

ARKANSAS ETHICS COMMISSION

Enabling Laws

Act 1212 of 2007

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 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.

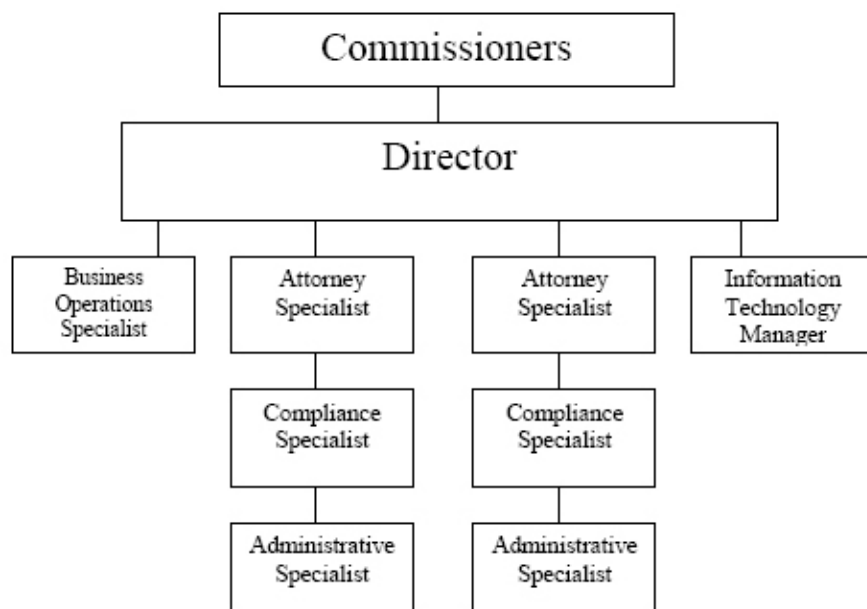
Initiated Act 1 of 1990, popularly known as "The Standards of Conduct and Disclosure Act for Candidates and Political Campaigns", charged the Commission with the responsibility of governing the campaign finance activities of candidates for public office, candidate committees, and political action committees. 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 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. During its existence, the Commission has grown from three (3) employees and a total budget appropriation of \$89,205.00 (FY91) to nine (9) employees and a total budget appropriation of \$674,099.00 (FY09). The Commission's current staff is 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 monthly public meetings 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. For the 2009-2011 biennial budget period, the AEC is seeking to restore its appropriation levels in Operating Expenses and to increase Conference and Travel Expenses by \$2,000. In addition, the AEC is seeking Capital Outlay in the amounts of \$6,200 for the purchase of a main computer server and \$9,000 for the purchase of desktop computers.

Like other agencies of state government, the AEC has tightened its budget significantly over the past two biennia in order to work within the State’s funding constraints. The total requested appropriation of

\$91,380 for Operating Expenses is to restore the AEC's current level of appropriation. The AEC is not seeking additional operating expenses, merely the reinstatement of the appropriation necessary for an agency of its size and responsibilities. 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. The requested appropriations of \$6,200 and \$9,000 for Capital Outlay in FY10 and FY11, respectively, are for the replacement of a main computer server and desktops pursuant to the AEC's IT Plan for the corresponding fiscal years.

For each of the past five (5) fiscal years, the amount which the AEC has received from the Miscellaneous Agencies Fund has been significantly less than its appropriation. As a result, the AEC has been required to block appropriation as follows: FY05 - \$34,068; FY06 - \$17,724; FY07 - \$17,886; FY08 - \$12,903; and FY09 - \$31,994. These blocks were initially applied to Operating Expenses, as required. Because salary savings were accrued during FY05, FY06, and FY07, those blocks were later moved to Regular Salaries. Cutting the AEC's appropriation for Operating Expenses will hinder its efforts to provide adequate levels of service.

In summary, the AEC is an extremely small agency working on a tight budget. The AEC seeks Operating Expenses in the amount of \$91,380, Conference and Travel Fees in the amount of \$5,000, and Capital Outlay in the amounts of \$6,200 and \$9,000. These amounts are both reasonable and necessary to ensure the Commission's objective to promote openness and accountability in government.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT

AUDIT OF :

ARKANSAS ETHICS COMMISSION

FOR THE YEAR ENDED JUNE 30, 2007

Findings	Recommendations
None	None

Employment Summary

	Male	Female	Total	%
White Employees	2	3	5	71 %
Black Employees	0	2	2	29 %
Other Racial Minorities	0	0	0	0 %
Total Minorities			2	29 %
Total Employees			7	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

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	
9	9	0	9	0	0.00 %	9	9	0	9	0	0.00 %	9	7	2	9	0	22.22 %

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 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 Commission's Change Level requests total \$10,682 in FY10 and \$13,482 in FY11 and reflects the following:

Operating Expenses increase of \$2,482 each year for increased mileage reimbursements and conference fees for Board Members.

Conference and Travel Expenses in the amount of \$2,000 each year to educate/train a nine-member staff and for travel expenses associated with continuing the legal education required for the four staff attorneys to maintain their law licenses.

Capital Outlay of \$6,200 in FY10 and \$9,000 in FY11 for the replacement of a main computer server and desktop computers in accordance with the Commission's IT Plan.

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		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	436,481	427,322	444,784	445,211	445,211	445,211	455,979	455,979	455,979
#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	2	2	2	2	2	2	2	2
Personal Services Matching	5010003	125,497	121,385	133,435	129,359	129,359	129,359	131,374	131,374	131,374
Operating Expenses	5020002	80,120	88,898	91,380	88,898	91,380	88,898	88,898	91,380	88,898
Conference & Travel Expenses	5050009	2,347	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	6,200	0	0	9,000	0
Total		644,445	642,105	674,099	667,968	678,650	667,968	680,751	694,233	680,751
Funding Sources										
General Revenue	4000010	644,445	642,105		667,968	678,650	667,968	680,751	694,233	680,751
Total Funding		644,445	642,105		667,968	678,650	667,968	680,751	694,233	680,751
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		644,445	642,105		667,968	678,650	667,968	680,751	694,233	680,751

Change Level by Appropriation

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

Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	667,968	9	667,968	100.0	680,751	9	680,751	100.0
C01	Existing Program	4,482	0	672,450	100.7	4,482	0	685,233	100.7
C08	Technology	6,200	0	678,650	101.6	9,000	0	694,233	102.0

Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	667,968	9	667,968	100.0	680,751	9	680,751	100.0
C01	Existing Program	0	0	667,968	100.0	0	0	680,751	100.0
C08	Technology	0	0	667,968	100.0	0	0	680,751	100.0

Justification

C01	With regard to Operating Expenses, the increase includes a request of \$2,482 each year to restore the appropriation back to the FY07 authorized level. For several years, the Commission has had to block operating expenses to cover reduced funding levels and cannot maintain an adequate level of service at the proposed appropriation level. With regard to Conference and Travel Fees, the increase includes a request of \$2,000 each year and is necessary to continue legal education required for the attorneys and to educate and train a 9-person staff.
C08	With regard to Capital Outlay, the request is for additional appropriation during FY10 for a main computer server and FY11 for desktop computers in the amounts of \$6,200 and \$9,000 respectively. Replacement of these items is scheduled pursuant to the Commission's IT Plan under IT Support Costs - Hardware.