

ARKANSAS HOME INSPECTOR REGISTRATION BOARD

Enabling Laws

Act 129 of 2012
A.C.A. §17-52-301 et seq.

History and Organization

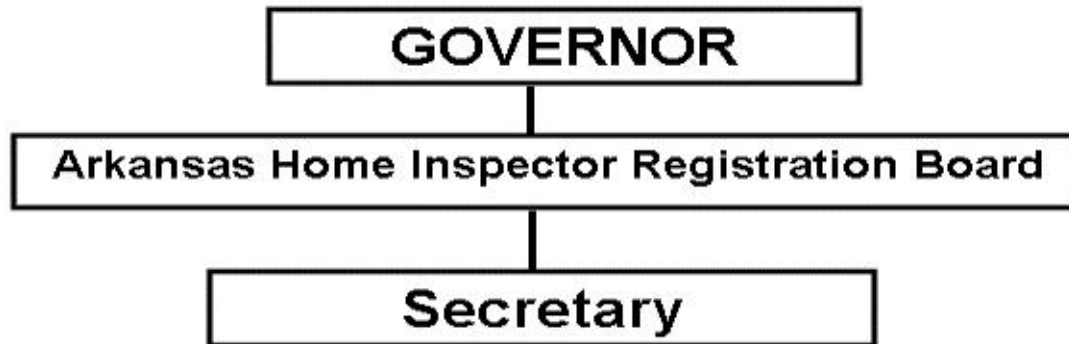
The Arkansas Home Inspector Registration Board was created by Act 1328 of 2003.

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

The Board evaluates qualifications of applicants, and investigates complaints or allegations of violations of the Act.

The Board is composed of seven (7) members appointed by the Governor as follows: four (4) registered home inspectors, one (1) licensed real estate professional, one (1) licensed real estate appraiser, and one (1) at large member to serve as a consumer advocate.

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 mission of the Board is to protect the public from those persons who are untrained and unqualified to perform home inspections, to license those individuals who meet the qualifications of licensure under the Act, and to hear and resolve such disciplinary matters as may come before it. The Board evaluates qualifications of applicants, and investigates complaints or allegations of violations of the Act. Funding for appropriations for the Board are from license fees, fines, and fees charged to review and certify educational programs of commercial providers.

OPERATIONS: The Agency is requesting a Base Level appropriation of \$60,690 per fiscal year, which is currently appropriated in one general expense line item entitled "Various Maintenance and Operation Expenses". The majority of this amount (\$42,000) is currently used to retain a contractor to perform all administrative support to the Board under a professional services contract. The remainder of the appropriation each year is available for telephone, office supplies, postage, copying expense, Board member meeting mileage, criminal background checks, and court reporter fees. This Base Level appropriation is funded within annual actual income collected.

PUBLIC AWARENESS: The Board also is requesting continuance of a Base Level appropriation of \$25,000 per year to develop and conduct a public awareness campaign to acquaint the public with the benefits of using a licensed home inspector, and the pitfalls of not having a home inspection prior to purchase. This Base Level appropriation, when eventually utilized, is to be funded from fund balances.

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

OPERATIONS: The Board requests a Change Level increase of \$55,113 per year in Regular Salaries and Personal Services Matching for an Executive Director position, with elimination of \$48,690 per year from the Base Level request for professional services and other support. The Board currently has no authorized positions. All administrative support for the Board has been provided by a private contractor since 2004. The original duties were limited to licensee record maintenance and bookkeeping. The Board's role has increased with a much greater emphasis on educational programs which it certifies, as well as on investigations and processing of complaints and disciplinary matters in accordance with the Administrative Procedures Act. The activities of the contractor have also expanded to include research and advice on most matters brought before the Board or its subcommittees. The current duties also include drafting and interpretation of Board Rules and implementation of administrative procedures on a daily basis which are beyond the scope of a contractor and more appropriate for an agency employee. This new position will provide stable staffing where institutional knowledge is critical to carrying out the mission of a volunteer board, discontinue the Professional Services Contract, afford the board appropriate mechanisms for direct personnel management, as well as compensation, discipline, and termination procedures not available under a Professional Services Contract. The overall effect of this change level request would increase the total agency appropriation by \$6,423 per year. Until the real estate industry recovers and restores normal annual agency revenues, this increase may also require up to approximately \$5,000 per year in funding from the agency's \$300,000+ fund balance.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
ARKANSAS HOME INSPECTOR REGISTRATION BOARD
FOR THE YEAR ENDED JUNE 30, 2011

Findings

Recommendations

None

None

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

None

Publications

A.C.A. 25-1-204

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

Department Appropriation Summary

Historical Data

Agency Request and Executive Recommendation

Appropriation	2011-2012		2012-2013		2012-2013		2013-2014						2014-2015					
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
2JV Operations	50,750	0	60,690	0	60,690	0	60,690	0	67,113	1	62,446	1	60,690	0	67,113	1	62,446	1
86N Public Awareness Campaign	0	0	25,000	0	25,000	0	25,000	0	25,000	0	25,000	0	25,000	0	25,000	0	25,000	0
Total	50,750	0	85,690	0	85,690	0	85,690	0	92,113	1	87,446	1	85,690	0	92,113	1	87,446	1

Funding Sources		%		%		%		%		%		%		%		%		%
Fund Balance 4000005	316,214	82.9	330,881	84.2			307,191	83.4	307,191	83.4	307,191	83.2	282,501	82.2	276,078	81.9	281,745	82.0
Cash Fund 4000045	65,417	17.1	62,000	15.8			61,000	16.6	61,000	16.6	62,000	16.8	61,000	17.8	61,000	18.1	62,000	18.0
Total Funds	381,631	100.0	392,881	100.0			368,191	100.0	368,191	100.0	369,191	100.0	343,501	100.0	337,078	100.0	343,745	100.0
Excess Appropriation/(Funding)	(330,881)		(307,191)				(282,501)		(276,078)		(281,745)		(257,811)		(244,965)		(256,299)	
Grand Total	50,750		85,690				85,690		92,113		87,446		85,690		92,113		87,446	

Agency Position Usage Report

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

Analysis of Budget Request

Appropriation: 2JV - Operations

Funding Sources: MHR - Home Inspector Registration Board - Cash

The Arkansas Home Inspector Registration Board was created by Act 1328 of 2003. Act 1328 repealed Subchapters 1 and 2 of Arkansas Code Title 17, Chapter 52 and added an additional subchapter. Subchapter 3 cited as "The Arkansas Home Inspectors Registration Act" created the Arkansas Home Inspector Registration Board. The Board became a state agency effective July 1, 2004, having met fund balance requirements.

The purpose of the Board is to protect the public from those persons who are untrained and unqualified to conduct home inspections, to license those individuals who meet the qualifications of licensure under the Act, and to hear and resolve such disciplinary matters as may come before the Board. The Board is funded by license fees.

The Board requests a change level of \$55,113 for Regular Salaries and Personal Services Matching for each year of the biennium for an Executive Director position Grade C122. The Board also requests a reduction of \$48,690 for the Various Maintenance & Operation Expenses line item. This reduction partially offsets the requested new position and the existing Administrator's contract and other expenses associated with office facilities support.

The Executive Recommendation provides for the Agency Request with the exception of the grade requested for the Executive Director position, which is recommended at Grade C120.

Appropriation Summary

Appropriation: 2JV - Operations

Funding Sources: MHR - Home Inspector Registration Board - Cash

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2011-2012	2012-2013	2012-2013	2013-2014			2014-2015		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	0	0	0	0	41,159	37,332	0	41,159	37,332
#Positions	0	0	0	0	1	1	0	1	1
Personal Services Matching 5010003	0	0	0	0	13,954	13,114	0	13,954	13,114
Various Maintenance and Op 5900046	50,750	60,690	60,690	60,690	12,000	12,000	60,690	12,000	12,000
Total	50,750	60,690	60,690	60,690	67,113	62,446	60,690	67,113	62,446
Funding Sources									
Fund Balance 4000005	241,214	255,881		257,191	257,191	257,191	257,501	251,078	256,745
Cash Fund 4000045	65,417	62,000		61,000	61,000	62,000	61,000	61,000	62,000
Total Funding	306,631	317,881		318,191	318,191	319,191	318,501	312,078	318,745
Excess Appropriation/(Funding)	(255,881)	(257,191)		(257,501)	(251,078)	(256,745)	(257,811)	(244,965)	(256,299)
Grand Total	50,750	60,690		60,690	67,113	62,446	60,690	67,113	62,446

Change Level by Appropriation

Appropriation: 2JV - Operations
Funding Sources: MHR - Home Inspector Registration Board - Cash

Agency Request

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	60,690	0	60,690	100.0	60,690	0	60,690	100.0
C01	Existing Program	55,113	1	115,803	190.8	55,113	1	115,803	190.8
C03	Discontinue Program	(48,690)	0	67,113	110.6	(48,690)	0	67,113	110.6

Executive Recommendation

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	60,690	0	60,690	100.0	60,690	0	60,690	100.0
C01	Existing Program	50,446	1	111,136	183.1	50,446	1	111,136	183.1
C03	Discontinue Program	(48,690)	0	62,446	102.9	(48,690)	0	62,446	102.9

Justification

C01	The Board requests a change level of \$55,113 in Regular Salaries and Personal Services Matching for an Executive Director position Grade C122. The Board currently has no authorized positions. All administrative support for the Board has been provided by a private contractor since 2004. The original duties were limited to licensee record maintenance and bookkeeping. The Board's role has increased with a much greater emphasis on educational programs which it certifies, as well as on investigations and processing of complaints and disciplinary matters in accordance with the Administrative Procedures Act. The activities of the contractor have also expanded to include research and advise on most matters brought before the Board or its subcommittees. The current duties also include decisions and interpretation of Board Rules and implementation of administrative procedures on a daily basis which are beyond the scope of a contractor and more appropriate for an agency employee. This new position will provide stable staffing where institutional knowledge is critical to carrying out the mission of a volunteer board, discontinue the Professional Services Contract, afford the board appropriate mechanisms for direct personnel management, as well as compensation, discipline, and termination procedures not available under a Professional Services Contract.
C03	The Board requests a change level reduction of \$48,690 for the Various Maintenance & Operation Expenses line item. This reduction is a partial offset between the requested new position and the existing Administrator's contract and other expenses associated with office support.

Analysis of Budget Request

Appropriation: 86N - Public Awareness Campaign

Funding Sources: MHR - Home Inspector Registration Board - Cash

This appropriation was approved during the Regular Session of the 88th General Assembly. The appropriation will be used for the research, procurement, and implementation of a public awareness program to promote the benefits of the services of a licensed home inspector, especially prior to purchase. Although this will fund a variety of efforts, it will primarily consist of the development and broadcast of TV and radio spots.

The Board requests Base Level appropriation of \$25,000 each year of the biennium. Funding for this program will be from Fund Balance.

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

Appropriation Summary

Appropriation: 86N - Public Awareness Campaign
Funding Sources: MHR - Home Inspector Registration Board - Cash

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2011-2012	2012-2013	2012-2013	2013-2014			2014-2015		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Public Awareness Campaign 5900046	0	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Total	0	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Funding Sources									
Fund Balance 4000005	75,000	75,000		50,000	50,000	50,000	25,000	25,000	25,000
Total Funding	75,000	75,000		50,000	50,000	50,000	25,000	25,000	25,000
Excess Appropriation/(Funding)	(75,000)	(50,000)		(25,000)	(25,000)	(25,000)	0	0	0
Grand Total	0	25,000		25,000	25,000	25,000	25,000	25,000	25,000