

AR ETHICS COMMISSION

Enabling Laws

Act 9 of First Extraordinary Session of 2003
Initiated Act 1 of 1990, as amended. See A.C.A. § 7-6-217

History and Organization

The Arkansas Ethics Commission was created as a result of the passage of Initiated Act One of 1990 by a majority vote of the people of Arkansas. The purpose of the Commission is to enforce certain ethics, conflicts of interest, lobbying, campaign, campaign finance, and ballot question laws within the State of Arkansas.

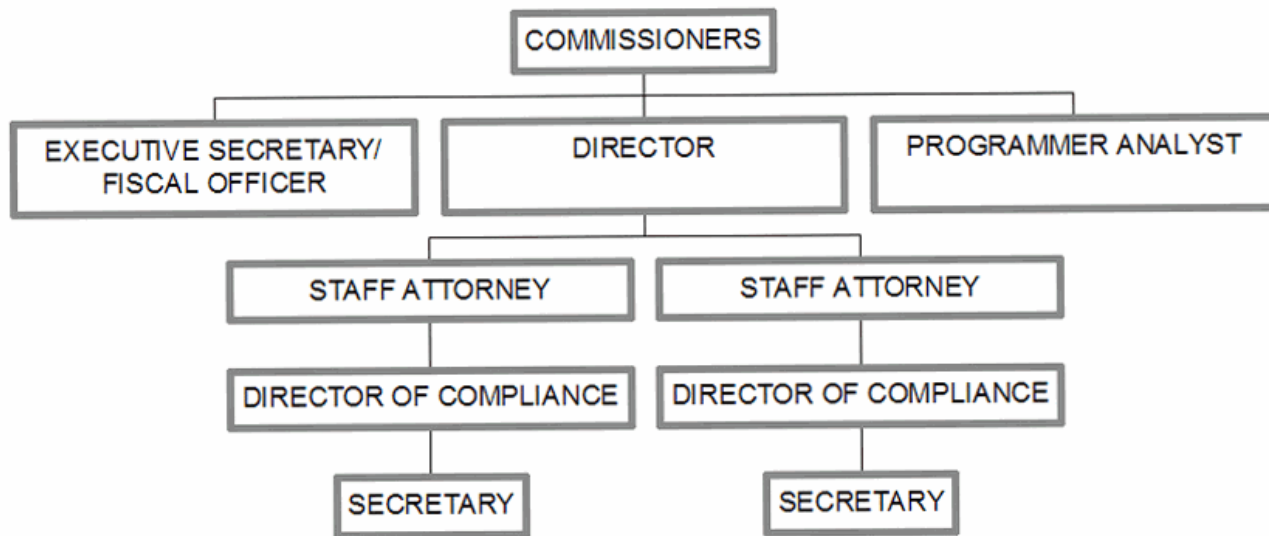
Initiated Act One of 1990, popularly known as "The Standards of Conduct and Disclosure Act for Candidates and Political Campaigns", charged the Commission with the responsibility of governing the campaign finance activities of candidates for public office, candidate committees, and political action committees. 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 One of 1988 and Act No. 34 of 1999. The first such 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, said Act governs the registration and activities of lobbyists. The second such 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. During its existence, the Commission has grown from an agency with three (3) employees and a total budget appropriation of \$89,205.00 (FY 1991) to an agency with nine (9) employees and a total budget appropriation of \$582,509.00 (FY 2004). The Commission's current staff is comprised of a director, two (2) staff attorneys, two (2) directors of compliance, a programmer analyst, an executive secretary/fiscal officer, and two (2) secretaries.

The Commission, with the assistance of its staff, performs the following specific duties and responsibilities in accordance with the requirements of the law: (1) drafts or reviews and approves disclosure forms, instructions, and calendars used by public officials, lobbyists, political action committees, candidates for office, and ballot and legislative question committees; (2) monitors compliance with disclosure requirements; (3) issues advisory opinions concerning the ethics laws under its jurisdiction; (4) investigates alleged violations of the ethics laws and determines whether a violation has occurred; (5) holds monthly public meetings and conducts public hearings; (6) issues disciplinary action for violations of the law, or refers its finding to a prosecuting attorney for criminal

proceedings; (7) answers questions regarding Arkansas ethics laws on a daily, informal basis; (8) prepares and distributes instructional and educational materials and conducts training sessions for candidates, elected and appointed officials, lobbyists, political action committees, and ballot and legislative question committees; (9) maintains report files on all ballot question and legislative question committees registering in accordance with the Disclosure Act for Public Initiatives, Referendums and Measures Referred to Voters; (10) promulgates rules and regulations to implement and administer the statutes under its jurisdiction; (11) responds to questions and requests for documents under the Freedom of Information Act; (12) makes information publicly accessible in an electronic form via the internet; and (13) implements and maintains reminder notice programs.

The Commission serves to promote openness and accountability in government through a balancing of its statutory duties of interpreting, investigating compliance with, and issuing sanctions for proven violations of Arkansas’ ethics and public disclosure laws.



Agency Commentary

The Arkansas Ethics Commission (“AEC”) has nine (9) employees and is charged with administering and enforcing certain ethics, conflicts of interest, lobbying, campaign, campaign finance, and ballot question laws within the State of Arkansas. For the 2005-2007 biennial budget period, the AEC is seeking to restore its FY 2005 appropriation for Operating Expenses and Travel-Conference Fees and to change the title for the position of Programmer Analyst.

The AEC’s appropriations for Operating Expenses and Travel-Conference Fees have remained static at \$108,367 and \$5,000, respectively, since FY 2000. The AEC is not seeking additional funds, merely the reinstatement of the appropriation previously deemed appropriate for an agency of its size and responsibilities. Like other agencies of state government, the AEC has tightened its budget significantly over the past two years in order to work within the State’s funding constraints. It is noted that the AEC’s regular salaries and personal services matching appropriations have been frozen at the FY 2003 level for the past two years. This fact has resulted in the continued absorption of salary costs into the AEC’s operating budget. The current rent paid for the AEC’s office space (\$34,899) constitutes more than one-half of the proposed operating expenses appropriation

(\$67,339) for FY 2006 and FY 2007. The AEC cannot continue to maintain an adequate level of service at the proposed appropriation level. In addition, the travel-conference fees appropriation increase from \$3,000 to \$5,000 is the minimum necessary to cover the education and training of a nine-person agency.

The position of Programmer Analyst was added to the AEC's staff by the 82nd General Assembly for purposes of implementing and administering a reminder notice program and helping conduct education and training sessions for persons under the Commission's jurisdiction. Additional responsibilities of the position include upkeep of the AEC's computer equipment and maintenance of the AEC's website. The title of Programmer Analyst generated confusion during the 84th General Assembly. The position was never intended to involve the actual programming of computers. We believe the title of Systems Administrator more accurately reflects the duties and responsibilities of the position.

In summary, the AEC seeks an increase totaling \$43,028 for FY 2006 and FY 2007. This is a total increase of \$86,056 for the biennium. AEC's baseline budget for FY 2005 is \$568,561. No salary adjustment is being requested with the title change.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
ARKANSAS ETHICS COMMISSION
FOR THE YEAR ENDED JUNE 30, 2003

Findings	Recommendations
None	None

Employment Summary

	Male	Female	Total	%
White Employees	3	5	8	89 %
Black Employees	0	1	1	11 %
Other Racial Minorities	0	0	0	0 %
Total Minorities			1	11 %
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

Analysis of Budget Request

Appropriation / Program: 192 - Ethics Operations

Funding Sources: HUA- Miscellaneous Agencies Fund

The Arkansas Ethics Commission was established by Initiated Act 1 of 1990, as amended. The Commission is composed of five appointed members and has the responsibility of investigating alleged violations of this Act, hiring a staff and making recommendations to law enforcement authorities.

Base Level for this appropriation includes graduated salary increases of 3% to 1.5% each year over FY05 salary levels, along with related Personal Services Matching costs for nine (9) Base Level positions. This includes a \$600 minimum increase for employees earning \$20,000 or below. Included in Personal Services Matching is a \$40 increase in the monthly contribution for State employee's health insurance for a total State match of \$320 per month.

The Commission is requesting an increase in the Operating Expenses line item of \$41,028 each year to restore the appropriation to the authorized level of \$108,367. The cost of rent for the Commission is \$34,899 per year which makes up about half of the Base Level amount of \$67,339. The AEC can't continue to maintain an adequate level of service at the proposed appropriation level. The request in Conference and Travel of \$2,000 each year is necessary to cover the education and training of a nine-person agency. The Commission is also requesting a Title Change for the Programmer Analyst position to Systems Administrator to more accurately reflect the duties and responsibilities.

The Executive Recommendation recommends \$12,000 in appropriation and general revenue funding each year for the Operating Expenses line item. The Executive Recommendation does not recommend the \$2,000 for Conference and Travel or the Title Change for the Programmer Analyst position.

Appropriation / Program Summary

Appropriation / Program: 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		
		2003-2004 Actual	2004-2005 Budget	2004-2005 Authorized	2005-2006			2006-2007		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	368,341	392,860	374,715	408,866	408,866	408,866	420,602	420,602	420,602
#Positions		9	9	9	9	9	9	9	9	9
Extra Help	5010001	0	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
#Extra Help		0	1	2	2	2	2	2	2	2
Personal Services Matching	5010003	95,393	103,862	92,927	111,542	111,542	111,542	113,750	113,750	113,750
Operating Expenses	5020002	77,425	67,339	108,367	67,339	108,367	79,339	67,339	108,367	79,339
Travel-Conference Fees	5050009	2,865	3,000	5,000	3,000	5,000	3,000	3,000	5,000	3,000
Professional Fees and Services	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	6,169	0	0	0	0	0	0	0	0
Total		550,193	568,561	582,509	592,247	635,275	604,247	606,191	649,219	618,191
Funding Sources										
General Revenue	4000010	550,193	550,476		592,247	635,275	604,247	606,191	649,219	618,191
Merit Adjustment Fund	4000055	0	18,085		0	0	0	0	0	0
Total Funding		550,193	568,561		592,247	635,275	604,247	606,191	649,219	618,191
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		550,193	568,561		592,247	635,275	604,247	606,191	649,219	618,191

The FY05 Budgeted amount in Regular Salaries and Personal Services Matching exceeds the authorized amount due to salary and matching rate adjustments during the 2003-05 biennium.

Actual exceeds Authorized Appropriation in the Capital Outlay line item due to a Budget Classification Transfer.

Change Level by Appropriation

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

Agency Request

Change Level		2005-2006	Pos	Cumulative	% of BL	2006-2007	Pos	Cumulative	% of BL
BL	Base Level	592,247	9	592,247	100.0	606,191	9	606,191	100.0
C01	Existing Program	43,028	0	635,275	107.2	43,028	0	649,219	107.1
C14	Title Change	0	0	635,275	107.2	0	0	649,219	107.1

Executive Recommendation

Change Level		2005-2006	Pos	Cumulative	% of BL	2006-2007	Pos	Cumulative	% of BL
BL	Base Level	592,247	9	592,247	100.0	606,191	9	606,191	100.0
C01	Existing Program	12,000	0	604,247	102.0	12,000	0	618,191	101.9
C14	Title Change	0	0	604,247	102.0	0	0	618,191	101.9

Justification

C01	This increase includes a request of \$41,028 each year for Operating Expenses to restore the appropriation back to the authorized level. The cost of rent for the Commission is \$34,899 per year which makes up half of the Base Level amount of \$67,339. The AEC can't continue to maintain an adequate level of service at the proposed appropriation level. The increase of \$2,000 each year in Travel is necessary to cover the education and training of a nine-person agency.
C14	This request is to change the title of Programmer Analyst to Systems Administrator to more accurately reflect the duties and responsibilities of the position.