

STATE SECURITIES DEPARTMENT (0410)
Fiscal Year 2014 and 2015 - Executive Recommendation

I) AGENCY SUMMARY & REVENUE SOURCES

MISSION

The purpose of the Arkansas Securities Department is to enforce statutes against fraudulent and misleading sales of securities and monetary transactions by entities within its jurisdiction including credit unions, mortgage companies, and check cashing companies. The Department registers companies and individuals, performs examinations and audits, conducts investigations, and disseminates information to provide assistance and protection to the general public.

TOTAL BUDGET

The total authorized is \$3,961,975 in Fiscal Year 2014 and \$3,962,831 in Fiscal Year 2015.

FUNDING SOURCES

The Securities Department collects fees from security dealers, credit unions, mortgage loan companies, and check and money order sellers. The Department then deposits the money in the State Treasury as Special Revenues.

II) SIGNIFICANT CHANGES

The Operations appropriation for the Securities Department is funded by Special revenues as set out A.C.A. Section 19-6-475 and administrative fines collected by the Department. In Fiscal Year 2014, the Department is requesting \$3,348,475 with a \$3,349,331 in Fiscal Year 2015, which is an increase of \$104,857 over Base level. Regular Salaries increases \$67,600 each year with the addition of one (1) Securities Deputy Commissioner position and the discontinuation of two lower level administrative positions. There is an increase in Extra Help of \$4,000 for the extension of the time worked by interns who assist with investigations, registrations, examinations and legal research. There is also an increase in Personal Services Matching of \$19,757 associated with the position and increase in Extra Help costs. The final increase in this appropriation is \$13,500 in Capital Outlay each year and is associated with the upgrade/replacement of technology equipment as indicated in the Department's Information Technology Plan.

The Investor Education appropriation is funded by administrative fines levied by the Department. The request for this appropriation is for \$113,500 for each year, an increase of \$35,000 over Base level. This increase will be allocated to a newly created Grants & Aid line item, along with \$35,000 reallocated from Operating Expenses, to provide for the proper accounting of disbursements of grants to schools and civic organizations for the purchase of research and educational materials.

The Refunds and Transfers appropriation is a cash in treasury account used for transfer of fee collections to other state treasury accounts after necessary refunds have been made. The appropriation is for \$500,000 each year, a decrease of \$17

million from Base level. The appropriation is also recommended to be changed to a cash in bank account and that transactions be limited to Refunds and Reimbursements.

III) ADDITIONAL POSITIONS

Total Positions for FY 2015: 39

Total Positions for FY 2014: 39

Total Positions for FY 2013: 40

New positions requested (reduced): Add-1, Decrease-2 for a net decrease of 1

1 - Securities Deputy Commissioner - N902

(1)- Administrative Specialist II - C109

(1)- Administrative Specialist I - C106

IV) SPECIAL LANGUAGE

- CONTINGENCY RESTRICTION: If it becomes necessary the Securities Commissioner is authorized to request the approval from the Legislative Council or JBC, Governor and the Chief Fiscal Officer of the State to transfer appropriations in the Contingency line item to other line items within the same Section.