pipeline Safety Program
Funding Sources: SAD - Public Service Utility Safety Fund

Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	818,709	9	818,709	100.0	826,676	9	826,676	100.0
C01	Existing Program	73,517	1	892,226	109.0	74,539	1	901,215	109.0

Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	818,709	9	818,709	100.0	826,676	9	826,676	100.0
C01	Existing Program	73,517	1	892,226	109.0	74,539	1	901,215	109.0

Justification

C01	Change level requests include \$24,000 each year of the 2009-2011 biennium for the replacement one four wheel drive vehicle each fiscal year and one new position. The new position is requested for the Office of Pipeline Safety due to the increase in jurisdictional facilities in Arkansas, particularly in the area of the Fayetteville Shale, and the related additional work required. Total salary and matching costs are \$49,517 for the first year and \$50,539 for the second year.
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Analysis of Budget Request

Appropriation: 257 - Tax Division-Operations

Funding Sources: HTD - Tax Division Fund

The Public Service Commission - Tax Division's appropriation is funded by special revenues transferred from the Public Service Commission Fund, the Division's share of ad valorem taxes, as authorized in A.C.A. §19-5-1024, and general revenues, if needed. Base Level is \$1,577,448 for FY10 and \$1,592,701 for FY11, with 15 positions authorized and budgeted.

One Base Level position was changed from unclassified to classified to reflect the recommendations of the Pay Plan Study and salaries were adjusted accordingly. Base Level salaries for classified positions reflect the recommendations of the Pay Plan Study. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries may include Career Service payments for eligible employees. Personal Services Matching includes a \$75 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

The Division is requesting continuation of Base Level and special language that governs transfers from the Contingency line item.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 257 - Tax Division-Operations

Funding Sources: HTD - Tax Division Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	507,930	563,830	563,830	621,830	621,830	621,830	634,650	634,650	634,650
#Positions		14	15	15	15	15	15	15	15	15
Extra Help	5010001	11,508	38,238	38,238	38,238	38,238	38,238	38,238	38,238	38,238
#Extra Help		3	5	5	5	5	5	5	5	5
Personal Services Matching	5010003	167,526	173,830	181,136	198,521	198,521	198,521	200,954	200,954	200,954
Overtime	5010006	0	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Operating Expenses	5020002	138,377	201,359	201,359	201,359	201,359	201,359	201,359	201,359	201,359
Conference & Travel Expenses	5050009	12,210	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500
Professional Fees	5060010	15,190	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	13,116	0	0	0	0	0	0	0	0
Contingency	5130018	0	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000
Total		865,857	1,494,757	1,502,063	1,577,448	1,577,448	1,577,448	1,592,701	1,592,701	1,592,701
Funding Sources										
Fund Balance	4000005	1,343,271	1,406,305		784,183	784,183	784,183	359,126	359,126	359,126
Special Revenue	4000030	111,093	72,635		352,391	352,391	352,391	462,268	462,268	462,268
Ad Valorem Tax	4000060	817,798	800,000		800,000	800,000	800,000	800,000	800,000	800,000
Total Funding		2,272,162	2,278,940		1,936,574	1,936,574	1,936,574	1,621,394	1,621,394	1,621,394
Excess Appropriation/(Funding)		(1,406,305)	(784,183)		(359,126)	(359,126)	(359,126)	(28,693)	(28,693)	(28,693)
Grand Total		865,857	1,494,757		1,577,448	1,577,448	1,577,448	1,592,701	1,592,701	1,592,701

Actual exceeds Authorized in Capital Outlay by authority of a Budget Classification Transfer.

Analysis of Budget Request

Appropriation: 2KA - Contingency

Funding Sources: SJP - Public Service Commission Fund

The Public Service Commission - Utilities Division's Contingency appropriation provides additional spending authority that may be transferred to the Division's operating line items in emergency situations that would require additional resources. Funding for this appropriation is from Special Revenue balances held in the Public Service Commission Fund to support any transfers that may be made.

The Agency requests that this appropriation be continued at its current authorized level of \$1,000,000 each year and that special language governing transfers during emergencies and unforeseen circumstances also be continued for the 2009-2011 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	2007-2008	2008-2009	2008-2009	2009-2010			2010-2011		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Contingency 5130018	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
Total	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
Funding Sources									
Fund Balance 4000005	1,000,000	1,000,000		1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Special Revenue 4000030	0	1,000,000		1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Total Funding	1,000,000	2,000,000		2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Excess Appropriation/(Funding)	(1,000,000)	(1,000,000)		(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)
Grand Total	0	1,000,000		1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000

Appropriation Summary

Appropriation: 38Z - AR One Call Program

Funding Sources: FPS - Public Service Commission - Federal

Historical Data

Agency Request and Executive Recommendation

Commitment Item	Historical Data			2009-2010			2010-2011		
	2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses 5020002	40,500	0	0	0	0	0	0	0	0
Total	40,500	0	0	0	0	0	0	0	0
Funding Sources									
Federal Revenue 4000020	40,500	0		0	0	0	0	0	0
Total Funding	40,500	0		0	0	0	0	0	0
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	40,500	0		0	0	0	0	0	0

THIS APPROPRIATION IS NOT BEING REQUESTED FOR THE 2009-2011 BIENNIUM.

ARKANSAS REAL ESTATE COMMISSION

Enabling Laws

Act 521 of 2007
A.C.A. §17-42-101 et seq.
A.C.A. §17-42-401 et seq.
A.C.A. §17-42-501 et seq.
A.C.A. §18-14-101 et seq.

History and Organization

Act 148 of 1929, as amended, created the Arkansas Real Estate Commission (AREC) for the purpose of regulating and licensing real estate brokers and salespersons in accordance with the real estate license law.

The mission of the Arkansas Real Estate Commission is to protect the public interest. That mission charges the Commission with the responsibility of administering the Real Estate License Law (A.C.A. §17-42-101 et seq.), the Real Estate Recovery Fund (A.C.A. §17-42-401 et seq.), the Continuing Education Program (A.C.A. §17-42-501 et seq.), and the Time-Share Law (A.C.A. §18-14-101 et seq.).

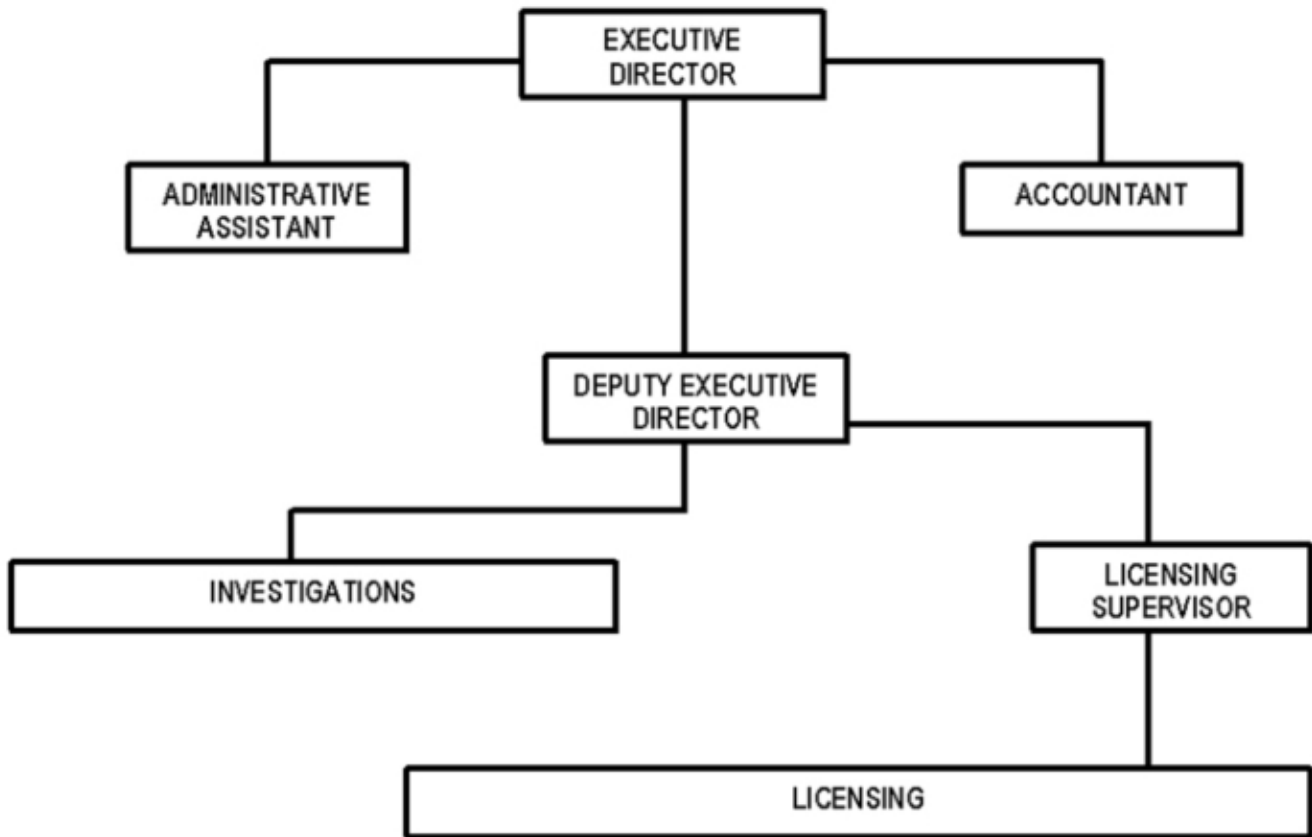
The Real Estate Commission consists of five members appointed by the Governor for three year terms. Three Commission members are from the real estate profession, one Commission member serves as a consumer representative, and one Commission member serves as an elderly representative. Responsibilities are discharged through a staff directed by an Executive Director who is employed by the Commission.

The Agency's primary activities include licensing real estate brokers and salespersons, investigating complaints about real estate transactions, conducting Disciplinary and Recovery Fund hearings, and administering the Continuing Education and Time-Share programs.

The Licensing Section is responsible for reviewing applications of individuals who are applying to take the Arkansas real estate exam, issuing licenses to persons who enter the profession, and annually renewing licenses issued to real estate brokers and salespersons.

The Investigative Section is responsible for investigating complaints received from members of the public concerning alleged violations of the Real Estate License Law or Time-Share Law. Each complaint investigated is either dismissed or scheduled for a disciplinary hearing before the Commission.

The Commission is responsible for administering the Recovery Fund, which was established to pay damage claims to members of the public who have suffered monetary loss specifically attributable to real estate brokers and/or salespersons who have been found, in disciplinary actions before the Commission, to have violated the Real Estate License Law or Regulations. The Recovery Fund is also used for real estate educational purposes.



Agency Commentary

For the Arkansas Real Estate Commission, the budget requests contained herein affect each of the operating programs, Cash Operations, supported by the general cash fund, and the Real Estate Recovery Program, funded by the Recovery Fund. Funding for the biennial budget request will be provided from fund balances and fees to be collected.

As the only change in the Cash Operations Program, the Commission is requesting reallocation of \$15,000 each year from the Data Processing line item to Operating Expenses. These resources are used to reimburse the Department of Information Systems for support and assistance with the Commission's license database and expenditures should properly be made from the Operating Expenses line item.

Base level is the request for the Real Estate Recovery Program.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
ARKANSAS REAL ESTATE COMMISSION

FOR THE YEAR ENDED JUNE 30, 2006

Findings	Recommendations
None	None

Employment Summary

	Male	Female	Total	%
White Employees	3	7	10	71 %
Black Employees	0	4	4	29 %
Other Racial Minorities	0	0	0	0 %
Total Minorities			4	29 %
Total Employees			14	100 %

Publications

A.C.A. 25-1-204

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
AR Real Estate Commission Newsletter	ACA 17-42-404 & 17-42-203	N	N	48,000	Education & enforcement: Articles about real estate practice, law, regulations & hearings help licensees comply with AREC requirements, which protects the public.

Department Appropriation Summary

Historical Data

Agency Request and Executive Recommendation

Appropriation	2007-2008		2008-2009		2008-2009		2009-2010						2010-2011					
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
853 Real Estate – Operations	1,034,743	15	1,105,035	15	1,127,117	15	1,166,416	15	1,166,416	15	1,166,416	15	1,181,383	15	1,181,383	15	1,181,383	15
952 Real Estate Recovery	48,022	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	1,082,765	15	1,457,535	15	1,479,617	15	1,518,916	15	1,518,916	15	1,518,916	15	1,533,883	15	1,533,883	15	1,533,883	15

Funding Sources		%		%		%		%		%		%		%		%		%
Fund Balance	4000005	2,537,897	64.7	2,841,225	72.6		2,458,690	69.6	2,458,690	69.6	2,458,690	69.6	2,014,774	65.2	2,014,774	65.2	2,014,774	65.2
Cash Fund	4000045	1,386,093	35.3	1,075,000	27.4		1,075,000	30.4	1,075,000	30.4	1,075,000	30.4	1,075,000	34.8	1,075,000	34.8	1,075,000	34.8
Total Funds		3,923,990	100.0	3,916,225	100.0		3,533,690	100.0	3,533,690	100.0	3,533,690	100.0	3,089,774	100.0	3,089,774	100.0	3,089,774	100.0
Excess Appropriation/(Funding)		(2,841,225)		(2,458,690)			(2,014,774)		(2,014,774)		(2,014,774)		(1,555,891)		(1,555,891)		(1,555,891)	
Grand Total		1,082,765		1,457,535			1,518,916		1,518,916		1,518,916		1,533,883		1,533,883		1,533,883	

Agency Position Usage Report

FY2006 - 2007						FY2007 - 2008						FY2008 - 2009					
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	15	0	15	0	0.00 %	15	14	1	15	0	6.67 %	15	14	1	15	0	6.67 %

Analysis of Budget Request

Appropriation: 853 - Real Estate – Operations

Funding Sources: NRE - Cash in Treasury

The Arkansas Real Estate Commission is funded from the receipt of fees it charges for originating and renewing the licenses of real estate brokers and salespersons.

Base Level salaries for classified positions reflect the recommendations of the Pay Plan Study and unclassified positions reflect similar adjustments in line item salaries. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries may include board member Stipend payments and Career Service payments for eligible employees. Personal Services Matching includes a \$75 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

Base Level is requested for the Cash Operations Program. The only change requested is reallocation of \$15,000 each year from Data Processing Operating Expenses. On a monthly basis, the Agency reimburses the Department of Information Systems for support and assistance with its licensing database. This reallocation will properly classify this expenditure.

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 - Cash in Treasury

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	555,134	579,374	574,426	603,433	603,433	603,433	616,184	616,184	616,184
#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	153,263	152,296	179,326	189,618	189,618	189,618	191,834	191,834	191,834
Operating Expenses	5020002	260,993	285,774	285,774	285,774	300,774	300,774	285,774	300,774	300,774
Conference & Travel Expenses	5050009	13,174	13,662	13,662	13,662	13,662	13,662	13,662	13,662	13,662
Professional Fees	5060010	15,932	32,929	32,929	32,929	32,929	32,929	32,929	32,929	32,929
Data Processing	5090012	4,683	15,000	15,000	15,000	0	0	15,000	0	0
Refunds/Reimbursements	5110014	910	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Capital Outlay	5120011	30,654	0	0	0	0	0	0	0	0
Total		1,034,743	1,105,035	1,127,117	1,166,416	1,166,416	1,166,416	1,181,383	1,181,383	1,181,383
Funding Sources										
Fund Balance	4000005	1,551,921	1,801,541		1,696,506	1,696,506	1,696,506	1,530,090	1,530,090	1,530,090
Cash Fund	4000045	1,284,363	1,000,000		1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Total Funding		2,836,284	2,801,541		2,696,506	2,696,506	2,696,506	2,530,090	2,530,090	2,530,090
Excess Appropriation/(Funding)		(1,801,541)	(1,696,506)		(1,530,090)	(1,530,090)	(1,530,090)	(1,348,707)	(1,348,707)	(1,348,707)
Grand Total		1,034,743	1,105,035		1,166,416	1,166,416	1,166,416	1,181,383	1,181,383	1,181,383

Budget for Regular Salaries exceeds the Authorized due to salary adjustments made during the 2007-2009 Biennium.

Actual exceeds Authorized in Capital Outlay due to \$34,000 authorized appropriation for 2007-2008.

Change Level by Appropriation

Appropriation: 853 - Real Estate – Operations

Funding Sources: NRE - Cash in Treasury

Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	1,166,416	15	1,166,416	100.0	1,181,383	15	1,181,383	100.0
C04	Reallocation	0	0	1,166,416	100.0	0	0	1,181,383	100.0

Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	1,166,416	15	1,166,416	100.0	1,181,383	15	1,181,383	100.0
C04	Reallocation	0	0	1,166,416	100.0	0	0	1,181,383	100.0

Justification

C04	The Commission pays the Department of Information Systems a fee to provide support for its licensure database. To properly classify this expense, a reallocation from Data Processing to Operating Expenses is requested.
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Analysis of Budget Request

Appropriation: 952 - Real Estate Recovery

Funding Sources: NRE - Cash in Treasury

The Arkansas Real Estate Commission's Recovery Fund cash appropriation is supported by a one-time fee of \$25 charged to each new license applicant and also includes interest earned from investing the Fund's balances. If damages are assessed against any licensee who is insolvent, the Commission covers the claim from fees collected in this fund. Earned interest is applied toward support of the Commission's educational efforts to keep its licensees and the general public informed of changes in regulations, market conditions, and illegal practices.

Base Level is \$352,500 each year and is the Agency Request.

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

Appropriation Summary

Appropriation: 952 - Real Estate Recovery

Funding Sources: NRE - Cash in Treasury

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Damage Payment	5900046	2,145	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
Education	5900047	45,877	102,500	102,500	102,500	102,500	102,500	102,500	102,500	102,500
Total		48,022	352,500	352,500	352,500	352,500	352,500	352,500	352,500	352,500
Funding Sources										
Fund Balance	4000005	985,976	1,039,684		762,184	762,184	762,184	484,684	484,684	484,684
Cash Fund	4000045	101,730	75,000		75,000	75,000	75,000	75,000	75,000	75,000
Total Funding		1,087,706	1,114,684		837,184	837,184	837,184	559,684	559,684	559,684
Excess Appropriation/(Funding)		(1,039,684)	(762,184)		(484,684)	(484,684)	(484,684)	(207,184)	(207,184)	(207,184)
Grand Total		48,022	352,500		352,500	352,500	352,500	352,500	352,500	352,500

DEPARTMENT OF RURAL SERVICES

Enabling Laws

Act 573 of 2007
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

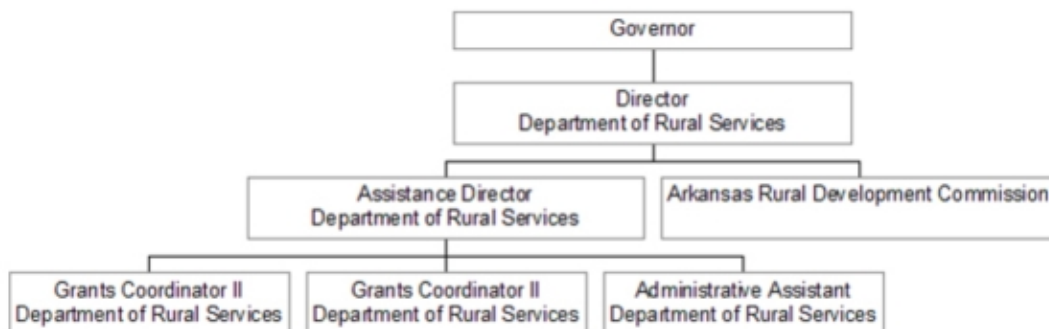
The function of the Department of Rural Services is:

- 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 absolutely needed to complete the project and to return any unused funds.

BASE LEVEL

The Agency is requesting to continue its Base Level of \$940,328 in FY10 and \$946,482 in FY11 which includes the following:

GR Funded Appropriation

	<u>FY10</u>	<u>FY11</u>
Regular Salaries for 5 positions:	\$225,581	\$230,766
Personal Services Matching:	\$ 67,729	\$ 68,698
Operating Expenses:	\$ 67,704	\$ 67,704
Conference Fees & Travel	\$ 4,100	\$ 4,100
Rural Community Development Grants:	\$200,000	\$200,000
Rural Community Fire Protection Grants:	\$300,000	\$300,000
Rural County Fair Improvement Grants:	\$ 25,214	\$ 25,214

Cash Funded Appropriation

	<u>FY10</u>	<u>FY11</u>
Conference Expenses	\$ 50,000	\$ 50,000

CHANGE LEVEL

The Department is requesting additional appropriation and general revenue funding of \$482,786 each year of the biennium for the following:

	<u>FY10</u>	<u>FY11</u>
Operating Expenses	\$ 8,000	\$ 8,000
Rural Community Development Grants:	\$200,000	\$200,000
Rural Community Fire Protection Grants:	\$200,000	\$200,000
Rural County Fair Improvement Grants:	\$ 74,786	\$ 74,786
Total	<u>\$482,786</u>	<u>\$482,786</u>

The \$8,000 appropriation and funding increase in Operating Expenses is necessary to provide for increased operating costs including postage, printing, office supplies and food.

The \$474,786 appropriation increase in Grants is requested to restore the level of grant appropriation authorized for the 2007-09 biennium. The \$400,000 requested for Rural Community Development

Grants and Rural Community Fire Protection Grants was approved during the 2007-09 biennium for appropriation only. The Agency is requesting to restore this (previously unfunded) appropriation along with general revenue funding.

The \$74,786 requested for Rural County Fair Improvement Grants is requested to restore the level of grant appropriation authorized during the 2007-09 biennium. This request represents the following:

- \$17,483 was funded during the 2007-09 biennium, but was reduced from the FY09 Annual Budget (and consequently Base Level) because the agency had to reallocate this funding from the grant line item to cover salary and matching increases authorized in FY08 (including Merit Increases, Extraordinary Salary Increases and Labor Market increases approved by the Department of Finance and Administration Office of Personnel Management).
- \$57,303 was unfunded appropriation authorized during the 2007-09 biennium, which the agency is requesting to restore with general revenue funding for the 2009-11 biennium.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
DEPARTMENT OF RURAL SERVICES

FOR THE YEAR ENDED JUNE 30, 2007

Findings	Recommendations
Management failed to operate its petty cash fund in accordance with rules and regulations, as set forth in the Department of Finance and Administration (DFA) Financial Management Guide, including the failure to retain supporting documentation for purchases made with petty cash funds. Support documentation provides evidence of the appropriate business purpose of disbursements. The Agency received approval from DFA for a \$100 petty cash fund; however, the Agency increased the petty cash fund without DFA approval to \$600 for the years ended June 30, 2006 and 2007 and to \$1,000 for the year ended June 30, 2008. The business purpose of \$2,200 in petty cash fund disbursements for the three years cannot be determined.	Retain proper documentation in support of expenditures and maintain the petty cash fund in accordance with rules and regulations for imprest fund accounts as set forth in the DFA Financial Management Guide.

Employment Summary

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

Cash Fund Balance Description as of June 30, 2008

Fund Account	Balance	Type	Location
1110100	\$39,295	Checking	BancorpSouth

Statutory/Other Restrictions on use:

N/A

Statutory Provisions for Fees, Fines, Penalties:

N/A

Revenue Receipts Cycle:

Receipts are derived from the collection of conference registration fees and forum registration fees around the period events are held. Additional receipts are collected from corporate sponsors.

Fund Balance Utilization:

Collection of revenue is irregular throughout the year, centering primarily around hosted events. Revenues are not on day-to-day operations, but are reserved and expended on costs directly related to hosting conference forums.

Publications

A.C.A. 25-1-204

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
Arkansas Rural Community Grant Program Guidelines and Application	Act 302 of 1991, Act 971 of 1995	N	N	6,000	To provide eligible rural communities with grant guidelines and procedures.
Arkansas Rural Development Conference Brochure	N/A	N	N	5,000	To promote the Annual Arkansas Rural Development Conference
Arkansas Rural Development Conference Program	N/A	N	N	1,000	To provide conference attendees with panel and event information.
County Fair Building Grant Program Guidelines and Application	Act 370 of 1999	N	N	1,000	To provide eligible rural communities with grant guidelines and procedures.
Rural Services Block Grant Guidelines and Application	Act 1412 of 1999	N	N	500	To provide eligible rural communities with grants guidelines and procedures.
The Rural Advocate	Act 302 of 1991	N	N	12,000	To provide information to rural communities in compliance with Act 302 of 1991 establishing the agency as the one contact for rural communities of less than 20,000 in population.

Department Appropriation Summary

Historical Data

Agency Request and Executive Recommendation

Appropriation	2007-2008		2008-2009		2008-2009		2009-2010						2010-2011					
	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	880,631	5	877,439	5	1,334,856	5	890,328	5	1,373,114	5	1,365,114	5	896,482	5	1,379,268	5	1,371,268	5
B15 Rural Services - Conference	41,983	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
Total	922,614	5	927,439	5	1,384,856	5	940,328	5	1,423,114	5	1,415,114	5	946,482	5	1,429,268	5	1,421,268	5

Funding Sources		%		%		%		%		%		%		%		%		%	
Fund Balance	4000005	31,706	3.3	39,295	4.1			39,295	4.0	39,295	2.7	39,295	4.0	39,295	4.0	39,295	2.7	39,295	4.0
General Revenue	4000010	863,085	89.7	877,439	90.8			890,328	90.9	1,373,114	93.9	890,328	90.9	896,482	90.9	1,379,268	93.9	896,482	90.9
Cash Fund	4000045	49,572	5.2	50,000	5.2			50,000	5.1	50,000	3.4	50,000	5.1	50,000	5.1	50,000	3.4	50,000	5.1
Merit Adjustment Fund	4000055	17,546	1.8	0	0.0			0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Total Funds		961,909	100.0	966,734	100.0			979,623	100.0	1,462,409	100.0	979,623	100.0	985,777	100.0	1,468,563	100.0	985,777	100.0
Excess Appropriation/(Funding)		(39,295)		(39,295)				(39,295)		(39,295)		435,491		(39,295)		(39,295)		435,491	
Grand Total		922,614		927,439				940,328		1,423,114		1,415,114		946,482		1,429,268		1,421,268	

Agency Position Usage Report

FY2006 - 2007						FY2007 - 2008						FY2008 - 2009					
Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused
	Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total	
5	5	0	5	0	0.00 %	5	5	0	5	0	0.00 %	5	5	0	5	0	0.00 %

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 salaries for classified positions reflect the recommendations of the Pay Plan Study and unclassified positions reflect similar adjustments in line item salaries. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. Personal Services Matching includes a \$75 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

Base Level includes appropriation and general revenue funding of \$890,328 in FY2010 and \$896,482 in FY2011.

The Agency requests additional appropriation and general revenue funding in the amount of \$482,786 each year of the biennium for the following:

Operating Expenses

Increase of \$8,000 each year to cover increased costs related to postage, printing, office supplies and food. This request will provide for additional administrative costs the agency incurred due to the addition of 31 new general improvement grant appropriations authorized during the 2007-2009 biennium.

Rural Community Development Grants

Increase of \$200,000 each year to provide for an increase in the number of Community Development grant requests received from rural communities and to cover increased costs for construction and renovation. This line item provides matching grants to rural communities to use for renovations, new construction or additions to publicly owned buildings, parks and recreational facilities.

Rural Fire Protection Grants

Increase of \$200,000 each year to provide for an increase in the number of Fire Protection grant requests received from rural communities and to cover increased costs for construction, renovation and equipment. This line item provides matching grants to rural communities for renovations, new construction or additions to fire facilities, for purchasing fire protection equipment and vehicles and for rehabilitating/retrofitting newly acquired equipment and vehicles.

County Fair Improvement Grants

Increase of \$74,786 each year of the biennium to meet rising labor and material costs. This line item provides incentive matching grants to assist rural county fairs with the construction and improvement of buildings or for the purchase of items shown to directly improve the building or the services that the county fair association may provide.

The Executive Recommendation provides for unfunded appropriation of \$474,786 each year for the following:

- \$200,000 for Rural Community Development Grants
- \$200,000 for Rural Fire Protection Grants
- \$74,786 for County Fair Improvement Grants

Appropriation Summary

Appropriation: 234 - Rural Services-State Operations

Funding Sources: HUA - Miscellaneous Agencies Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	211,131	218,625	201,291	225,581	225,581	225,581	230,766	230,766	230,766
#Positions	5	5	5	5	5	5	5	5	5
Personal Services Matching 5010003	63,673	61,796	61,761	67,729	67,729	67,729	68,698	68,698	68,698
Operating Expenses 5020002	62,478	67,704	67,704	67,704	75,704	67,704	67,704	75,704	67,704
Conference & Travel Expenses 5050009	652	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	300,000	300,000	500,000	300,000	500,000	500,000	300,000	500,000	500,000
County Fair Imprv Grants 5900048	42,697	25,214	100,000	25,214	100,000	100,000	25,214	100,000	100,000
Total	880,631	877,439	1,334,856	890,328	1,373,114	1,365,114	896,482	1,379,268	1,371,268
Funding Sources									
General Revenue 4000010	863,085	877,439		890,328	1,373,114	890,328	896,482	1,379,268	896,482
Merit Adjustment Fund 4000055	17,546	0		0	0	0	0	0	0
Total Funding	880,631	877,439		890,328	1,373,114	890,328	896,482	1,379,268	896,482
Excess Appropriation/(Funding)	0	0		0	0	474,786	0	0	474,786
Grand Total	880,631	877,439		890,328	1,373,114	1,365,114	896,482	1,379,268	1,371,268

The FY2008 Actual amount and the FY2009 Budget amount in Regular Salaries and Personal Services Matching exceeds the Authorized amount due to salary and matching rate adjustments approved during the 2007-09 biennium.

Change Level by Appropriation

Appropriation: 234 - Rural Services-State Operations

Funding Sources: HUA - Miscellaneous Agencies Fund

Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	890,328	5	890,328	100.0	896,482	5	896,482	100.0
C01	Existing Program	482,786	0	1,373,114	154.2	482,786	0	1,379,268	153.9

Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	890,328	5	890,328	100.0	896,482	5	896,482	100.0
C01	Existing Program	474,786	0	1,365,114	153.3	474,786	0	1,371,268	153.0

Justification

C01	Operating Expenses: \$8,000 requested for appropriation and funding for increased costs related to postage, printing, office supplies and food. Community Development Grants: \$200,000 requested for both appropriation and funding to restore the level of appropriation to what was authorized in the previous biennium. Fire Protection Grants: 200,000 requested for both appropriation and funding to restore the level of appropriation to what was authorized in the previous biennium. County Fair Improvement Grants: \$74,786 requested with both appropriation and funding to restore the level of appropriation to what was authorized in the previous biennium.
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Analysis of Budget Request

Appropriation: B15 - Rural Services - Conference

Funding Sources: 111 - Department of Rural Services - Cash

This appropriation provides for an annual conference and several one-day seminars for local governments. The annual conference attendance numbers range from 400-650 each year with topics of discussion including finance, community marketing strategies, infrastructure and crime. Income is derived from fees charged to participants and donations received through corporate sponsorship.

The Agency Base Level Request includes appropriation in the amount of \$50,000 each year of the biennium.

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

Appropriation Summary

Appropriation: B15 - Rural Services - Conference
Funding Sources: 111 - Department of Rural Services - Cash

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Conference Expenses 5900046	41,983	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Total	41,983	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Funding Sources									
Fund Balance 4000005	31,706	39,295		39,295	39,295	39,295	39,295	39,295	39,295
Cash Fund 4000045	49,572	50,000		50,000	50,000	50,000	50,000	50,000	50,000
Total Funding	81,278	89,295		89,295	89,295	89,295	89,295	89,295	89,295
Excess Appropriation/(Funding)	(39,295)	(39,295)		(39,295)	(39,295)	(39,295)	(39,295)	(39,295)	(39,295)
Grand Total	41,983	50,000		50,000	50,000	50,000	50,000	50,000	50,000

STATE BOARD OF SANITARIANS

Enabling Laws

Act 769 of 2007
A.C.A. §17-43-101 et seq.

History and Organization

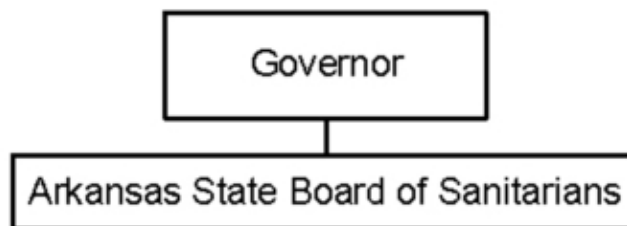
The mission of the State Board of Sanitarians is to regulate those professionals who organize, implement, or manage environmental health programs.

The State Board of Sanitarians was created by Act 281 of 1957 as amended by Act 257 of 1977. The Board consists of five (5) professional members appointed by the Governor to serve five-year terms with one member term expiring each year. In accordance with Act 113 of 1977, one consumer member sits on the Board.

Board members serve without compensation but are reimbursed for actual and necessary expenses incurred in the performance of their duties. The Board determines the eligibility of applicants for registration by examination in accordance with its Acts. One of the primary functions of the Board is to regulate its members to such a degree that effectively protects the dignity of the profession and public from the practice of such individuals who are inexperienced and unqualified. In addition, Act 582 of 1985 requires registered Sanitarians practicing in the State to complete twenty (20) hours of continuing education credits every two years for registration renewal. The Board reviews CEU's and provides registrants a list of approved courses for continuing education.

Funds for the operation of the Board are acquired by the collection of a \$20.00 examination fee, a \$10.00 application fee, and a \$20.00 annual renewal fee of each registrant.

A registered Sanitarian is an environmental health professional educated in the field of environmental health, physical and biological sciences and who possesses a Bachelor or a Master of Public Health degree with specialization in sanitary science from an approved school of public health, or a college graduate in one of the natural sciences (Biology, Chemistry, Physics, Math, Earth and /or Geology) or Engineering with a minimum of thirty (30) semester hours or its equivalent of the above subjects, plus one year's experience in environmental sanitation or approved training courses.



Agency Commentary

The State Board of Sanitarians is requesting Base Level for each year of the 2009-11 Biennium. The Agency has sufficient funding for the request.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
ARKANSAS STATE BOARD OF SANITARIANS

FOR THE YEAR ENDED JUNE 30, 2005

Findings Recommendations

None None

Publications

A.C.A. 25-1-204

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

Agency Position Usage Report

FY2006 - 2007						FY2007 - 2008						FY2008 - 2009					
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: 1BN - Treasury Cash

Funding Sources: NSB - Cash in Treasury

The State Board of Sanitarians was created by Arkansas Code Annotated §17-43-201. The Board is a cash agency funded from registration, examination, and renewal fees according to authority in Arkansas Code Annotated §17-43-204. The Board is responsible for regulating those professionals who organize, implement, or manage environmental health programs.

The State Board of Sanitarians is requesting Base Level for the 2009-2011 biennium.

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

Appropriation Summary

Appropriation: 1BN - Treasury Cash
Funding Sources: NSB - Cash in Treasury

Historical Data

Agency Request and Executive Recommendation

Commitment Item	Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
	2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses 5020002	4,217	8,647	8,647	8,647	8,647	8,647	8,647	8,647	8,647
Conference & Travel Expenses 5050009	0	0	0	0	0	0	0	0	0
Professional Fees 5060010	500	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200
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	4,717	10,847	10,847	10,847	10,847	10,847	10,847	10,847	10,847
Funding Sources									
Fund Balance 4000005	20,362	20,481		13,332	13,332	13,332	6,785	6,785	6,785
Cash Fund 4000045	4,836	3,698		4,300	4,300	4,300	4,300	4,300	4,300
Total Funding	25,198	24,179		17,632	17,632	17,632	11,085	11,085	11,085
Excess Appropriation/(Funding)	(20,481)	(13,332)		(6,785)	(6,785)	(6,785)	(238)	(238)	(238)
Grand Total	4,717	10,847		10,847	10,847	10,847	10,847	10,847	10,847

STATE SECURITIES DEPARTMENT

Enabling Laws

Act 1276 of 2007
A.C.A. §20-17-1001 et seq.
A.C.A. §23-35-101 et seq.
A.C.A. §23-37-101 et seq.
A.C.A. §23-39-501 et seq.
A.C.A. §23-42-101 et seq.
A.C.A. §23-55-101 et seq.

History and Organization

The Arkansas Securities Department has legislated responsibilities to protect the monetary interests of Arkansas residents by providing administration, regulation, and enforcement of the various Acts.

Act 254 of 1959 placed responsibility for the "sale of securities" under the jurisdiction of the State Bank Department, and provided for a State Securities Commissioner. The Securities Commissioner was to be appointed by the Governor and subject to the supervision of the State Bank Commissioner, and the Securities Department was operated as a division of the State Bank Department. Act 38 of 1971 transferred both the State Bank Department and the State Securities Department to the Department of Commerce. Each division continued to function independently of the Commerce Department with regard to the prescribed statutory powers, authorities, duties, and rulemaking responsibilities they had prior to the transfer. Act 471 of 1973 amended Act 254 of 1959 to provide that the Securities Division was no longer a part of the State Bank Department and the Securities Commissioner was no longer subject to the supervision of the State Bank Commissioner. The Act further provided that the Securities Division be renamed the Arkansas Securities Department and that all Acts previously regulated by the Securities Division be transferred to the new agency effective July 1, 1973.

In early 1975 it became apparent that the special revenue fund balances transferred to the Department by the Bank Department pursuant to Act 471 of 1973 would not be sufficient to continue operation of the Department at its then current level. Act 863 of 1975 amended all Acts administered by the Department to reclassify all revenues received by the Department as general revenues. Thus, effective July 1, 1975, the Department ceased being a special revenue agency and became a general revenue agency with all expenditures paid from the general revenues of the State.

Act 691 of 1983 abolished the Department of Commerce. Section 3 of the Act directed that the State Securities Department shall function as an independent agency. The Securities Commissioner is appointed by the Governor and serves at the pleasure of the Governor.

Act 42 of the First Extraordinary Session of 1989 appropriated funds to the Arkansas Securities Department, up to a maximum of \$200,000 in each fiscal year, to be used to contract for legal, accounting, and other appropriate assistance in addition to that available from the Department's regular staff, in specific cases and situations as deemed necessary by the Securities Commissioner. Act 207 of 1993 provided that all revenues received from administrative fines shall be deposited into the fund account from which the Arkansas Securities Department receives its maintenance and support as special

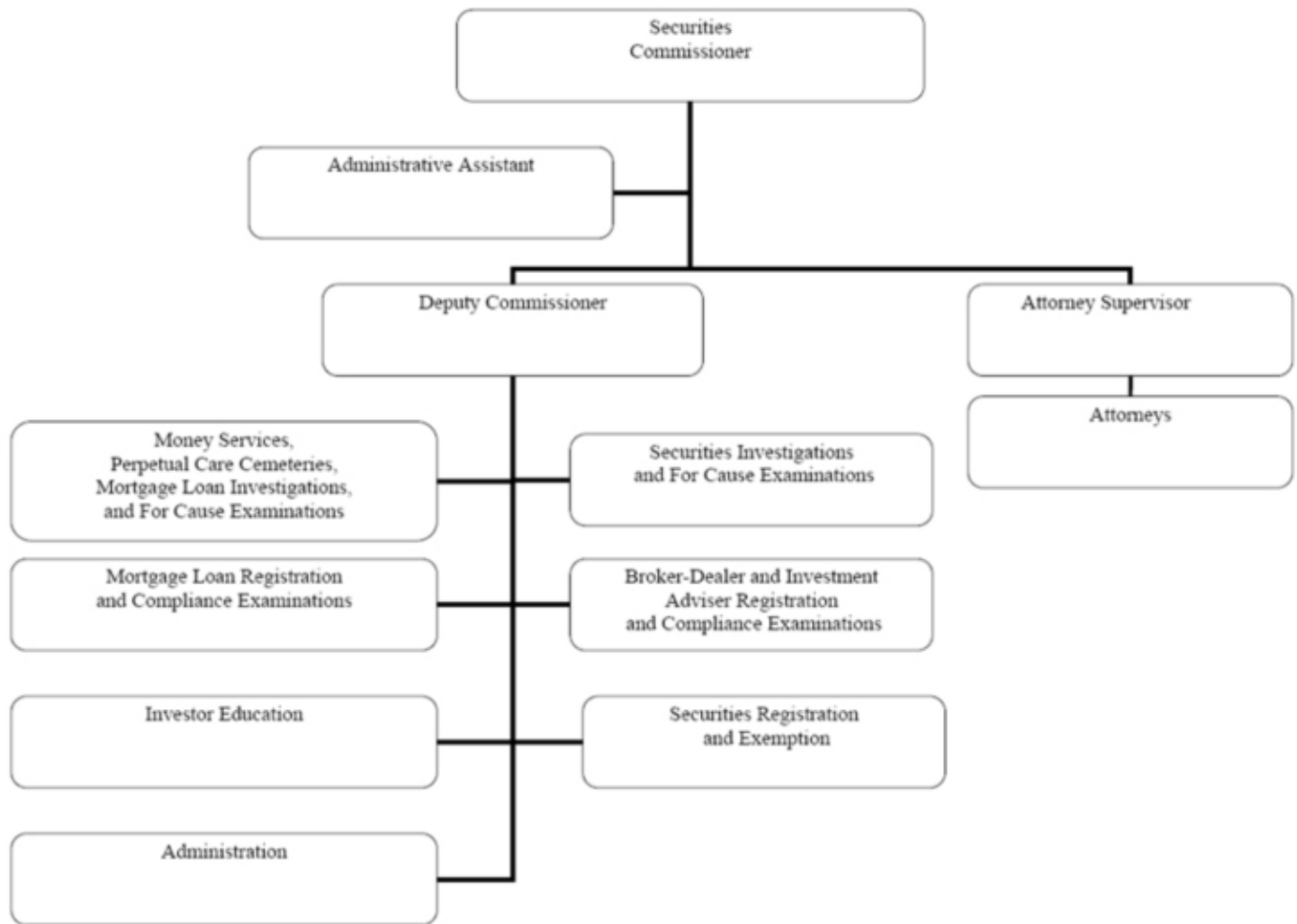
revenues and used only for the stated purposes. Act 66 of 1997 provides in the event specific cases, situations, or programs make it necessary that the State Securities Department receives additional appropriations to carry out the objectives of the agency, the Securities Commissioner is hereby authorized to request the approval of the Governor and the Chief Fiscal Officer of the State for transfer of the appropriations provided in the Contingency line item (\$200,000). In no event shall the transfer in any fiscal year exceed the appropriations provided in the Contingency line item. The Governor may approve or modify such request for transfer of appropriations as in his judgment he deems necessary, and shall inform the Chief Fiscal Officer of the State. Upon notification, the Chief Fiscal Officer of the State shall direct the State Auditor to process said transfer upon his books.

Act 659 of 1993 created on the books of the Chief Fiscal Officer of the State and those of the State Treasurer a fund to be known as the "Securities Department Fund". Such fund is to be used for the maintenance, operation, support and improvement of the State Securities Department in carrying out its functions, powers, and duties as set out by law and by rule and regulation not inconsistent with law. Filing fees for initial or renewal registration of agent of a broker-dealer and investment adviser were increased to Seventy-five (\$75), of which twenty-five dollars (\$25) shall be designated as special revenue and shall be deposited in the Securities Department Fund. Also, the filing fee for the filing of a registration statement was increased to a maximum filing fee of no more than two thousand dollars (\$2,000). Any portion of the fee in excess of one thousand (\$1,000) shall be designated as special revenues and shall be deposited in the Securities Department Fund.

The Securities Department's operating appropriation is funded from special revenues deposited with the State Treasurer in the Securities Department Fund. The Securities Department Fund consists of portions of certain filing fees received by the Securities Department. Act 759 of 2003 created the Investor Education Fund. The Investor Education Program is funded from administrative fines received by the Department. The fines deposited into the Investor Education Fund are limited to \$150,000 each fiscal year. Fines received in excess of \$150,000 are deposited into the Securities Department Fund. The fees received by the Department and deposited into the Securities Department Fund are limited to one million dollars (\$1,000,000) each fiscal year. 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:

Operating Expenses: In 2008, the Department announced publicly an initiative to protect senior citizens from misleading and fraudulent sales practices. Complaints from senior citizens comprise approximately 75%-80% of the complaints received by the Department. The Department has partnered with the Arkansas Chapter of AARP by working with volunteers who attend “free lunch” seminars. This partnership is used to investigate the misleading use of senior designations aimed at seniors. The senior fraud initiative has uncovered questionable sales practices by financial professionals throughout Arkansas. This has resulted in more onsite examinations of financial professionals. Additionally, there has been an increase in the number of investigations conducted by the Department of insurance agents who advise seniors to sell securities in order to purchase variable or equity indexed annuities or other potentially

unsuitable investments. The Department has also increased the number of compliance examinations of licensed entities to ensure that financial professionals continue to meet the requirements set forth in the statutes and rules administered by the Department.

The proposed increases in Operating Expenses of \$36,400 in FY10 and \$42,400 in FY11 are itemized as follows: \$1,000 for postage, \$10,000 for services provided by the Department of Information Services, \$6,000 for a new copier lease, \$15,000 for increased rent in FY10 and \$21,000 in FY11, \$500 for monitoring the security of office space, \$1,000 for fuel, \$900 for vehicle maintenance, \$1,000 for additional Westlaw subscriptions for legal research, and \$1,000 for a membership in the Conference of State Banking Supervisors used for training in the mortgage loan area.

Conference & Travel: In order to be effective in the investigative, examination, and legal areas, the examination and legal staff of the Department must continually train to keep abreast of the different financial areas regulated by the Department. The Department is requesting an additional \$7,400 each year for examiners and attorneys to attend training offered by the North American Securities Administrators Association, Conference of State Banking Supervisors, and American Association of Residential Mortgage Regulators.

Professional Services: The Department has used the STAR database for licensing, registration, and complaint tracking since 2002. This system has been installed in fourteen states. STAR was developed using Visual Basic 6, which Microsoft has recently stopped supporting. Version 2 of STAR has been developed using Visual Basic .NET. STAR Version 2 provides more flexibility for customization by the end user, lower maintenance costs, more online filings and an E-Document management system. Additionally, by converting to STAR Version 2, the Department will gain the examination module that will track and monitor examinations performed by the staff. In FY10, the Department is requesting \$275,000 in Professional Fees to pay for the conversion of our legacy version of STAR to the current .Net technology.

Capital Outlay: The Department is requesting \$13,500 in Capital Outlay each 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 Capital Outlay of \$20,000 in FY10 to replace a vehicle meeting requirements outlined in the Arkansas Vehicle Fleet Management Guide.

Examination Travel: The Department has expanded its examination program for both compliance and for-cause examinations. This includes participating in multi-state special project groups that perform examinations of companies expected of violations in the financial areas regulated by the Department. The Department invoices the registrants for costs associated with these examinations and these funds reimburse travel expenses incurred by securities examiners. Therefore, the Department is requesting an increase of \$7,500 each year in the Examination Travel special line item.

Refunds and Transfers: Base Level for the Cash in Treasury account used by the Department to transfer collected fees to other State Treasury accounts after necessary refunds are processed may not be enough to provide for the volume of transfers and refunds anticipated in the 2009-2011 Biennium. Therefore, the Department is requesting an addition of \$2,500,000 each year to assure that sufficient appropriation is available for these transactions.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
STATE SECURITIES DEPARTMENT

FOR THE YEAR ENDED JUNE 30, 2006

Findings	Recommendations
None	None

Employment Summary

	Male	Female	Total	%
White Employees	11	25	36	95 %
Black Employees	1	1	2	5 %
Other Racial Minorities	0	0	0	0 %
Total Minorities			2	5 %
Total Employees			38	100 %

Publications

A.C.A. 25-1-204

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

Department Appropriation Summary

Historical Data

Agency Request and Executive Recommendation

Appropriation	2007-2008		2008-2009		2008-2009		2009-2010						2010-2011					
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
027 State Operations	2,846,049	38	2,915,700	38	2,932,688	38	3,077,950	38	3,437,750	38	3,437,750	38	3,124,680	38	3,195,480	38	3,195,480	38
1MV Investor Education	64,805	0	78,500	0	78,500	0	78,500	0	78,500	0	78,500	0	78,500	0	78,500	0	78,500	0
867 Refunds and Transfers	0	0	15,000,000	0	15,000,000	0	15,000,000	0	17,500,000	0	17,500,000	0	15,000,000	0	17,500,000	0	17,500,000	0
NOT REQUESTED FOR THE BIENNIUM																		
34H Investor Protection	63,175	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	2,974,029	38	17,994,200	38	18,011,188	38	18,156,450	38	21,016,250	38	21,016,250	38	18,203,180	38	20,773,980	38	20,773,980	38

Funding Sources		%		%		%		%		%		%		%		%	
Fund Balance	4000005	11,966,856	91.5	10,106,969	38.5	8,262,769	33.8	8,262,769	30.7	8,262,769	30.7	6,256,319	27.9	5,896,519	24.0	5,896,519	24.0
Special Revenue	4000030	1,050,967	8.0	1,150,000	4.4	1,150,000	4.7	1,150,000	4.3	1,150,000	4.3	1,150,000	5.1	1,150,000	4.7	1,150,000	4.7
Cash Fund	4000045	63,175	0.5	15,000,000	57.1	15,000,000	61.4	17,500,000	65.0	17,500,000	65.0	15,000,000	66.9	17,500,000	71.3	17,500,000	71.3
Total Funds		13,080,998	100.0	26,256,969	100.0	24,412,769	100.0	26,912,769	100.0	26,912,769	100.0	22,406,319	100.0	24,546,519	100.0	24,546,519	100.0
Excess Appropriation/(Funding)		(10,106,969)		(8,262,769)		(6,256,319)		(5,896,519)		(5,896,519)		(4,203,139)		(3,772,539)		(3,772,539)	
Grand Total		2,974,029		17,994,200		18,156,450		21,016,250		21,016,250		18,203,180		20,773,980		20,773,980	

Agency Position Usage Report

FY2006 - 2007						FY2007 - 2008						FY2008 - 2009					
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	
35	33	2	35	0	5.71 %	38	37	1	38	0	2.63 %	38	38	0	38	0	0.00 %

Analysis of Budget Request

Appropriation: 027 - State Operations

Funding Sources: SDH - Securities Department Fund

The State Operations appropriation is funded by special revenue fees that are authorized by A.C.A. §19-6-475. Administrative fines collected by the Agency are also designated as special revenues. Base Level is \$3,077,950 for FY10 and \$3,124,680 for FY11, with 38 positions authorized and budgeted.

Base Level salaries for classified positions reflect the recommendations of the Pay Plan Study and unclassified positions reflect similar adjustments in line item salaries. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries may include Career Service payments for eligible employees. Personal Services Matching includes a \$75 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

Additional resources requested include increases in Operating Expenses of \$36,400 in the first year and \$42,400 in the second year itemized as follows: \$1,000 for additional postage, \$10,000 for services provided by the Department of Information Systems, \$6,000 for a new copier lease, \$15,000 for increased rent in FY10 and \$21,000 in FY11, \$500 for monitoring the security of office space, \$1,000 for increasing fuel costs, \$900 for vehicle maintenance, \$1,000 for additional Westlaw subscriptions for legal research, and \$1,000 for a membership in the Conference of State Banking Supervisors for training in the mortgage loan area.

Also requested are increases of \$7,400 each year in Conference and Travel Expenses for additional training for examiners and attorneys.

\$275,000 for FY10 is requested in Professional Fees to contract for upgrading of the Securities Tracking And Registration (STAR) database used by the Department for licensing, registration, and complaint tracking.

Capital Outlay of \$20,000 for FY10 is requested to replace one vehicle that meets the time and mileage requirements for replacement; \$13,500 each year is requested for upgrading and replacement of technology equipment as indicated in the Department's Information Technology Plan.

Additionally, \$7,500 each year is requested in the Examination Travel line item to reimburse travel expenses incurred by examiners performing audits in the field.

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		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	1,620,308	1,782,956	1,749,722	1,867,319	1,867,319	1,867,319	1,906,680	1,906,680	1,906,680
#Positions		38	38	38	38	38	38	38	38	38
Extra Help	5010001	4,320	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000
#Extra Help		2	2	2	2	2	2	2	2	2
Personal Services Matching	5010003	445,950	452,900	503,122	544,287	544,287	544,287	551,656	551,656	551,656
Operating Expenses	5020002	678,384	404,760	404,760	404,760	441,160	441,160	404,760	447,160	447,160
Conference & Travel Expenses	5050009	21,923	22,600	22,600	22,600	30,000	30,000	22,600	30,000	30,000
Professional Fees	5060010	14,429	14,484	14,484	14,484	289,484	289,484	14,484	14,484	14,484
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	53,798	13,500	13,500	0	33,500	33,500	0	13,500	13,500
Contingency	5130018	0	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Examination Trave	5900046	6,937	12,500	12,500	12,500	20,000	20,000	12,500	20,000	20,000
Total		2,846,049	2,915,700	2,932,688	3,077,950	3,437,750	3,437,750	3,124,680	3,195,480	3,195,480
Funding Sources										
Fund Balance	4000005	11,572,369	9,712,881		7,797,181	7,797,181	7,797,181	5,719,231	5,359,431	5,359,431
Special Revenue	4000030	986,561	1,000,000		1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Total Funding		12,558,930	10,712,881		8,797,181	8,797,181	8,797,181	6,719,231	6,359,431	6,359,431
Excess Appropriation/(Funding)		(9,712,881)	(7,797,181)		(5,719,231)	(5,359,431)	(5,359,431)	(3,594,551)	(3,163,951)	(3,163,951)
Grand Total		2,846,049	2,915,700		3,077,950	3,437,750	3,437,750	3,124,680	3,195,480	3,195,480

Budget for Regular Salaries exceeds Authorized due to salary adjustments made during the 2007-2009 Biennium.
For FY08, the Operating Expenses line item was authorized at \$679,950 and Capital Outlay was authorized at \$54,500.

Change Level by Appropriation

Appropriation: 027 - State Operations
Funding Sources: SDH - Securities Department Fund

Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	3,077,950	38	3,077,950	100.0	3,124,680	38	3,124,680	100.0
C01	Existing Program	71,300	0	3,149,250	102.3	57,300	0	3,181,980	101.8
C08	Technology	288,500	0	3,437,750	111.7	13,500	0	3,195,480	102.3

Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	3,077,950	38	3,077,950	100.0	3,124,680	38	3,124,680	100.0
C01	Existing Program	71,300	0	3,149,250	102.3	57,300	0	3,181,980	101.8
C08	Technology	288,500	0	3,437,750	111.7	13,500	0	3,195,480	102.3

Justification

C01	Increases of \$36,400 for FY10 and \$42,400 for FY11 are requested for anticipated additional costs for postage, increases in rent, new copier leasing, security monitoring of office space, increasing fuel costs, vehicle maintenance, and for additional network services to be provided by the Department of Information Systems. ---- Additions in Conference and Travel Expenses are requested in the amounts of \$7,400 each year to allow examiners and attorneys to attend more training sessions offered by the North American Securities Administrators Association, the Conference of State Banking Supervisors, and the American Association of Residential Mortgage Regulators. ---- Increases of \$7,500 each year are requested in the Examination Travel line item for additional compliance and for-cause audits.---- Capital Outlay of \$20,000 for FY10 only is requested to replace one vehicle that meets time and mileage requirements.
C08	An increase of \$275,000 for the first year only in Professional Fees is requested to upgrade the Securities Tracking and Registration (STAR) database used for licensing, registration, and complaint tracking since 2002. Microsoft no longer supports the current version, so the Department is requesting an upgrade to Version 2 with the inherent improvements and maintenance savings.---- Capital Outlay of \$13,500 each year is requested for replacement and upgrading of IT equipment as specified in the Department's IT Plan. The STAR upgrade is referenced in the Major Application Section of the Plan under Projects and the hardware upgrades are listed under the Operations tab in the Hardware section.

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.

Base Level is \$78,500 each year and reflects the Department's request.

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		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	57,608	71,000	71,000	71,000	71,000	71,000	71,000	71,000	71,000
Conference & Travel Expenses	5050009	0	0	0	0	0	0	0	0	0
Professional Fees	5060010	0	0	0	0	0	0	0	0	0
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Promotional Items	5090028	7,197	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Total		64,805	78,500	78,500	78,500	78,500	78,500	78,500	78,500	78,500
Funding Sources										
Fund Balance	4000005	394,487	394,088		465,588	465,588	465,588	537,088	537,088	537,088
Special Revenue	4000030	64,406	150,000		150,000	150,000	150,000	150,000	150,000	150,000
Total Funding		458,893	544,088		615,588	615,588	615,588	687,088	687,088	687,088
Excess Appropriation/(Funding)		(394,088)	(465,588)		(537,088)	(537,088)	(537,088)	(608,588)	(608,588)	(608,588)
Grand Total		64,805	78,500		78,500	78,500	78,500	78,500	78,500	78,500

Analysis of Budget Request

Appropriation: 867 - Refunds and Transfers

Funding Sources: NSD - Securities Department - Cash in Treasury

The Securities Department's Refunds and Transfers appropriation is a Cash in Treasury account that is used for transfer of fee collections to other State Treasury fund accounts after necessary refunds have been made. The Department indicates that the current Base Level of \$15,000,000 each year is not sufficient to cover all transfers and refunds anticipated in the 2009-2011 Biennium. Accordingly, an additional \$2,500,000 each year is requested to assure that all anticipated transactions can be processed.

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

Appropriation Summary

Appropriation: 867 - Refunds and Transfers
Funding Sources: NSD - Securities Department - Cash in Treasury

Historical Data

Agency Request and Executive Recommendation

Commitment Item	Historical Data			2009-2010			2010-2011		
	2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Refunds/Reimbursements 5110014	0	15,000,000	15,000,000	15,000,000	17,500,000	17,500,000	15,000,000	17,500,000	17,500,000
Total	0	15,000,000	15,000,000	15,000,000	17,500,000	17,500,000	15,000,000	17,500,000	17,500,000
Funding Sources									
Cash Fund 4000045	0	15,000,000		15,000,000	17,500,000	17,500,000	15,000,000	17,500,000	17,500,000
Total Funding	0	15,000,000		15,000,000	17,500,000	17,500,000	15,000,000	17,500,000	17,500,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	0	15,000,000		15,000,000	17,500,000	17,500,000	15,000,000	17,500,000	17,500,000

Change Level by Appropriation

Appropriation: 867 - Refunds and Transfers
Funding Sources: NSD - Securities Department - Cash in Treasury

Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	15,000,000	0	15,000,000	100.0	15,000,000	0	15,000,000	100.0
C01	Existing Program	2,500,000	0	17,500,000	116.7	2,500,000	0	17,500,000	116.7

Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	15,000,000	0	15,000,000	100.0	15,000,000	0	15,000,000	100.0
C01	Existing Program	2,500,000	0	17,500,000	116.7	2,500,000	0	17,500,000	116.7

Justification

C01	Increases of \$2,500,000 each year are requested in the Cash in Treasury account used by the Department to transfer collected fees for deposit into other State Treasury accounts.								
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Appropriation Summary

Appropriation: 34H - Investor Protection
Funding Sources: NSD - Investor Education - Cash in Treasury

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses 5020002	63,175	0	0	0	0	0	0	0	0
Total	63,175	0	0	0	0	0	0	0	0
Funding Sources									
Cash Fund 4000045	63,175	0		0	0	0	0	0	0
Total Funding	63,175	0		0	0	0	0	0	0
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	63,175	0		0	0	0	0	0	0

THIS APPROPRIATION IS NOT BEING REQUESTED FOR THE 2009-2011 BIENNIUM.

STUDENT LOAN AUTHORITY

Enabling Laws

Act 1216 of 2007
A.C.A. §6-81-101 et seq.

History and Organization

Since the Authority was created in 1977, its enabling legislation has been amended six times:

Act 633 of 1979

- delineated membership of the Authority board and
- expanded authorized investments.

Act 296 of 1981

- defined the term "obligation",
- increased the obligation "cap" from \$15 million to \$50 million,
- required repayment from the next sale of revenue bonds of any outstanding obligation(s) other than revenue bonds, and
- repealed the requirement that student loans qualify for payment of federal interest benefits.

Act 937 of 1983

- defined the term "bond",
- removed the 10% limit on bond interest rates,
- reduced the notice period for public sale of bonds to ten days, and
- expanded authorized investments.

Act 39 of the 1983 First Extraordinary Session

- increased the obligation "cap" from \$50 to \$100 million.

Act 51 of the 1983 First Extraordinary Session

- authorized negotiated sales of obligations.

Act 429 and 449 of 1985 (identical acts)--

- authorized the Authority to make and purchase PLUS (parent) loans
- re-defined the term "obligation" to authorize the Authority to issue taxable and/or non-taxable debt, and
- designated the Authority as a public body politic and corporate.

Act 705 and 631 of 1985 (identical acts)--

- authorized the Authority to make or purchase loans from any qualified guarantor of its choice,
- removed the limitation on obligations that may be issued by the Authority, and,
- permitted the issuance of obligations, the proceeds of which may be used to acquire investment contracts.

Act 377 of 1989

- authorized the Authority to sell guaranteed educational loan notes where appropriate to its operation

Arkansas Student Loan Authority (ASLA) is a state agency created to provide a comprehensive student loan program for the State's citizens. 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 make affordable educational funding available to any citizen who has the desire to attend an institution of higher learning. ASLA provides a full service student loan program for the students and parents of the State and for all participating state banks. The following services are provided by ASLA.

Education Loans are provided to students and parents who select an ASLA participating lender as their lender of choice. ASLA believes that a student should exhaust all avenues of college funding available before taking a student loan and then never more than they can repay. If a student loan is needed, ASLA provides interest rate and origination fee discounts to the greatest level possible. **The Arkansas EdLoan** provides teachers, nurses, paramedics, law enforcement officers, and National Guard personnel in Arkansas with a 1% to 4% reduction in their interest rates just for remaining in our State. Student loan borrowers, other than those entering the career fields listed above, are eligible for an interest rate discount up to 2% for making payments in a timely manner.

The Student Outreach Services Program (S.O.S) identifies and secures scholarships and grants for students and support school counselors' efforts, which help students get a positive start in college selection and career discovery. ASLA participates in over 100 college fairs and financial seminars 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. ASLA has partnered with the Winthrop Rockefeller Foundation with the Fund My Future web portal which is used to identify resources to address the shortage of nurses and teachers in the state. All services are provided free of charge.

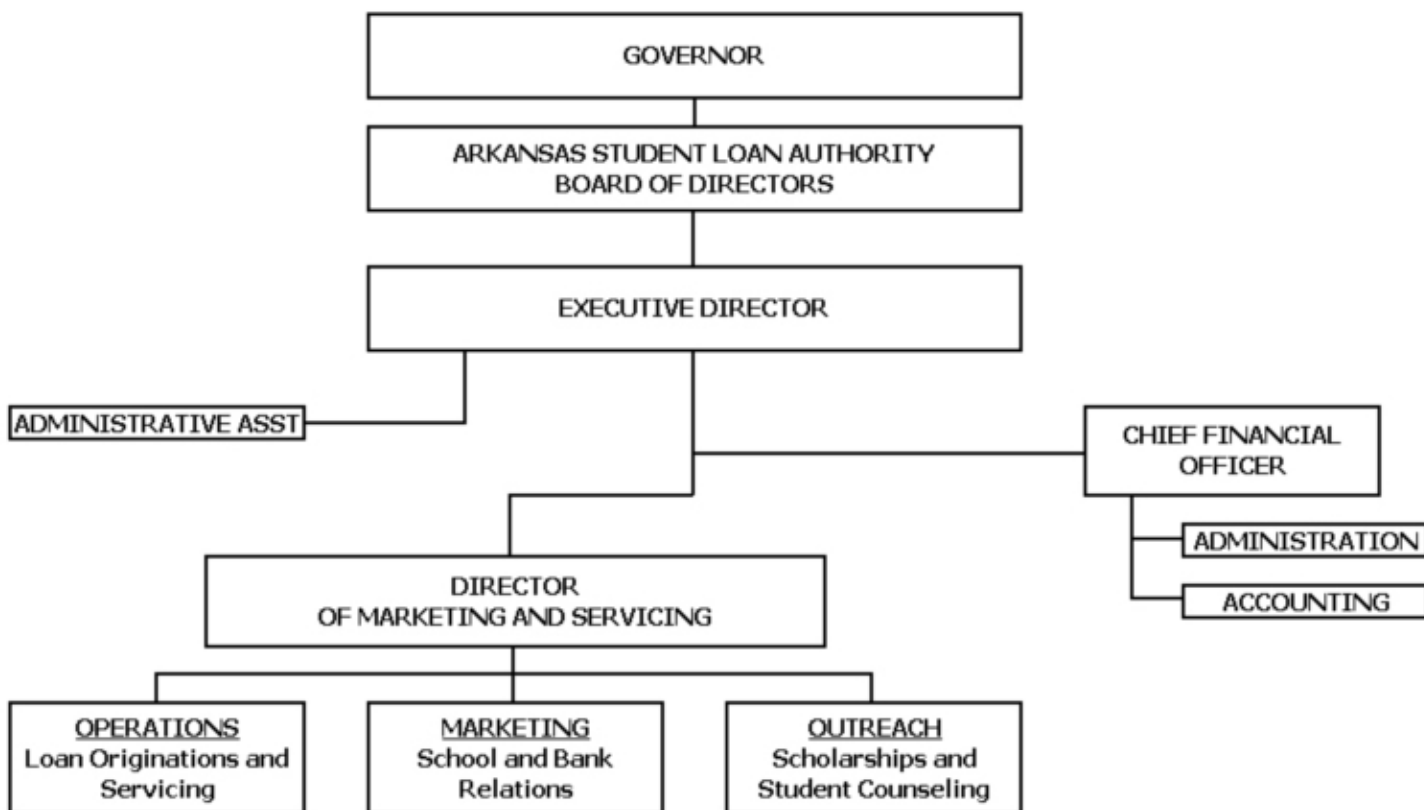
Secondary Market Services for participating banks provide banks a market to sell education loans which were made to their customers. Loans sales allow the banks to re-cycle their investment in new student loans. Because ASLA provides life of the loan servicing and never sells its loans to out-of-state entities, banks utilizing ASLA secondary market services ensure investments stay in the State strengthening the Arkansas economy.

Loan Referral Programs allow banks to provide student loans to their customers without committing to funding or servicing of the loan. ASLA originates the loan on behalf of the local bank, which creates access to college funding for students in all areas of the State. This program has made it possible and profitable for small Arkansas banks to provide customers an important community service. ASLA provides each participating bank with informational materials and brochures to assist in promoting education loans. Presently, approximately ninety banks participate in this important state program. As with ASLA's secondary market services, the loan referral programs ensure investments stay in the State, which strengthens the Arkansas economy.

Loan Consolidation has been offered to student and parent loan borrowers who have loans with multiple lenders or who need to extend their repayment term for more affordable monthly payments. This refinancing tool has been in great demand recently with the tremendous rise in college education costs. ASLA suspended the loan consolidation program in April of 2008 due to yield cuts made by the College Cost Reduction and Access Act of 2007 which made originating the loans economically unfeasible.

ASLA is the designated student loan agency in the state and is authorized to issue taxable and tax-exempt revenue bonds to finance Arkansas' comprehensive student loan program specifically for the benefit of its citizens. 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) provides 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.

The Authority is not requesting additional appropriation for personnel at this time. The Authority requests Base Level for the 2009 - 2011 biennium with a reallocation of resources of \$13,500 from Operating Expenses to Capital Outlay for FY10 and FY11. This reallocation will allow the agency to replace or purchase office furniture and/or office equipment.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
ARKANSAS STUDENT LOAN AUTHORITY

FOR THE YEAR ENDED JUNE 30, 2006

Findings	Recommendations
None	None

Employment Summary

	Male	Female	Total	%
White Employees	3	1	4	67 %
Black Employees	0	1	1	17 %
Other Racial Minorities	0	1	1	16 %
Total Minorities			2	33 %
Total Employees			6	100 %

Cash Fund Balance Description as of June 30, 2008

Fund Account	Balance	Type	Location
1570000	\$552,059	Checking	Regions Bank, Little Rock

Statutory/Other Restrictions on use:

A.C.A. §6-8-102 established the Arkansas Student Loan Authority to provide federal guaranteed educational loans through the process of originating, buying and selling educational loan notes. Use of cash fund balances is restricted by Bond Trust indentures.

Statutory Provisions for Fees, Fines, Penalties:

Proceeds from the repayment of principal and interest on guaranteed educational loans and from investments shall be used to meet expenses of the Authority in the fulfillment of its mission.

Revenue Receipts Cycle:

Funds collected from the sale of revenue bonds are deposited monthly. Various investment strategies are used to maximize proceeds available to meet necessary costs of the Authority.

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.

Fund Account	Balance	Type	Location
1570100	\$48,167	Checking	Simmons National Bank, Little Rock

Statutory/Other Restrictions on use:

Use of cash fund balance is restricted by an agreed upon budget with the Winthrop Rockefeller Foundation.

Statutory Provisions for Fees, Fines, Penalties:

Funds received from the grant shall be used to meet necessary expenses in the development, operation, and marketing of the www.fundmyfuture.info website.

Revenue Receipts Cycle:

Funds are received once a year, normally in July.

Fund Balance Utilization:

The use of funds is restricted by the terms of the grant with the Winthrop Rockefeller Foundation and an agreed upon budget with the Foundation.

Publications

A.C.A. 25-1-204

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

Department Appropriation Summary

Historical Data

Agency Request and Executive Recommendation

Appropriation	2007-2008		2008-2009		2008-2009		2009-2010						2010-2011					
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
A51 Student Loan Authority - Cash Operations	6,553,229	6	10,120,839	6	13,490,383	6	10,118,806	6	10,118,806	6	10,118,806	6	10,129,232	6	10,129,232	6	10,129,232	6
NOT REQUESTED FOR THE BIENNIUM																		
D29 WRF - Fund My Future	29,455	0	84,944	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	6,582,684	6	10,205,783	6	13,490,383	6	10,118,806	6	10,118,806	6	10,118,806	6	10,129,232	6	10,129,232	6	10,129,232	6

Funding Sources		%		%		%		%		%		%		%		%
Fund Balance 4000005	242,141	3.4	600,226	5.4			931,220	8.1	931,220	8.1	931,220	8.1	1,312,414	11.1	1,312,414	11.1
Cash Fund 4000045	77,622	1.1	36,777	0.3			0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Bond Proceeds 4000125	6,863,147	95.5	10,500,000	94.3			10,500,000	91.9	10,500,000	91.9	10,500,000	91.9	10,500,000	88.9	10,500,000	88.9
Total Funds	7,182,910	100.0	11,137,003	100.0			11,431,220	100.0	11,431,220	100.0	11,431,220	100.0	11,812,414	100.0	11,812,414	100.0
Excess Appropriation/(Funding)	(600,226)		(931,220)				(1,312,414)		(1,312,414)		(1,312,414)		(1,683,182)		(1,683,182)	
Grand Total	6,582,684		10,205,783				10,118,806		10,118,806		10,118,806		10,129,232		10,129,232	

Agency Position Usage Report

FY2006 - 2007						FY2007 - 2008						FY2008 - 2009					
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 %	6	6	0	6	0	0.00 %	6	6	0	6	0	0.00 %

Analysis of Budget Request

Appropriation: A51 - Student Loan Authority - Cash Operations

Funding Sources: 157 - Student Loan Authority - Cash

The Arkansas Student Loan Authority was created for the purpose of originating and acquiring student loans and support Arkansas' student financial assistance by purchasing loans made by local lenders to higher education students. The process provides liquidity to banks so additional loans may be made to students in need. Funding is based upon Trust Indenture documents which allows the Authority to draw the cost of loan servicing plus 70 basis points or 0.7% of the outstanding loan balance on a monthly basis for program administration and general and administrative costs.

Base Level unclassified positions were changed to classified and the current classified positions reflect the recommendations of the Pay Plan Study. Salaries were adjusted accordingly. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries may include board member Stipend payments and Career Service payments for eligible employees. Personal Services Matching includes a \$75 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

The Authority requests Base Level for the 2009 - 2011 Biennium with a reallocation of resources from Operating Expenses to Capital Outlay of \$13,500 for each year for additional needs of office furniture and general equipment upgrades.

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	2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	376,168	375,960	357,347	385,091	385,091	385,091	393,874	393,874	393,874
#Positions	6	6	6	6	6	6	6	6	6
Personal Services Matching 5010003	101,168	95,354	97,562	102,690	102,690	102,690	104,333	104,333	104,333
Operating Expenses 5020002	195,755	253,897	339,546	253,897	240,397	240,397	253,897	240,397	240,397
Conference & Travel Expenses 5050009	16,604	22,839	22,839	22,839	22,839	22,839	22,839	22,839	22,839
Professional Fees 5060010	5,273,270	9,354,289	9,354,289	9,354,289	9,354,289	9,354,289	9,354,289	9,354,289	9,354,289
Building/Land Acquisition 5090005	590,264	0	3,300,000	0	0	0	0	0	0
Data Processing 5090012	0	0	100	0	0	0	0	0	0
Capital Outlay 5120011	0	18,500	18,500	0	13,500	13,500	0	13,500	13,500
Loans 5120029	0	0	200	0	0	0	0	0	0
Total	6,553,229	10,120,839	13,490,383	10,118,806	10,118,806	10,118,806	10,129,232	10,129,232	10,129,232
Funding Sources									
Fund Balance 4000005	242,141	552,059		931,220	931,220	931,220	1,312,414	1,312,414	1,312,414
Bond Proceeds 4000125	6,863,147	10,500,000		10,500,000	10,500,000	10,500,000	10,500,000	10,500,000	10,500,000
Total Funding	7,105,288	11,052,059		11,431,220	11,431,220	11,431,220	11,812,414	11,812,414	11,812,414
Excess Appropriation/(Funding)	(552,059)	(931,220)		(1,312,414)	(1,312,414)	(1,312,414)	(1,683,182)	(1,683,182)	(1,683,182)
Grand Total	6,553,229	10,120,839		10,118,806	10,118,806	10,118,806	10,129,232	10,129,232	10,129,232

Actual and/or Budget amounts in Regular Salaries and Personal Services Matching exceeds the authorized amount due to salary adjustments during the 2007-2009 biennium.

Change Level by Appropriation

Appropriation: A51 - Student Loan Authority - Cash Operations

Funding Sources: 157 - Student Loan Authority - Cash

Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	10,118,806	6	10,118,806	100.0	10,129,232	6	10,129,232	100.0
C04	Reallocation	0	0	10,118,806	100.0	0	0	10,129,232	100.0

Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	10,118,806	6	10,118,806	100.0	10,129,232	6	10,129,232	100.0
C04	Reallocation	0	0	10,118,806	100.0	0	0	10,129,232	100.0

Justification

C04	The agency requests a reallocation of resources of \$13,500 from Operating Expenses to Capital Outlay for FY10 and FY11 for additional office furniture needs and general equipment upgrades.
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Appropriation Summary

Appropriation: D29 - WRF - Fund My Future

Funding Sources: 157 - Student Loan Authority - Cash

Historical Data

Agency Request and Executive Recommendation

Commitment Item	Historical Data			2009-2010			2010-2011		
	2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses 5020002	0	40,863	0	0	0	0	0	0	0
Conference & Travel Expenses 5050009	0	0	0	0	0	0	0	0	0
Professional Fees 5060010	29,455	44,081	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	29,455	84,944	0	0	0	0	0	0	0
Funding Sources									
Fund Balance 4000005	0	48,167		0	0	0	0	0	0
Cash Fund 4000045	77,622	36,777		0	0	0	0	0	0
Total Funding	77,622	84,944		0	0	0	0	0	0
Excess Appropriation/(Funding)	(48,167)	0		0	0	0	0	0	0
Grand Total	29,455	84,944		0	0	0	0	0	0

Actual/Budget exceeds Authorized Appropriation due to a transfer from the Cash Fund Holding Account.
THIS APPROPRIATION IS NOT REQUESTED FOR THE 2009-2011 BIENNIUM.

AR TEACHER HOUSING DEVELOPMENT FOUNDATION

Enabling Laws

Act 440 of 2007
A.C.A. § 6-26-101 et seq.

History and Organization

The Arkansas Teacher Housing Development Foundation is responsible for the development, implementation, and administration of housing incentive programs to recruit and retain teachers in high priority school districts. The Foundation is also responsible for obtaining private and public sources of funding for those housing incentive programs.

Act 39 of the Second Extraordinary Session of 2003 created the Arkansas Teacher Housing Development Foundation to provide affordable housing and housing incentives to attract high performing teachers to high priority school districts. The Act is now codified as Arkansas Code Annotated § 6-26-101 et seq.

A "high priority" school district has difficulty recruiting and retaining high performing teachers for grades K-12; has a critical shortage of teachers qualified to teach for any grades K-12; and has fifty percent (50%) or more of the students in the district performing below proficiency on any or all bench-mark examinations.

Housing incentives are provided to high performing teachers to entice them to relocate to high priority school districts. In addition, housing incentives are provided to high performing teachers that already teach in high priority school districts for retention purposes.

The Foundation's mission is to develop, implement, and administer housing incentive programs to recruit and retain high performing teachers in high priority school districts. Housing incentives may include home purchase down-payment assistance, low-interest rate mortgages, rental assistance and multifamily housing developments. The Foundation is charged with raising private and public funds to finance the housing incentive programs.

In addition to its mission, the Foundation has adopted the following goals:

- To serve as a resource center to direct teachers to existing housing and homeownership programs and services;
- To work with local lenders and agencies to develop exclusive mortgage products and discount programs for teachers; and
- To identify the rental housing needs of teachers and meet those needs through partnerships with developers and private owners.

Grant funds from the Department of Education and private fundraising efforts support the Foundation's mission and goals.

The Board of Trustees

The Arkansas Teacher Housing Development Foundation is operated and controlled by a board of trustees that consists of nine (9) members. Board members hail from across the State and include educators, housing professionals, business owners, the director of the Arkansas Development Finance Authority, the director of the Arkansas Teacher Retirement System, and the president of the Arkansas Chapter of the National Association of Minority Contractors. Three members are appointed by the President Pro Tempore.

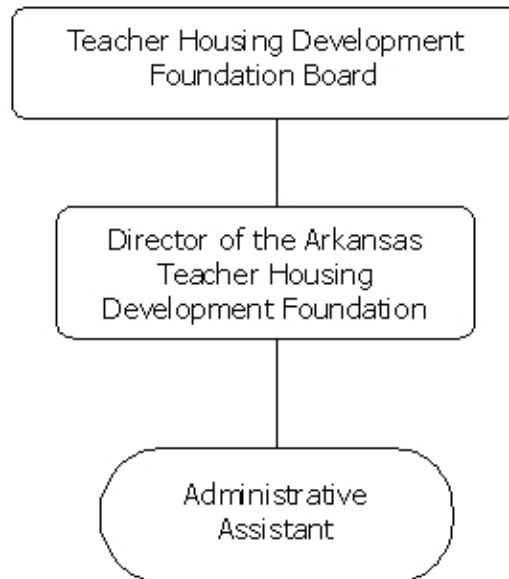
The Speaker of the House of Representatives also appoints three members. Both the President Pro Tempore and the Speaker of the House must select one appointee from a list provided by the Arkansas Education Association; one appointee from a list provided by the Chamber of Commerce and Associated Industries of Arkansas; and one appointee who has at least ten (10) years of housing development and fundraising experience. Three board members serve a term of four years. Three board members serve a term of three years. The remaining members serve a term of two years. The first appointed term will expire in 2007.

In 2005, the inaugural board was appointed. The board members were Fred Allen (Little Rock), Director of the Arkansas Teacher Retirement System; David Malone (Little Rock), Director of the Arkansas Development Finance Authority; Mac Dodson (Little Rock); Betty Cox (Mena); Vicki Overman (Jasper); Mil Adams (Conway); Issac Wilburn (Forrest City); Kelly Robbins (Little Rock); and Bart Hudspeth (Brinkley). Fred Allen served as the Board's first president/chair. Bart Hudspeth and Kelly Robbins served as the vice presidents of the Board.

In January 2006, the Board approved the hiring of the Agency's first director. Thereafter, the administrative offices of the Arkansas Teacher Housing Development Foundation were established.

The Agency established and began implementing the Housing Incentive Program in October of 2007. The Program consists of two incentive products: the rental stipend and the forgivable home loan. In March 2008, the first nine (9) rental incentive awards were disbursed. In June 2008, the first forgivable homeownership assistance loan was disbursed.

Currently, the Agency has committed funds to over thirty (30) teachers. The commitments represent approximately twelve (12) teachers that have been awarded an Homeownership Incentive and seventeen (17) teachers who have been awarded a Rental Incentive. These awards represent financial commitments for the Agency. Our financial commitments encumber approximately one hundred and forty-four thousand dollars of the carryover funds (see the fund balance).



Agency Commentary

The Arkansas Teacher Housing Development Foundation is responsible for the development, implementation, and administration of housing incentive programs to recruit and retain teachers in high priority school districts.

The Agency is also responsible for obtaining private and public sources of funding for those housing incentive programs. Existing funding for the administrative functions and program awards is provided by a grant from the Department of Education.

For the Agency, the total requested appropriation is \$677,867 for FY2010 and \$680,570 for FY2011. The total Change Level amount is \$415,000 for FY2010 and FY11.

The Change Level requests include increases to Operating Expenses. Since 2007 the Agency began implementing the Housing Incentive Program: there has been a plethora of inquiries and applicants from teachers and administrators. The Agency requests an increase in the Operating Expenses line item by \$10,000.00 for FY2010 and FY2011. The Agency is anticipating an increase in rent, phone services, mileage, postage and other administrative expenses.

The Agency requests an increase in the Professional Fees line item of \$5,000 for FY2010 and FY2011. The increase is needed for the purposes of contracting with various professionals to assist the Agency with the marketing, advertising and website development, technical support, and related services.

The Agency seeks to retain the unfunded appropriation in the amount of \$400,000 for Grants and Aid in FY2010 and FY2011. Grants and Aid will be used to continue to offer housing incentives that will entice high performing teachers to teach in high priority school districts. Retention of the unfunded appropriation will allow the agency to award and disburse grant and aid funds should private and/or public funds become available for that purpose.

The Director of the Teacher Housing Development Foundation is currently identifying and pursuing funding through public sources, private grants and donations to begin issuing grants to those teachers eligible for housing incentives. The Board is also actively participating in the fundraising activities.

The Program has been well received by teachers, school districts and communities. The increase in the number of inquiries, applicants and constituent interest provides the basis for the Agency's request for a change level and the unfunded appropriation.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
ARKANSAS TEACHER HOUSING DEVELOPMENT FOUNDATION

FOR THE YEAR ENDED JUNE 30, 2007

Findings	Recommendations
None	None

Employment Summary

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

Publications

A.C.A. 25-1-204

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

Agency Position Usage Report

FY2006 - 2007						FY2007 - 2008						FY2008 - 2009					
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	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: 2XE - AR Teacher Housing Dev Foundation-Operations

Funding Sources: NTH - Cash in Treasury

The Arkansas Teacher Housing Development Foundation was established by Act 39 of the Second Extraordinary Session 2003, Arkansas Code § 6-26-101 et seq. The Agency has a board of nine members. The board members consist of 3 members chosen by the President Pro Tempore of the Senate, 3 members chosen by the Speaker of the House of Representatives, the President of the Arkansas Chapter of the National Association of Minority Contractors, The President of the Arkansas Development Finance Authority, and the Executive Director of the Arkansas Teacher Retirement System. The term of each board member shall be four years.

The Foundation was established to implement and administer housing incentive programs to recruit and retain high performing teachers in high priority school districts. Those incentives may include down payment assistance, low-interest rate mortgages, rental assistance and multifamily housing developments. For FY2008 the agency paid out \$24,100 of incentive grants to qualifying teachers.

Current funding for the foundation comes from a \$100,000 grant from the Department of Education Public School fund for each fiscal year of the biennium. Additionally, the Foundation is charged with soliciting private and public donations and grants from the local communities to pay for the housing incentive programs.

The Base Level salaries for classified positions reflect the recommendations of the Pay Plan Study and unclassified positions reflect similar adjustments in line item salaries. A 2.3 % Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries may include board member Stipend payments and Career Services payments for eligible employees. Personal Services Matching includes a \$75 increase in monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

Change Level Requests total \$415,000 for both years of the 2009-2011 Biennium. An increase of \$10,000 in the Operating Expenses line for each year is for increases in rent, phone services, mileage, postage and other administrative expenses. Also, the Agency requests an increase in the Professional Fees line item appropriation in the amount of \$5,000 each year. This is to allow the Agency to contract with various professionals for marketing, advertising and additional website development. Additionally, the Agency has requested Grants and Aid appropriation in the amount of \$400,000 for each year. The appropriation requests in Operating Expense and Professional Fees will be funded from any available fund balance, the appropriation in the Grants and Aid line item is an unfunded appropriation request. The unfunded appropriation request is to allow the agency the ability to award grants to teacher as the funds become available.

The Executive recommends transfer of this program to the Department of Education. It allows for Base Level of all maintenance and operations line items and the director position. The administrative assistant position will be discontinued.

Appropriation Summary

Appropriation: 2XE - AR Teacher Housing Dev Foundation-Operations

Funding Sources: NTH - Cash in Treasury

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2009-2010			2010-2011		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	95,308	97,785	98,006	99,113	99,113	0	101,391	101,391	0
#Positions		2	2	2	2	2	0	2	2	0
Personal Services Matching	5010003	27,779	26,647	28,245	28,754	28,754	0	29,179	29,179	0
Operating Expenses	5020002	11,338	25,000	25,000	25,000	35,000	0	25,000	35,000	0
Conference & Travel Expenses	5050009	0	0	0	0	0	0	0	0	0
Professional Fees	5060010	3,300	10,000	10,000	10,000	15,000	0	10,000	15,000	0
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Grants and Aid	5100004	24,100	100,000	500,000	100,000	500,000	0	100,000	500,000	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Total		161,825	259,432	661,251	262,867	677,867	0	265,570	680,570	0
Funding Sources										
Fund Balance	4000005	354,081	307,723		148,291	148,291	0	0	0	0
Cash Fund	4000045	15,467	0		0	0	0	0	0	0
Trnfr frm DOE Pub School Fund	4000525	100,000	100,000		100,000	100,000	0	100,000	100,000	0
Unfunded Appropriation	4000715	0	0		0	400,000	0	0	400,000	0
Total Funding		469,548	407,723		248,291	648,291	0	100,000	500,000	0
Excess Appropriation/(Funding)		(307,723)	(148,291)		14,576	29,576	0	165,570	180,570	0
Grand Total		161,825	259,432		262,867	677,867	0	265,570	680,570	0

The Executive Recommendation for this Agency is to transfer the appropriation to the Department of Education.

Change Level by Appropriation

Appropriation: 2XE - AR Teacher Housing Dev Foundation-Operations

Funding Sources: NTH - Cash in Treasury

Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	262,867	2	262,867	100.0	265,570	2	265,570	100.0
C01	Existing Program	415,000	0	677,867	257.9	415,000	0	680,570	256.3

Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	262,867	2	262,867	100.0	265,570	2	265,570	100.0
C01	Existing Program	0	0	262,867	100.0	0	0	265,570	100.0
C07	Agency Transfer	(224,746)	(1)	38,121	14.5	(226,688)	(1)	38,882	14.6
C19	Executive Changes	(38,121)	(1)	0	0.0	(38,882)	(1)	0	0.0

Justification

C01	Teacher Housing Development requests increase in Operating Expense of \$10,000 for anticipated increases in rent, phone services, mileage, postage and other administrative expenses. Also requesting increase of \$5,000 in professional fees for the purpose of contracting with various professionals to assist with marketing, advertising and website development. Additionally, Teacher Housing Development Foundation request restoration of \$400,000 of unfunded appropriation in grants to continue offering housing incentives to encourage teachers to teach in high priority school districts. Retention of unfunded appropriation will allow agency to award and disburse grants and aid funds should private and/or public funds become available.
C07	The Executive Recommendation transfers Base Level of all maintenance and operations line items and the Director position for this Agency the Department of Education.
C19	The Executive Recommendation transfers Base Level of all maintenance and operations line items and the Director position for this Agency the Department of Education, but recommends the Administrative Assistant position be discontinued.

ARKANSAS TOBACCO CONTROL BOARD

Enabling Laws

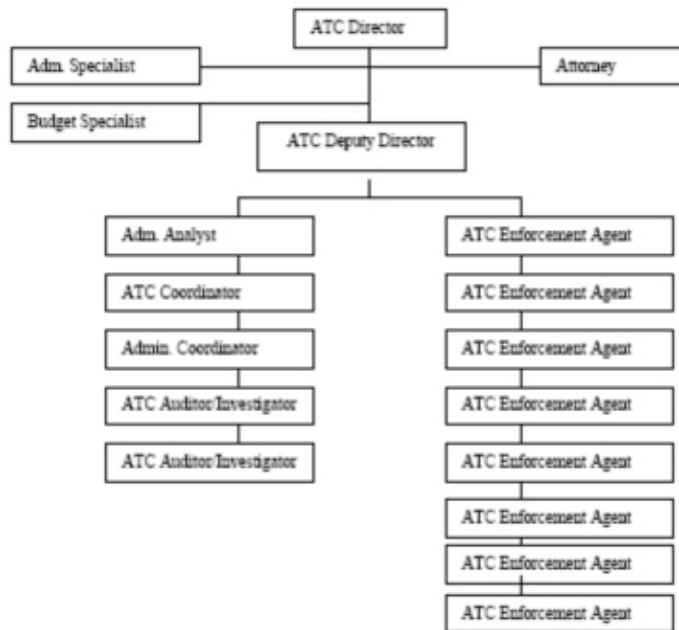
Act 503 of 2007
A.C.A. §26-57-255 et seq.

History and Organization

The Arkansas Tobacco Control Board was created by Act 1337 of 1997 by the Legislature, who authorized an eight (8) member Board appointed by the Governor. The Board is constituted as follows: Two (2) members of the Board shall be tobacco products wholesalers; two (2) members shall be tobacco products retailers; and four (4) members shall be members of the public-at-large who are not public employees or officials, at least one of which shall be an African American, and two (2) of whom shall be selected from a list of at least eight (8) candidates supplied to the Governor by the Arkansas Medical Society. On July 19, 2001, the Board entered into a subrecipient contractual agreement with the Arkansas Department of Health to receive monies from the Master Tobacco Settlement Fund for the enforcement of Sales to Minors Compliance Checks. Our mission is to enforce the state laws and regulations pertaining to tobacco sales for the protection of the citizens of Arkansas.

The Board authorizes the issuance of permits for all retail, wholesale, and sales representatives dealing in cigarette or tobacco products in the State of Arkansas as well as ruling on applications to sell cigarettes with a lower than the statutorily presumed cost of doing business. The Board acts as an administrative law judge in disciplinary proceedings against said permit holders who have been cited for violating Arkansas tobacco laws or regulations by the Arkansas Tobacco Control (ATC) agency. The Director of the ATC is appointed by, and serves at the pleasure of, the Governor.

The ATC is tasked with enforcing the Board's regulations and all of Arkansas' tobacco laws. Among the statutes enforced by the ATC are: A.C.A. §26-57-213 Invoices, A.C.A. §26-57-214 Registration and licensing required prior to doing business, A.C.A. §26-57-219, Permits and licenses -- Annual privilege tax, A.C.A. §26-57-225 Failure to secure permit unlawful, A.C.A. §26-57-226 Sale, delivery, etc., without license - Penalty, A.C.A. §26-57-228 Purchases from unregistered, unlicensed dealers unlawful, A.C.A. §26-57-231 Failure to allow inspection unlawful, A.C.A. §26-57-240 Counterfeiting of stamps unlawful - Penalty, A.C.A. §26-57-245 Unstamped products or products with unpaid taxes -- Purchase, sale, receipt, etc., a criminal offense, A.C.A. §26-57-262 Sale of export cigarettes, A.C.A. §26-57-1303 Certifications - Directory - Tax stamps, A.C.A. §26-57-1306 Penalties and other remedies, A.C.A. §5-27-227 Providing minors with tobacco products and cigarette papers - Purchase, use, or possession prohibited - Self-service displays prohibited - Placement of tobacco vending machines, A.C.A. §5-78-102 Confiscation of tobacco products authorized, A.C.A. §4-75-701 et seq. The Unfair Cigarette Sales Act. The ATC also works closely with other local, state and federal law enforcement agencies.



Agency Commentary

The Arkansas Tobacco Control Board was created by Act 1337 of 1997 to regulate any individual or entity, other than a manufacturer, who deals in cigarettes or other tobacco products in the State of Arkansas by ensuring that said individual or entity is duly permitted by Arkansas Tobacco Control, 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 age eighteen 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.

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. Currently, Arkansas Tobacco Control receives two revenue streams, a small appropriation 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.

In addition to Base Level, the Board is requesting the following:

Appropriation increases in Operating Expense in the amount of \$92,149 in each year of the biennium which is equal to a previously approved Cash Letter for FY2009. This will cover the cost of increases in gasoline and rent, meals and lodging expense due to increased task force operations around the state.

Appropriation increase in Capital Outlay in the amount of \$32,250 in each year of the biennium. Four (4) enforcement vehicles will need to be replaced in both years. These vehicles will range in mileage from 75,000 to 135,000 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. The sales tax costs will be \$6,000 each

year for these purchases. Appropriation for these vehicles will be provided by Department of Finance & Administration, and therefore are not included in this request.

In addition, each of our enforcement vehicles is equipped with notebook computers. Our current computers are four (4) years old and need replacing. Constant movement and vehicle vibration require that rugged, shock proof computers be used in the field. We plan to replace seven (7) computers in FY2010 at a cost of \$26,250 and seven (7) computers in FY2011 at a cost of \$26,250.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
ARKANSAS TOBACCO CONTROL BOARD
FOR THE YEAR ENDED JUNE 30, 2005

Findings	Recommendations
None	None

Employment Summary

	Male	Female	Total	%
White Employees	9	5	14	82 %
Black Employees	1	2	3	18 %
Other Racial Minorities	0	0	0	0 %
Total Minorities			3	18 %
Total Employees			17	100 %

Publications

A.C.A. 25-1-204

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

Department Appropriation Summary

Historical Data

Agency Request and Executive Recommendation

Appropriation	2007-2008		2008-2009		2008-2009		2009-2010						2010-2011					
	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	997,516	13	992,852	13	884,100	13	915,499	13	1,039,898	13	1,039,898	13	927,558	13	1,051,957	13	1,051,957	13
983 Tobacco Control Board Operations	366,751	5	379,741	5	377,954	5	394,241	5	394,241	5	394,241	5	399,225	5	399,225	5	399,225	5
Total	1,364,267	18	1,372,593	18	1,262,054	18	1,309,740	18	1,434,139	18	1,434,139	18	1,326,783	18	1,451,182	18	1,451,182	18

Funding Sources		%		%		%		%		%		%		%		%		%
General Revenue 4000010	366,751	26.9	379,741	27.7			394,241	30.1	394,241	27.5	394,241	27.5	399,225	30.1	399,225	27.5	399,225	27.5
Cash Fund 4000045	997,516	73.1	992,852	72.3			915,499	69.9	1,039,898	72.5	1,039,898	72.5	927,558	69.9	1,051,957	72.5	1,051,957	72.5
Total Funds	1,364,267	100.0	1,372,593	100.0			1,309,740	100.0	1,434,139	100.0	1,434,139	100.0	1,326,783	100.0	1,451,182	100.0	1,451,182	100.0
Excess Appropriation/(Funding)	0		0				0		0		0		0		0		0	
Grand Total	1,364,267		1,372,593				1,309,740		1,434,139		1,434,139		1,326,783		1,451,182		1,451,182	

2EH - Actual and Budget amounts exceed Authorized due to a transfer from the Cash Fund Holding Account.

983 - Budget amount exceeds Authorized due to salary adjustments during the 2007-2009 biennium.

Agency Position Usage Report

FY2006 - 2007						FY2007 - 2008						FY2008 - 2009					
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	
18	18	0	18	0	0.00 %	18	17	1	18	0	5.56 %	18	17	1	18	0	5.56 %

Analysis of Budget Request

Appropriation: 2EH - Sales to Minors Enforcement - Cash

Funding Sources: NTC - Cash in Treasury

The Arkansas Tobacco Control Board 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 salaries for classified positions reflect the recommendations of the Pay Plan Study and unclassified positions reflect similar adjustments in line item salaries. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries may include board member Stipend payments and Career Service payments for eligible employees. Personal Services Matching includes a \$75 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

The Board's Base Level request includes thirteen (13) positions as well as appropriation in the amount of \$915,499 in FY2010 and \$927,558 in FY2011.

The Board's Change Level request includes restoration of appropriation from a previously approved Cash Letter in the amount of \$92,149 in each year of the biennium for Operating Expenses to cover increases in rent, fuel purchases, and meals and lodging due to increased task force operations around the State.

The Board also requests total Capital Outlay appropriation of \$32,250 in each year of the biennium. \$26,250 of the total is requested for the replacement of fourteen (14) notebook computers, utilized in enforcement vehicles, equipped to withstand shock and ruggedness of vehicle vibration. \$6,000 of the total is requested each year of the biennium to cover sales tax on eight (8) replacement vehicles the Board has deemed cost prohibitive in terms of maintenance.

The Executive Recommendation provides for the Agency Request. 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		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	424,355	460,184	442,090	473,408	473,408	473,408	483,528	483,528	483,528
#Positions		13	13	13	13	13	13	13	13	13
Personal Services Matching	5010003	142,775	142,633	144,124	157,005	157,005	157,005	158,944	158,944	158,944
Operating Expenses	5020002	265,732	310,808	218,659	218,659	310,808	310,808	218,659	310,808	310,808
Conference & Travel Expenses	5050009	167	19,495	19,495	19,495	19,495	19,495	19,495	19,495	19,495
Professional Fees	5060010	26,650	46,932	46,932	46,932	46,932	46,932	46,932	46,932	46,932
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	137,837	12,800	12,800	0	32,250	32,250	0	32,250	32,250
Total		997,516	992,852	884,100	915,499	1,039,898	1,039,898	927,558	1,051,957	1,051,957
Funding Sources										
Cash Fund	4000045	997,516	992,852		915,499	1,039,898	1,039,898	927,558	1,051,957	1,051,957
Total Funding		997,516	992,852		915,499	1,039,898	1,039,898	927,558	1,051,957	1,051,957
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		997,516	992,852		915,499	1,039,898	1,039,898	927,558	1,051,957	1,051,957

The FY2009 Budget amount in Regular Salaries exceeds the Authorized amount due to salary adjustments during the 2007-2009 biennium.

Actual and Budget amounts exceed Authorized in Operating Expenses due to a transfer from the Cash Fund Holding Account.

Actual amount exceeds Authorized in Capital Outlay due to a transfer from the Cash Fund Holding Account and Motor Vehicle Acquisition.

Change Level by Appropriation

Appropriation: 2EH - Sales to Minors Enforcement - Cash

Funding Sources: NTC - Cash in Treasury

Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	915,499	13	915,499	100.0	927,558	13	927,558	100.0
C01	Existing Program	98,149	0	1,013,648	110.7	98,149	0	1,025,707	110.6
C08	Technology	26,250	0	1,039,898	113.6	26,250	0	1,051,957	113.4

Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	915,499	13	915,499	100.0	927,558	13	927,558	100.0
C01	Existing Program	98,149	0	1,013,648	110.7	98,149	0	1,025,707	110.6
C08	Technology	26,250	0	1,039,898	113.6	26,250	0	1,051,957	113.4

Justification

C01	The Board is requesting restoration of appropriation from a previously approved Cash Letter in the amount of \$92,149 each year of the biennium in Operating Expenses due to anticipated increases in rent, fuel purchases, and with increased task force operations around the state, additional costs related to meals and lodging. Additionally \$6,000 is requested in Capital Outlay to cover vehicle sales tax.
C08	The Board is requesting appropriation in the amount of \$26,250 each year of the biennium in Capital Outlay for the replacement of seven (7) notebook computers each year of the biennium. This request is reflected in the Board's approved IT Plan under IT Support Costs-Hardware.

Analysis of Budget Request

Appropriation: 983 - Tobacco Control Board Operations

Funding Sources: HUA - Miscellaneous Agencies Fund

The Arkansas Tobacco Control Board 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. General revenue is the sole source of funding for this appropriation.

Base Level salaries for classified positions reflect the recommendations of the Pay Plan Study as well as the Tobacco Control Board Director changing from an unclassified to classified position; salaries for both were adjusted accordingly. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries may include board member Stipend payments and Career Service payments for eligible employees. Personal Services Matching includes a \$75 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

The Agency Request is for Base Level appropriation and general revenue funding in the amount of \$394,241 in FY2010 and \$399,225 in FY2011.

The Executive Recommendation provides for the Agency Request.

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			Agency Request and Executive Recommendation			2010-2011		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010 Base Level	2009-2010 Agency	2009-2010 Executive	2010-2011 Base Level	2010-2011 Agency	2010-2011 Executive
Regular Salaries	5010000	238,189	244,138	237,976	252,468	252,468	252,468	256,652	256,652	256,652
#Positions		5	5	5	5	5	5	5	5	5
Personal Services Matching	5010003	69,908	67,704	69,189	73,874	73,874	73,874	74,674	74,674	74,674
Operating Expenses	5020002	57,010	57,899	60,789	57,899	57,899	57,899	57,899	57,899	57,899
Conference & Travel Expenses	5050009	1,644	0	5,000	0	0	0	0	0	0
Professional Fees	5060010	0	10,000	5,000	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		366,751	379,741	377,954	394,241	394,241	394,241	399,225	399,225	399,225
Funding Sources										
General Revenue	4000010	366,751	379,741		394,241	394,241	394,241	399,225	399,225	399,225
Total Funding		366,751	379,741		394,241	394,241	394,241	399,225	399,225	399,225
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		366,751	379,741		394,241	394,241	394,241	399,225	399,225	399,225

Actual and Budget amounts in Regular Salaries exceeds the Authorized amount due to salary adjustments during the 2007-2009 biennium.

Actual amounts in Personal Services Matching exceed the Authorized amount due to salary adjustments during the 2007-2009 biennium.

Budget exceeds Authorized amount in Professional Fees by authority of Budget Classification Transfer.

ARKANSAS TOBACCO SETTLEMENT COMMISSION

Enabling Laws

Act 792 of 2007
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.

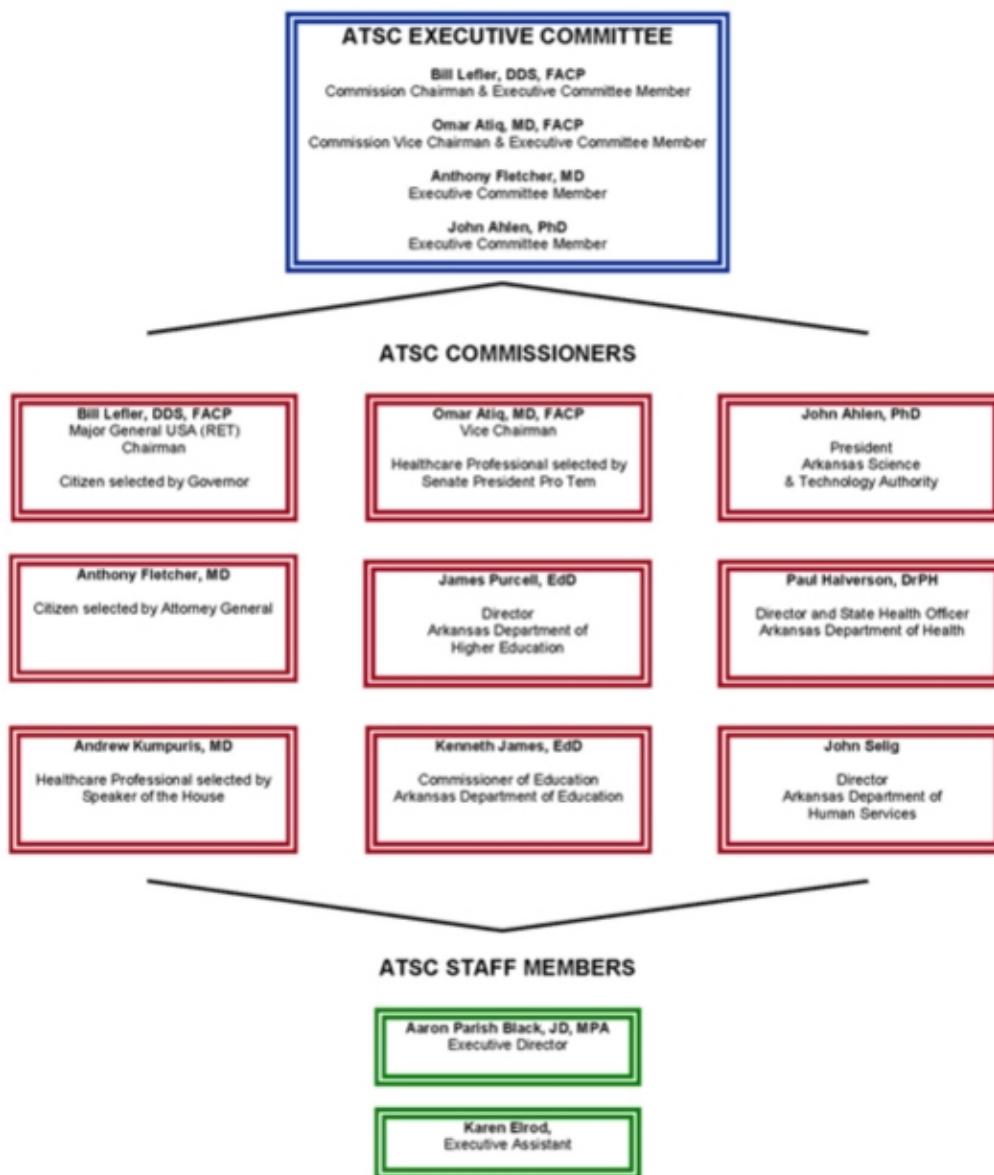
In accordance with Section 18 of the Act, The Commission was established to monitor and evaluate the program activities and expenditures from the program accounts of the Tobacco Settlement. The Tobacco Settlement Program Accounts are as follows:

- 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.

ARKANSAS TOBACCO SETTLEMENT COMMISSION

Organizational Chart – July 1, 2008



Agency Commentary

The Arkansas 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 was created pursuant to Section 17 of the Act to monitor and evaluate expenditures made from the program accounts also established in the Act.

The Commission is funded from the investment earnings of the Tobacco Settlement Program Fund and Program Accounts, which are deposited on April 15 of each year, accruing interest until July 1. The Commission is authorized to hire an independent third-party evaluator (RAND Corporation) to monitor

and evaluate program account expenditures and prepare a biennial report for the General Assembly and Governor by each August 1 preceding a general 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, community-based organizations.

The Act states any funds not used for the purpose of operating the Commission should be used for these important health grants. Due to increased interest funds from the last two years of investment, the Commission has a balance in its account and is seeking additional appropriation in its grant appropriation to draw down this balance to a reasonable level.

The Commission is requesting an additional position be authorized during the next biennium. This position will be for a Grant Program Coordinator and will allow the Commission to successfully carry out the mandates of the Commission's Community Health Grant Program. Also, the Commission is interested in conducting a more stringent level of monitoring and evaluation of current and future grant awards. The Commission strongly believes these funds should be held to a very high level of accountability, and with the Commission's limited staffing capabilities, an additional position is greatly needed.

The Commission's Independent Evaluator (RAND) has recommended additional appropriation be secured to assist in providing technical training and assistance to the Commission from a separate vendor. In order to comply, the Commission is seeking an increase in Professional Fees to assist in providing the recommended technical training and quality management development as specified in the RAND report.

Operating expenses are sufficient at the present to absorb the costs of additional equipment for a new employee, and to cover anticipated increases in supply and technology costs. This request is supported by recommendations advanced in both the 2005, 2006, 2007 and 2008 Rand Corp. Evaluations of Programs and Arkansas Tobacco Settlement Commission activities.

The Commission also believes it is important to note that if all of these additional appropriations are secured and spent over the next biennium, the Commission will still retain a more than adequate fund balance in its account to cover future operations, professional service contract costs, and maintain a significantly increased level of grant awards.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT

AUDIT OF :

ARKANSAS TOBACCO SETTLEMENT COMMISSION

FOR THE YEAR ENDED JUNE 30, 2007

Findings

Review of expenditures revealed excessive personal cell phone use by Chiquita Munir-Webb, the Agency's former director, and an unauthorized professional service contract to a vendor of \$98,064. The Agency entered into the contract without the approval of Legislative Council or the Joint Budget Committee as required by the State's financial management guide and did not have appropriation sufficient to pay the cost of the contract. The vendor has filed a complaint with the Arkansas State Claims Commission in the amount of the contract.

Recommendations

Review and comply with State guidelines regarding professional services contract and restrict cell phone use for business purposes only. Determine and request reimbursement for the personal cell phone use.

Employment Summary

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

Publications

A.C.A. 25-1-204

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
ATSC Biennial Report	A.C.A. §19-12-117	Y	Y	200	Required by law
ATSC Quarterly Report	Special Language	N	Y	75	Required to keep Public Health Welfare & Labor informed of Tobacco Program activities.

Agency Position Usage Report

FY2006 - 2007						FY2007 - 2008						FY2008 - 2009					
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	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: 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 salaries for classified positions reflect the recommendations of the Pay Plan Study and unclassified positions reflect similar adjustments in line item salaries. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries may include board member Stipend payments and Career Service payments for eligible employees. Personal Services Matching includes a \$75 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

The Commission's Base Level request includes two (2) positions as well as appropriation in the amount of \$1,183,682 in FY2010 and \$1,186,460 in FY2011.

The Commission's Change Level request includes appropriation in the amount of \$2,047,311 in FY2010 and \$2,048,279 in FY2011 and is comprised of the following:

An increase in Regular Salaries appropriation of \$35,554 in FY2010 and \$36,371 in FY2011 plus related Personal Services Matching for one (1) Grants Program Coordinator. This position will be utilized to carry out the mandates of the Commission's Community Health Grant Program and to monitor and evaluate current and future grant awards.

The Commission also requests an increase of \$250,000 each year of the biennium in Professional Fees. RAND (Research AND Development), the Commission's independent third party evaluator as required by Initiated Act I of 2000 has observed that data collection and analysis is not adequate to fully track the effects of the programs or to determine quality deficiencies and what to do about them. RAND has recommended that technical expertise be utilized to train program staffs to develop data collection and analysis plans and implement these plans. The increase in Professional Fees is also requested to execute another RAND recommendation urging the ATSC to develop a Total Quality Management system, for all Tobacco Settlement Programs, which ranges from establishing explicit criteria for quality performance to formulating quality recommendations.

The Commission also requests an increase in appropriation for Grants and Aid of \$1,750,000 in each year of the biennium. As authorized in the Tobacco Settlement Proceeds Act, the Commission is authorized to make grants to nonprofit and community based organizations for long-term projects to improve the health of Arkansans.

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			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	100,015	100,115	71,919	102,436	137,990	137,990	104,777	141,148	141,148
#Positions		2	2	2	2	3	3	2	3	3
Personal Services Matching	5010003	28,632	27,082	22,965	29,376	41,133	41,133	29,813	41,721	41,721
Operating Expenses	5020002	31,868	48,870	48,870	48,870	48,870	48,870	48,870	48,870	48,870
Conference & Travel Expenses	5050009	143	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Professional Fees	5060010	315,015	500,000	500,000	500,000	750,000	750,000	500,000	750,000	750,000
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Grants and Aid	5100004	500,000	500,000	500,000	500,000	2,250,000	2,250,000	500,000	2,250,000	2,250,000
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Total		975,673	1,179,067	1,146,754	1,183,682	3,230,993	3,230,993	1,186,460	3,234,739	3,234,739
Funding Sources										
Fund Balance	4000005	2,221,225	4,756,506		6,726,265	6,726,265	6,726,265	6,644,098	6,644,098	6,644,098
Transfer from Tobacco Settlement	4000590	3,510,954	3,148,826		1,101,515	3,148,826	3,148,826	1,100,547	3,148,826	3,148,826
Total Funding		5,732,179	7,905,332		7,827,780	9,875,091	9,875,091	7,744,645	9,792,924	9,792,924
Excess Appropriation/(Funding)		(4,756,506)	(6,726,265)		(6,644,098)	(6,644,098)	(6,644,098)	(6,558,185)	(6,558,185)	(6,558,185)
Grand Total		975,673	1,179,067		1,183,682	3,230,993	3,230,993	1,186,460	3,234,739	3,234,739

The FY2009 Budget amount in Regular Salaries and Personal Services Matching exceeds the authorized amount due to salary adjustments during the 2007-2009 biennium.

Special Language provides for the carryforward of unused appropriation. Carry forward amounts into FY2009: Regular Salaries \$2,495.76; Personal Services Matching \$1,546.21; Operating Expenses \$17,002.38; Conference and Travel Expenses \$2,857.00; Professional Fees \$184,985.40

Change Level by Appropriation

Appropriation: 468 - Operations
Funding Sources: TSC - Tobacco Settlement Commission

Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	1,183,682	2	1,183,682	100.0	1,186,460	2	1,186,460	100.0
C01	Existing Program	2,047,311	1	3,230,993	273.0	2,048,279	1	3,234,739	272.6

Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	1,183,682	2	1,183,682	100.0	1,186,460	2	1,186,460	100.0
C01	Existing Program	2,047,311	1	3,230,993	273.0	2,048,279	1	3,234,739	272.6

Justification

C01	The Commission is requesting one (1) new Grant Program Coordinator position with associated appropriation in Regular Salaries of \$35,554 in FY2010 and \$36,371 in FY2011 with related Personal Services Matching. The position will be utilized to monitor and evaluate current and future grant awards. The Commission also requests to increase Professional Fees appropriation by \$250,000 in each year of the biennium to provide technical training and quality management development as recommended by the Commission's Independent Evaluator. Finally the Commission is requesting an increase in appropriation of \$1,750,000 in each year of the biennium for Grants and Aid to utilize the current fund balance. This increase of appropriation will allow for more grants to nonprofit and community based organizations for long-term projects to improve the health of Arkansans, should there be available funding, as authorized by the Tobacco Settlement Proceeds Act.
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CARRY FORWARD OF ANY UNEXPENDED BALANCE OF APPROPRIATION AND/OR FUNDING FROM FISCAL YEAR 2008 TO FISCAL YEAR 2009

Agency: Tobacco Settlement Commission

Program: Operations

Act #: 792 of 2007 Section(s) #: 2 & 3

Estimated Carry Forward Amount \$ 37,000.00 Appropriation Funds

Funding Source: Tobacco Settlement

Accounting Information:

Business Area: 0334 Funds Center: 468 Fund: TSC Functional Area: ADMN

Line Item	Commitment Item	Estimated Carry Forward Amount	Actual Carry Forward Amount
Regular Salaries	5010000	2,000.00	2,495.76
Personal Services Matching	5010003	1,500.00	1,546.21
Operating Expenses	5020002	15,000.00	17,002.38
Conference & Travel Expenses	5050009	2,500.00	2,857.00
Professional Fees	5060010	16,000.00	184,985.40
Total		\$ 37,000.00	\$ 208,886.75

Current law requires a written statement be submitted to the DFA Office of Budget stating the reason(s) to carry forward appropriation and/or funding for a program or a specific line item within a program from the first fiscal year of the biennium to the second fiscal year of the biennium.

Justification for carry forward of unexpended balance of appropriation and/or funding:

The Carry Forward is necessary to continue the normal operations of the Commission and specifically to ensure that the Arkansas Tobacco Settlement Commission has adequate resources to provide for the Professional Services Contract with the Independent Evaluator, as authorized in the Initiated Act. The current Evaluator's contract extends over the fiscal year and a new Request for Proposal (RFP) is being let to seek a new Evaluator. The contract process should be complete in the middle of the next fiscal year.

Actual Funding Carry Forward Amount \$ 0.00

Current status of carry forward appropriation/funding:

The ATSC is completing a current Professional Services Contract with the Commission's Independent Evaluator, as authorized in the Initiated Act. The current Evaluator's contract extends over the fiscal year and a new Request for Proposal (RFP) is being let to seek a new Evaluator, and the new Evaluator's contract will begin in the current fiscal year. Operations line items for this Carry Forward are also still required for normal operation of the Commission, as well as for special projects related to the Commission's technology plan and physical changes to the Commission's office.

Aaron Black
Executive Director

08-14-2008
Date

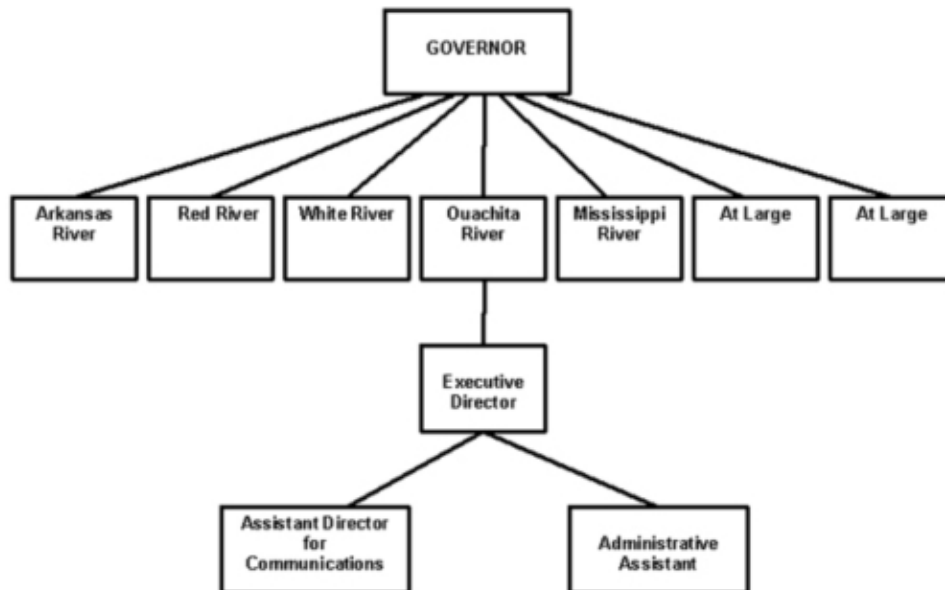
ARKANSAS WATERWAYS COMMISSION

Enabling Laws

Act 775 of 2007
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 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 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 and White River Valley Associations through its States Contribution line item. The 81st General Assembly provided an Assistant Director of Communications position for the 1997-99 biennium to create an awareness of the waterways and promote the State's waterways through multi-media communications.



Agency Commentary

The Arkansas Waterways Commission is the sole state agency responsible for developing, promoting and protecting for waterborne transportation and economic development 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.

Due to budget constraints the agency's position of Communication Director is vacant and the agency relies in part on salary savings from that position to meet its budget. Agency personnel now consist of the Director and one Administrative Assistant.

Maintenance and Operations: The 2009-2011 budget represents an increase of \$8,875 for FY10 and \$12,375 for FY11 for Operating Expenses, Conference & Travel Expenses, and an increase in State's Contributions. The Operating Expenses increases of \$4,200 for FY10 and \$7,550 for FY11 are primarily for increases in board member travel and related expenses, and for replacement computers. Conference & Travel Expenses increases of \$275 for FY10 and \$425 in FY11 are due to anticipated increases in the cost of staff travel. State's Contributions increase of \$4,400 each year is requested to fulfill the Agency's obligation of Act 1585 of 2001 to its original amount of \$7,000.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
ARKANSAS WATERWAYS COMMISSION
FOR THE YEAR ENDED JUNE 30, 2007

Findings	Recommendations
None	None

Employment Summary

	Male	Female	Total	%
White Employees	1	0	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. 25-1-204

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
Biennial Report	A.C.A §15-23-204	Y	N	200	To inform state elected officials, colleagues and other interested parties on activities, goals and accomplishments of the Arkansas Waterways Commission.

Agency Position Usage Report

FY2006 - 2007						FY2007 - 2008						FY2008 - 2009					
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	1	3	0	33.33 %

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.

The Base Level unclassified position was changed to classified and the current classified positions reflect the recommendations of the Pay Plan Study. Salaries were adjusted accordingly. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries may include board member Stipend payments and Career Service payments for eligible employees. Personal Services Matching includes a \$75 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

The Commission requests a Change Level of \$8,875 for FY10 and \$12,375 for FY11. An increase in Operating Expenses of \$4,200 for FY10 and \$7,550 for FY11 is primarily for board member travel and other travel related expenses, and replacement computers. An increase in Conference & Travel Expenses of \$275 for FY10 and \$425 for FY11 is for anticipated increases in airfare for staff travel to educate the public about Arkansas' five navigable rivers. An increase of \$4,400 for each year of the biennium is requested for restoration of the State's Contributions line item to the authorized level reflected in Act 1585 of 2001.

Executive Recommendation provides for Base Level and to discontinue the Assistant Director of Communications position, unfilled since February 2006.

Appropriation Summary

Appropriation: 085 - Arkansas Waterways Commission

Funding Sources: HUA - Miscellaneous Agencies Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	105,287	136,953	134,626	139,810	139,810	109,097	142,247	142,247	111,534
#Positions	2	3	3	3	3	2	3	3	2
Personal Services Matching 5010003	33,847	37,918	39,575	41,235	41,235	30,385	41,689	41,689	30,839
Operating Expenses 5020002	34,214	41,985	41,985	41,985	46,185	41,985	41,985	49,535	41,985
Conference & Travel Expenses 5050009	2,874	2,876	2,876	2,876	3,151	2,876	2,876	3,301	2,876
Professional Fees 5060010	0	0	0	0	0	0	0	0	0
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Capital Outlay 5120011	0	0	0	0	0	0	0	0	0
State's Contributions 5900021	2,600	2,600	2,600	2,600	7,000	2,600	2,600	7,000	2,600
Total	178,822	222,332	221,662	228,506	237,381	186,943	231,397	243,772	189,834
Funding Sources									
General Revenue 4000010	178,795	221,662		228,506	237,381	186,943	231,397	243,772	189,834
Merit Adjustment Fund 4000055	0	670		0	0	0	0	0	0
M & R Sales 4000340	27	0		0	0	0	0	0	0
Total Funding	178,822	222,332		228,506	237,381	186,943	231,397	243,772	189,834
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	178,822	222,332		228,506	237,381	186,943	231,397	243,772	189,834

FY09 Budget amount in Regular Salaries exceeds the Authorized amount due to salary adjustments during the 2007-2009 biennium.

Change Level by Appropriation

Appropriation: 085 - Arkansas Waterways Commission

Funding Sources: HUA - Miscellaneous Agencies Fund

Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	228,506	3	228,506	100.0	231,397	3	231,397	100.0
C01	Existing Program	7,275	0	235,781	103.2	9,175	0	240,572	104.0
C08	Technology	1,600	0	237,381	103.9	3,200	0	243,772	105.3

Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	228,506	3	228,506	100.0	231,397	3	231,397	100.0
C01	Existing Program	0	0	228,506	100.0	0	0	231,397	100.0
C08	Technology	0	0	228,506	100.0	0	0	231,397	100.0
C19	Executive Changes	(41,563)	(1)	186,943	81.8	(41,563)	(1)	189,834	82.0

Justification

C01	The Commission requests an increase in Operating Expenses for FY10 of \$2,600 and \$4,350 for FY11. The increase for both years is for board member travel and other travel related expenses. Also requested is an increase for Travel of \$275 for FY10 and \$425 for FY11, for increases in staff travel for the Executive Director to educate the country about Arkansas' five navigable rivers. The Commission requests an increase of \$4,400 for FY10 and FY11 for State's Contribution line item to restore the appropriation to the 2001-2003 amount of \$7,000.
C08	The agency requests \$1,600 in FY10 and \$3,200 in FY11 for replacement of outdated computers. This is referenced in the agency's IT Plan on the Hardware tab under Operations.
C19	Executive Recommendation provides for discontinuation of the Base Level Assistant Director of Communications position, unfilled since February 2006.

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