

# ARKANSAS ETHICS COMMISSION

## Enabling Laws

Act 152 of 2010  
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.

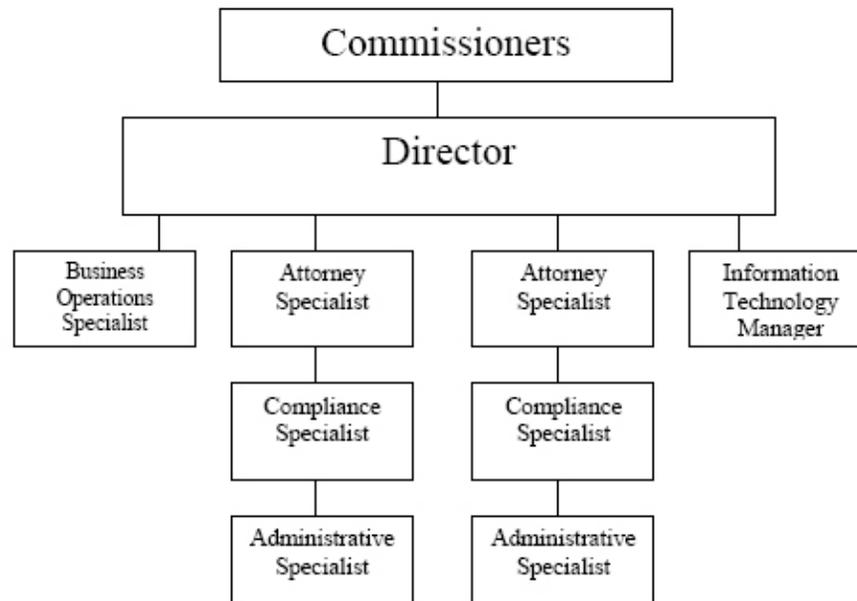
Initiated Act 1 of 1990, popularly known as "The Standards of Conduct and Disclosure Act for Candidates and Political Campaigns," charged the Commission with the responsibility of governing the campaign finance activities of candidates for public office, candidate committees, and political action committees. 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) serves as the compliance and enforcement agency with respect to a wide variety 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 initiatives, referenda, and other matters referred to voters within the State of Arkansas. The AEC consists of a five (5) member board and a nine (9) member staff which serve the citizens of the State of Arkansas.

Like other agencies of state government, the AEC has tightened its budget significantly over the past three biennia in order to work within the State's funding constraints. For the 2012-2013 biennial budget period, the AEC is seeking a \$2,000 increase in appropriation level for Conference and Travel Expenses, for a total authorized amount of \$5,000.

The total requested appropriation of \$5,000 for Conference and Travel Expenses is the minimum amount necessary to provide sufficient education and training for the AEC's staff. Examples of expenditures the AEC makes for education and training of staff include:

-**Continuing Legal Education** for four (4) licensed attorneys

-**Administrative Training** for support staff

-**Agency-Specific Training** provided by Council on Governmental Ethics Laws (COGEL) for staff. With regard to COGEL, the annual conference is an invaluable opportunity for staff members working in government ethics, elections, disclosure, enforcement, and other types of regulatory agencies to interact with professional peers and learn first-hand about their challenges and successes. Fields of study specifically tailored to meet the AEC's needs include public disclosure, conflict of interest, Freedom of Information, and campaign finance. The COGEL Annual Conference offers a valuable opportunity for AEC staff to interact with their professional peers and learn first-hand about advances in technology and ongoing government reform. Recent COGEL Annual Conferences offered the following sessions:

- Addressing Voter Turnout
- Agency IT Systems Development
- Campaign Finance Update
- Dealing with the Difficult Requester
- Early Voting and Voting Technologies
- Ethical Issues for the Government Attorney
- Elections Update: Current Trends and Litigation
- Electronic Filing Workshops

- Freedom of Information - Enforcement and Penalties
- Lobby Update
- Managing Electronic Records
- Pay to Play: Contractors and Contributions
- Public Financing: The Good, the Bad and the Ugly
- Public Financing Under Fire
- Training - Developing and Maintaining Public Education Programs
- Trusting Your Gut: Drop, Settle, or Prosecute?

In summary, the AEC is a small agency working on an extremely tight budget. Currently, the AEC's \$3,000 appropriation for Conference and Travel Expenses falls well short of the amount necessary to provide essential education and training for its entire staff. Accordingly, the AEC seeks Conference and Travel Expenses in the amount of \$5,000. This amount is both reasonable and necessary to ensure the AEC's objective to promote openness and accountability in government by providing adequate training for its entire staff.

## **Audit Findings**

DIVISION OF LEGISLATIVE AUDIT  
 AUDIT OF :  
 ARKANSAS ETHICS COMMISSION  
 FOR THE YEAR ENDED JUNE 30, 2008

Findings

Recommendations

None

None

## Employment Summary

	Male	Female	Total	%
White Employees	3	3	6	67 %
Black Employees	0	2	2	22 %
Other Racial Minorities	1	0	1	11 %
Total Minorities			3	33 %
Total Employees			9	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

FY2008 - 2009						FY2009 - 2010						FY2010 - 2011					
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	9	0	9	0	0.00 %	9	9	0	9	0	0.00 %

## **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 salaries and matching do not include appropriation for a Cost of Living Adjustment or Career Service Payments. The Base Level salary of the unclassified position reflects the FY11 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 requests additional appropriation and general revenue funding in the amount of \$2,000 each year of the biennium for the Conference and Travel Expenses line item. Currently only two (2) staff members are able to attend the annual conference conducted by the Council on Governmental Ethics Laws (COGEL), which provides essential education and training for the agency's licensed attorneys and compliance staff. The requested increase would enable one (1) additional staff member to attend the annual conference.

The Executive Recommendation provides for Base Level.

## 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		
		2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	450,178	451,976	455,979	452,501	452,501	452,501	452,501	452,501	452,501
<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	126,242	133,127	131,374	133,505	133,505	133,505	133,505	133,505	133,505
Operating Expenses	5020002	88,551	88,898	88,898	88,898	88,898	88,898	88,898	88,898	88,898
Conference & Travel Expenses	5050009	3,000	3,000	3,000	3,000	5,000	3,000	3,000	5,000	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>667,971</b>	<b>678,501</b>	<b>680,751</b>	<b>679,404</b>	<b>681,404</b>	<b>679,404</b>	<b>679,404</b>	<b>681,404</b>	<b>679,404</b>
<b>Funding Sources</b>										
General Revenue	4000010	667,968	678,501		679,404	681,404	679,404	679,404	681,404	679,404
M & R Sales	4000340	3	0		0	0	0	0	0	0
<b>Total Funding</b>		<b>667,971</b>	<b>678,501</b>		<b>679,404</b>	<b>681,404</b>	<b>679,404</b>	<b>679,404</b>	<b>681,404</b>	<b>679,404</b>
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
<b>Grand Total</b>		<b>667,971</b>	<b>678,501</b>		<b>679,404</b>	<b>681,404</b>	<b>679,404</b>	<b>679,404</b>	<b>681,404</b>	<b>679,404</b>

The FY11 Budget in Personal Services Matching exceeds the Authorized due to matching rate adjustments during the 2009-2011 biennium.

## Change Level by Appropriation

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

### Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>679,404</b>	<b>9</b>	<b>679,404</b>	<b>100.0</b>	<b>679,404</b>	<b>9</b>	<b>679,404</b>	<b>100.0</b>
C01	Existing Program	2,000	0	681,404	100.3	2,000	0	681,404	100.3

### Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>679,404</b>	<b>9</b>	<b>679,404</b>	<b>100.0</b>	<b>679,404</b>	<b>9</b>	<b>679,404</b>	<b>100.0</b>
C01	Existing Program	0	0	679,404	100.0	0	0	679,404	100.0

### Justification

C01	The Arkansas Ethics Commission ("AEC") requests an additional \$2,000 for Conference and Travel Expenses in order to provide mission-specific training for the five (5) members of its staff responsible for (i) ensuring compliance and enforcement of the statutes under its jurisdiction, and (ii) conducting education and training for persons subject to the AEC's jurisdiction. The additional appropriation will enable the AEC to send its licensed attorneys and compliance staff to educational programs conducted by the Council on Governmental Ethics Laws (COGEL). With regard to COGEL, its annual conference is an invaluable opportunity for staff members working in government ethics, elections, disclosure, enforcement, and other types of regulatory agencies to interact with professional peers and learn first-hand about their challenges and successes. Fields of study specifically tailored to meet the AEC's needs include public disclosure, conflicts of interest, Freedom of Information, and campaign finance. Without the requested appropriation, the AEC's goal to provide essential education and training for its licensed attorneys and compliance staff will not be met.
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