

# ARKANSAS ETHICS COMMISSION

## Enabling Laws

Act 74 of 2012  
Initiated Act 1 of 1990, as amended.  
A.C.A. §7-6-217

## History and Organization

The Arkansas Ethics Commission was created as a result of the passage of Initiated Act 1 of 1990. Its purpose is to serve as the compliance and enforcement agency with respect to various ethics and public disclosure laws applicable to candidates for public office, state and local public officials, public servants, lobbyists, political parties, political committees, and persons involved with initiatives, referenda, and other matters referred to voters within the State of Arkansas.

Initiated Act 1 of 1990, popularly known as "The Standards of Conduct and Disclosure Act for Candidates and Political Campaigns," charged the Commission with the responsibility of governing the campaign finance activities of candidates for public office, candidate committees, and political action committees. It also set new limits on the amount individual citizens could contribute to parties, candidates, and political action committees. In addition to its authority to administer the laws governing campaign finance, the Commission was given authority to administer Initiated Act No. 1 of 1988 and Act No. 34 of 1999. The first Act, popularly known as "The Disclosure Act for Lobbyists and State and Local Officials," governs the relationship between elected and appointed state, county, and municipal public officials and possible non-government or otherwise conflicting financial interests. In addition, this Act governs the registration and activities of lobbyists. The second Act, which concerns "Constitutional Officers and Their Spouses," places certain restrictions on the entering into of employment, lease agreements, contracts or grants with any state agency. Each of these Acts requires significant disclosure by the persons within its scope.

The Commission itself is composed of five (5) members appointed to five-year staggered terms by the Governor, the Lieutenant Governor, the Attorney General, the President Pro Tempore of the Senate, and the Speaker of the House of Representatives, respectively. Members of the Commission serve without compensation, but may receive reimbursement for expenses incurred in the performance of their official duties. The Commission has a nine (9) member staff comprised of a Director, two (2) Attorney Specialists, two (2) Compliance Specialists, an Information Technology Manager, a Business Operations Specialist, and two (2) Administrative Specialists.

The Commission, with the assistance of its staff, performs the following specific duties and responsibilities in accordance with the requirements of the law: (1) investigates alleged violations of ethics and public disclosure laws and determines whether a violation has

occurred; (2) issues sanctions for violations of ethics and public disclosure laws and/or makes referrals for criminal prosecution; (3) conducts review exercises to determine whether required disclosure documents are being filed; (4) prepares and distributes educational materials and conducts training sessions for candidates, elected and appointed officials, lobbyists, political committees, and ballot and legislative question committees; (5) issues advisory opinions concerning ethics and public disclosure laws; (6) promulgates rules to implement and administer ethics and public disclosure laws; (7) holds a monthly public meeting and conducts public hearings; (8) answers questions regarding ethics and public disclosure laws and rules on a daily, informal basis; (9) prepares and updates disclosure forms, instructions, and calendars used by public officials, lobbyists, political parties, political committees, candidates for public office, and ballot and legislative question committees; (10) administers a reminder notice program for candidates for public office, public officials, lobbyists, political parties, and political committees; (11) maintains report files on all ballot and legislative question committees registered in accordance with the Disclosure Act for Public Initiatives, Referenda, and Measures Referred to Voters; (12) makes information publicly accessible in an electronic form via the internet; (13) responds to requests for public records under the Freedom of Information Act; and (14) brings civil actions in circuit court to enforce orders entered in proceedings before the Commission.

The Commission promotes openness and accountability in government through a balanced approach of (i) interpreting, investigating compliance with, and issuing sanctions for proven violations of the laws under its jurisdiction, and (ii) providing assistance in the form of education, training, and reminder notices to persons required to comply with those laws.



## **Agency Commentary**

The Arkansas Ethics Commission (AEC) is the compliance and enforcement agency with respect to a number of ethics and public disclosure laws applicable to: candidates for public office, state and local public officials, public servants, lobbyists, political parties, political committees, and persons involved with ballot measures presented to voters. The AEC has a five (5) member board and a nine (9) member staff to serve the citizens of the State of Arkansas.

In recent years, the AEC has tightened its budget significantly in order to work within the State's funding constraints. The AEC's budget for its Operating Expenses commitment item has been reduced from prior year levels during each of the past six (6) fiscal years and upcoming fiscal year, as follows:

FY2007 Operations reduced by **\$3,300 block** on available appropriation  
FY2008 Operations reduced by **\$10,888 block** on available appropriation  
FY2009 Operations reduced by **\$2,482 block** on available appropriation  
FY2010 Operations reduced by **\$318 block** on available appropriation  
FY2011 Operations reduced by **\$4,500 block** on available appropriation  
FY2012 Operations reduced by **\$9,192 block** on available appropriation  
FY2013 Operations planned to be reduced by **\$13,169 block** on available appropriation

For the upcoming biennium, the AEC's Operating Expenses commitment item amount has been **lowered from \$88,898 to \$75,729**. Simply stated, this amount is insufficient to meet the AEC's requirements. In order to avoid a reduction in the level of services provided, ***the AEC requests that the appropriation level for its Operating Expenses commitment item be restored to \$88,898.00.***

The AEC notes that, while there has been a continuing reduction in operations funding each year due to the above-listed blocks on Operating Expenses, there has NOT been a reduction in fixed expenses which the AEC is obligated to pay, such as building rent, copier lease, information technology costs, Department of Information System costs, postage expense, mileage reimbursement for AEC Board members to attend AEC meetings, mileage reimbursement for AEC staff to conduct investigations, rent of facilities to conduct education and training, building and contents insurance premiums, service of process fees for investigations, license fees, printing costs, subscriptions, and office supplies.

In summary, the AEC is already working on an extremely tight budget which has been reduced every year for the past seven (7) years. This pattern of reduction has reached the point of jeopardizing the AEC's ability to fund current operations. Any further funding cuts to operations will likely force the AEC to reduce its agency mission, including the enforcement of the laws under its jurisdiction. The AEC needs all of the requested \$88,898 in Operating Expenses commitment item in order to continue to effectively provide agency services and enforce the laws under its jurisdiction.

## Audit Findings

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
ARKANSAS ETHICS COMMISSION

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Findings

Recommendations

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A separate report for this Agency was not issued. However, financial activity for the Agency was included in the audit of the State's CAFR for the year ended June 30, 2011.

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

None

### Employment Summary

	Male	Female	Total	%
White Employees	3	2	5	62 %
Black Employees	0	2	2	25 %
Other Racial Minorities	1	0	1	13 %
Total Minorities			3	38 %
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		
N/A	N/A	N	N	0	N/A

## Agency Position Usage Report

FY2010 - 2011					FY2011 - 2012					FY2012 - 2013							
Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused
	Filled	Unfilled	Total				Filled	Unfilled	Total				Filled	Unfilled	Total		
9	9	0	9	0	0.00 %	9	8	1	9	0	11.11 %	9	8	1	9	0	11.11 %

## **Analysis of Budget Request**

**Appropriation:** 192 - Ethics Operations

**Funding Sources:** HUA - Miscellaneous Agencies Fund

The Arkansas Ethics Commission enforces Arkansas' standards of conduct and disclosure laws concerning candidates for public office, state and local public officials, lobbyists and committees, individuals involved with initiatives, referendums and other matters referred to the voters. The Commission is composed of a five (5) member board and a nine (9) member staff.

Base Level Regular Salaries and Personal Services Matching includes Career Service payments for eligible employees. Personal Services Matching also includes a \$20 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$410 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases. The Base Level salary of unclassified positions reflects the FY13 line item maximum.

Base Level includes appropriation and general revenue funding of \$679,404 in each year of the biennium with nine (9) Regular positions and two (2) Extra Help positions as well as supporting operating costs.

The Agency's Change Level request includes appropriation and funding of \$13,169 in Operating Expenses each year to provide for increased costs in various expenditures including network services, binding copying & collating, office rent, conference & seminar fees, board member travel/lodging, office supplies and subscriptions.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 192 - Ethics 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		
		2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	2013-2014			2014-2015		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	493,162	469,237	483,984	475,755	475,755	475,755	475,855	475,855	475,855
<b>#Positions</b>		<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>
Extra Help	5010001	0	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
<b>#Extra Help</b>		<b>0</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>
Personal Services Matching	5010003	146,491	144,950	138,927	148,824	148,824	148,824	148,846	148,846	148,846
Operating Expenses	5020002	74,780	75,729	88,898	75,729	88,898	88,898	75,729	88,898	88,898
Conference & Travel Expenses	5050009	996	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
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
<b>Total</b>		<b>715,429</b>	<b>694,416</b>	<b>716,309</b>	<b>704,808</b>	<b>717,977</b>	<b>717,977</b>	<b>704,930</b>	<b>718,099</b>	<b>718,099</b>
<b>Funding Sources</b>										
General Revenue	4000010	715,429	694,416		704,808	717,977	717,977	704,930	718,099	718,099
Total Funding		715,429	694,416		704,808	717,977	717,977	704,930	718,099	718,099
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
<b>Grand Total</b>		<b>715,429</b>	<b>694,416</b>		<b>704,808</b>	<b>717,977</b>	<b>717,977</b>	<b>704,930</b>	<b>718,099</b>	<b>718,099</b>

## Change Level by Appropriation

**Appropriation:** 192 - Ethics Operations  
**Funding Sources:** HUA - Miscellaneous Agencies Fund

### Agency Request

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>704,808</b>	<b>9</b>	<b>704,808</b>	<b>100.0</b>	<b>704,930</b>	<b>9</b>	<b>704,930</b>	<b>100.0</b>
C01	Existing Program	13,169	0	717,977	101.9	13,169	0	718,099	101.9

### Executive Recommendation

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>704,808</b>	<b>9</b>	<b>704,808</b>	<b>100.0</b>	<b>704,930</b>	<b>9</b>	<b>704,930</b>	<b>100.0</b>
C01	Existing Program	13,169	0	717,977	101.9	13,169	0	718,099	101.9

### Justification

C01	Agency requests appropriation in Operating Expenses each year to provide for increased costs in various expenditures including network services, binding copying & collating, office rent, conference & seminar fees, board member travel/lodging.
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