

CONTRACTORS LICENSING BOARD

Enabling Laws

Act 779 of 2007
A.C.A. § 17-25-201
A.C.A. § 17-25-103
A.C.A. § 17-25-508

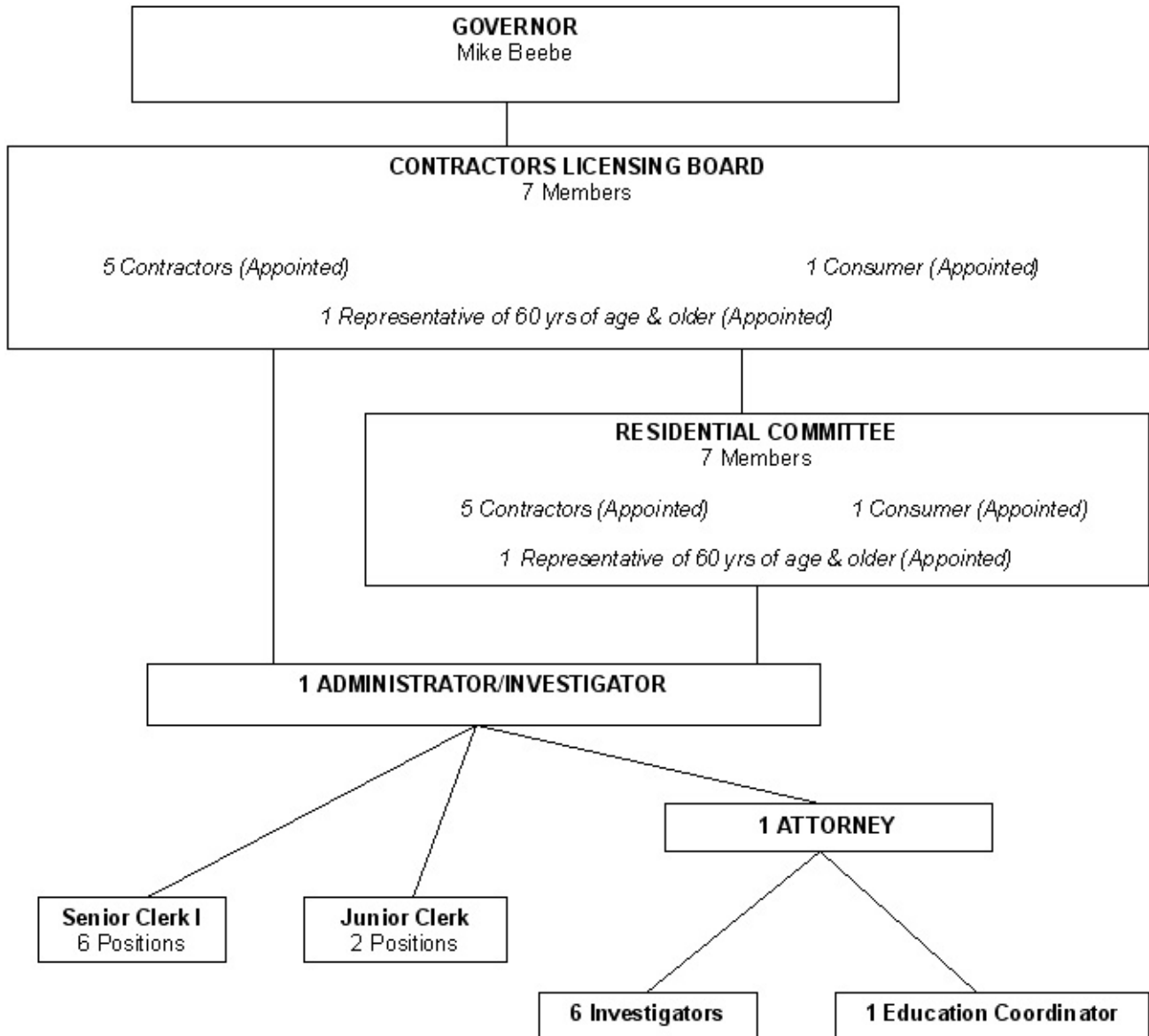
History and Organization

The Contractors Licensing Board was established by Act 124, approved on February 24, 1939, with the intent to preserve public health and safety in the construction industry in the State of Arkansas. Act 150 of 1965, as amended, has been established to efficiently insure public health and safety as well. The Contractors Licensing Board acting within the guidelines of the above mentioned Acts, with the diligence and concern, has endeavored to bring all contractors into compliance with the above mentioned Act.

Act 37 of the special legislative session of 1992 amended Act 162 of 1987 and placed the responsibility of the Contractors Bond Law within the frame work of the Contractors Licensing Board. The Board works well with other agencies to insure the financial obligations of contractors to the State of Arkansas are met. The Contractors Bond Law has closed many gaps of lost revenue for the Revenue Department and other agencies.

The Contractors Licensing Board and its administration is very conscious of cost in relation to services rendered and has been able to implement a program that places this agency in a very cost efficient, economic position.

The Contractors Licensing Board is made up of seven (7) members appointed by the Governor and confirmed by the Senate. Act 950 of 1999 placed the Home Builders Licensure Act with the Contractors Licensing Board. The Residential Committee is made up of seven (7) members appointed by the Governor. The Board has approximately 2,872 licensed residential contractors.



Agency Commentary

The operation and programs for the Contractors Licensing Board are prescribed by Act 150 of 1965, as amended, Act 162 of 1987, as amended, and by Act 950 of 1999 as amended. More specifically these operations are: determining qualifications of applicants for contractor license and authorizing the issuance of new and renewal licenses, investigating all alleged and factual violations of the Contractors Licensing Law, the Contractors Bond Law, and the Residential Licensing Law, and bringing such to a conclusion, holding hearings and meetings to bring compliance to the laws of the State of Arkansas. The maximum fee set forth is \$100. At the present time, all original applications require a \$100 fee and renewal applications, which are received on time, require a \$50 fee. We currently have 9,990 licensed contractors who are qualified to perform work in the State of Arkansas. The Contractors Licensing Board will meet 23 times a year in the normal course of their business. The Residential Committee will meet 12 times per year. The Contractors Licensing Board staff consists of 1 administrator/investigator, 6 investigators, 6 senior clerk positions, 2 junior clerk positions, 1 attorney position, and 1 education coordinator position for a total of 17 filled positions.

The Contractors Licensing Board has made specific request for budget increase needs for the coming biennium. The maintenance and operations requests totaling \$22,000 are made because of increased costs that will be incurred. The Capital Outlay request of \$12,000 is to meet the needs for outdated, non-repairable equipment and additional equipment that may be needed in the course of the biennium. A \$50,000 request in Education/Training Grants is to fund various contractor apprenticeship programs throughout the state.

The Agency has sufficient cash funds and revenues anticipated for the coming year to support the additional request.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
CONTRACTORS LICENSING BOARD

FOR THE YEAR ENDED JUNE 30, 2007

Findings	Recommendations
<p>Arkansas law, Department of Finance and Administration regulations and Agency policies allow the Agency to sell surplus computers to employees at a cost not less than 10% above the depreciated value. The Agency sold eleven (11) computers with a total depreciated value plus 10% of \$6,090 to employees for \$1,100, resulting in an underpayment of \$4,990.</p>	<p>Follow required procedures for disposition of surplus assets to employees and contact the Department of Finance and Administration to determine appropriate procedures for resolution of underpayment.</p>
<p>For fiscal year 2007 and 2006, the Agency funded two (2) discretionary grants for scholarships to the University of Arkansas at Little Rock Foundation, Inc., totaling \$50,050 and \$33,375, respectively, that did not qualify as exempt and were not properly reviewed by Legislative Council. Additionally, the two (2) grants awarded did not have a written agreement document supporting the grant.</p>	<p>Obtain proper approval from Legislative Council and execute written agreements for all discretionary grants awarded.</p>

Employment Summary

	Male	Female	Total	%
White Employees	7	9	16	94 %
Black Employees	0	0	0	0 %
Other Racial Minorities	0	1	1	6 %
Total Minorities			1	6 %
Total Employees			17	100 %

Cash Fund Balance Description as of June 30, 2008

Fund Account	Balance	Type	Location
3110000	\$3,776,709	Checking, Management Fund	Regions Bank - Little Rock, State Treas.

Statutory/Other Restrictions on use:

A.C.A. 17-25-205 - 17-25-402 Fees shall be deposited in banks to be used by board in the manner prescribed by law.

Statutory Provisions for Fees, Fines, Penalties:

A.C.A. 17-25-103 - 17-25-303 - 17-25-402 Authorizes agency to collect fees and penalties.

Revenue Receipts Cycle:

Fees and penalties are collected through out the year.

Fund Balance Utilization:

It will be necessary to use these surplus funds for normal operations in the future.

Publications

A.C.A. 25-1-204

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
Contractors License, Law, Bond Law and Rules Regulations	A.C.A. §17-25-315	N	N	3,000	Public Use
New and Renewal Applications	A.C.A. §17-25-303	N	N	1,500	Necessary for Licensure Process
Newsletters Annually	A.C.A. §17-25-206	N	N	12,000	Information Purposes

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	Filled	Unfilled			Total	Total	Filled	Unfilled	
15	16	0	16	-1	-6.67 %	18	17	1	18	0	5.56 %	18	17	1	18	0	5.56 %

Budgeted Number of Positions may exceed the Authorized Number due to the approval of a Supplemental Position.

Analysis of Budget Request

Appropriation: A03 - Cash Operations

Funding Sources: 311 - Contractor's Licensing Board- Cash

The Contractor's Licensing Board is responsible for determining qualifications of applicants for contractor's licenses and authorizing the issuance of new and renewal licenses. The Board investigates all alleged and factual violations of the contractor's licensing law and contractor's bond law as well as holding hearings and assessing penalties to ensure compliance. The Contractor's Licensing Board is funded from the receipt of fees charged for examination, issuance, and renewal of commercial contractor's licenses and penalties associated with violations of regulations. Expenditures from the cash funds are solely dependent on the availability of funds.

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 Agency's Change Level requests totaling \$84,000 each year include the following items:

- An increase of \$22,000 on Operating Expenses in each year of the biennium for increases in the cost of travel and lodging for investigators and for increases in Postage.
- Capital Outlay request of \$12,000 per year for the replacement of outdated, non-repairable equipment and additional equipment that may be necessary in the course of the biennium.
- Additional Education/Training Grants of \$50,000 to fund various contractor apprenticeship programs throughout the State.

Expenditure of appropriation is contingent upon available funding.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: A03 - Cash Operations

Funding Sources: 311 - Contractor's Licensing 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	830,525	839,528	845,525	844,630	844,630	844,630	863,563	863,563	863,563
#Positions	18	18	18	18	18	18	18	18	18
Personal Services Matching 5010003	245,343	233,247	258,310	248,205	248,205	248,205	251,747	251,747	251,747
Operating Expenses 5020002	319,358	323,481	323,481	323,481	345,481	345,481	323,481	345,481	345,481
Conference & Travel Expenses 5050009	1,830	9,400	9,400	9,400	9,400	9,400	9,400	9,400	9,400
Professional Fees 5060010	27,192	32,000	32,000	32,000	32,000	32,000	32,000	32,000	32,000
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Grants and Aid 5100004	99,930	100,000	100,000	100,000	150,000	150,000	100,000	150,000	150,000
Refunds/Reimbursements 5110014	40,135	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Capital Outlay 5120011	8,411	12,000	12,000	0	12,000	12,000	0	12,000	12,000
Investments 5120013	0	156,504	156,504	156,504	156,504	156,504	156,504	156,504	156,504
Total	1,572,724	1,806,160	1,837,220	1,814,220	1,898,220	1,898,220	1,836,695	1,920,695	1,920,695
Funding Sources									
Fund Balance 4000005	3,647,786	3,776,709		3,270,549	3,270,549	3,270,549	2,861,555	2,777,555	2,777,555
Cash Fund 4000045	1,701,647	1,300,000		1,405,226	1,405,226	1,405,226	1,505,934	1,505,934	1,505,934
Total Funding	5,349,433	5,076,709		4,675,775	4,675,775	4,675,775	4,367,489	4,283,489	4,283,489
Excess Appropriation/(Funding)	(3,776,709)	(3,270,549)		(2,861,555)	(2,777,555)	(2,777,555)	(2,530,794)	(2,362,794)	(2,362,794)
Grand Total	1,572,724	1,806,160		1,814,220	1,898,220	1,898,220	1,836,695	1,920,695	1,920,695

Change Level by Appropriation

Appropriation: A03 - Cash Operations

Funding Sources: 311 - Contractor's Licensing Board- Cash

Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	1,814,220	18	1,814,220	100.0	1,836,695	18	1,836,695	100.0
C01	Existing Program	84,000	0	1,898,220	104.6	84,000	0	1,920,695	104.6

Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	1,814,220	18	1,814,220	100.0	1,836,695	18	1,836,695	100.0
C01	Existing Program	84,000	0	1,898,220	104.6	84,000	0	1,920,695	104.6

Justification

C01	An increase in operating expense of \$22,000 is requested due to the increased cost of travel and lodging for investigators in the coming biennium. The Capital Outlay request of \$12,000 is for the replacement of outdated, non-repairable equipment and additional equipment that may be necessary in the course of the biennium. The increase in Education/Training Grants of \$50,000 is to fund various contractor apprenticeship programs throughout the state. This appropriation would only be used as funds are available.
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