

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		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	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.