

AR STATE CLAIMS COMMISSION

Enabling Laws

Act 926 of 2003

Claims Commission creation and operation:

A.C.A. § 19-10-201/305

Other code sections related to the Claims Commission:

A.C.A. § 19-10-101/104 (Claims against the State)

A.C.A. § 21-5-701/707 (Death & disability benefit eligibility)

A.C.A. § 6-82-501/506 (Scholarship benefit eligibility)

History and Organization

History and Enabling Legislation:

The Arkansas Constitution, adopted in 1874, has constitutional provisions relating to sovereign immunity. The permissive provisions of the Constitution leave the decision of whether to abrogate the doctrine and to what extent, to the discretion of the General Assembly. Arkansas' Constitution in Article 5, Section 20 states: "The State of Arkansas shall never be made a defendant in any of her courts." This provision has prohibited suit against the State.

The Arkansas General Assembly, while maintaining the State's sovereign immunity, established the Claims Commission to mitigate the impact of the rigid rule of "governmental immunity" while adhering to another constitutional direction that the "General Assembly shall from time to time provide for the payment of all just and legal debts of the State."

By creating the Claims Commission a method was found by which damaged or injured persons could be compensated without the State being made a defendant in any of its courts. The first Claims Commission, consisting of the State Auditor, Attorney General and State Comptroller, was created to review claims.

The General Assembly thereafter biannually established a special Claims Commission and appropriated money to pay the claims approved by that Commission. This special Claims Commission was replaced by the Board of Fiscal Control in 1945 with the passage of Act 53 of 1945 and, subsequently, by Act 462 of 1949.

In response to a demand for a body removed from political influence that could efficiently determine claims filed against the State, the General Assembly, in Act 276 of 1955, created the Arkansas State Claims Commission as it is known today. Act 861 of 1985 increased the size of the Claims Commission from three to five members, but did not otherwise affect Act 276 of 1955. In 2003, the General Assembly increased the ceiling for immediate payment of claims from \$7,500.00 to \$10,000.00; claims approved by the Commission exceeding \$10,000.00 are brought before the General Assembly at its next regular session. The Commission's final and binding decisions on claims can be appealed only to the General Assembly to be reversed, amended or returned to the Commission for further review.

Mission Statement-Jurisdiction and Responsibilities:

Arkansas Statutes Annotated 19-10-201 et seq. defines the role of the State Claims Commission. The Claims Commission is a quasi-judicial body established by the Arkansas General Assembly as its arm to hear claims against the State of Arkansas, since such tort-type claims as personal injury, property damage, breach of contract, and other designated claim types, due to the State’s constitutional sovereign immunity, cannot be brought in the State courts.

Primary Activities:

While living in various locations across the State, the five Commissioners convene hearings on claims in Little Rock, Tucker Maximum Security Unit, or at other sites several days each month. During the most recent full fiscal year (FY 04), 1,350 claims had been filed with the Commission.



Agency Commentary

Appropriation 227-Salaries

The agency is not requesting any '05 -'07 biennium increases beyond the normal Cost of Living increase included in Base Level for each year of the biennium for all employees. Since the agency was not approved to participate in the CLIP Program (i.e., approved and funded for additional positions in order to create a career ladder for classified employees), the only way to acknowledge those staff members that exceed standards is to allow them to be eligible for a merit bonus based on annual agency established CLIP II evaluation process.

Appropriation 227-Conference Fees & Travel

The agency requests no increase and requests that the current base amount of \$3,000.00 (established in 1993 and continued through the 2003-2005 biennium) be continued in both years of the '05 -'07 biennium. In order that agency employees continue to enhance their skills and have the opportunity to attain specialized certifications which augments our capacity to better accomplish our agency’s mission, a continued appropriation is needed to cover expenses of attending meetings of professional and educational organizations and obtaining additional educational training to improve employee job performance.

Appropriation 227-Maintenance and General Operation

The agency is requesting to increase the FY'05 base of \$80,500.00 by \$2,800.00 (based on an inflation factor almost 3.5%) to \$83,300.00 in FY'06 to cover likely increased costs in postage, paper, copying, document imaging, archiving historical claims data, and an expected cost of having to purchase services from DIS to insure that the new (as of July 2001) Claims Tracking Database System operates efficiently. While continuing these Year 1 work items, the Commission in Year 2 (FY'07) of the biennium is requesting an additional \$5,300.00 (based on an inflation factor of 3%) to \$85,800.00 to, in addition to the above mentioned items, further develop the agencies Internet website so that public may be more quickly informed and served by the agency, which will necessitate the purchase of appropriate computer software. Additionally, all updated computer, printer and other hardware and software purchases will come from this funding area during the '05-'07 biennium.

Appropriation 228-Death, Disability and Other Claims

The agency requests the current biennium's \$200,000.00 supplemental appropriation be split, with \$100,000.00 added to each fiscal year of the 2005-2007 biennium, thus making the annual appropriation \$1.4 million rather than the \$1.3 million in the current (and three previous) bienniums.

Audit Findings

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

Findings	Recommendations
None	None

Employment Summary

	Male	Female	Total	%
White Employees	4	3	7	70 %
Black Employees	1	1	2	20 %
Other Racial Minorities	0	1	1	10 %
Total Minorities			3	30 %
Total Employees			10	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		
Claims Commission Annual Report	A.C.A. 25-1-103	N	Y	50	Required by legislation and requested by auditors.
Rules and Regulations: State Claims Commission	A.C.A. 19-10-205	N	Y	1,000	Required by the General Assembly.

Department Appropriation / Program Summary

Appropriation / Program	Historical Data						Agency Request and Executive Recommendation							
	2003-2004		2004-2005		2004-2005		2005-2006				2006-2007			
	Actual	Pos	Budget	Pos	Authorized	Pos	Agency	Pos	Executive	Pos	Agency	Pos	Executive	Pos
227 Claims Operations	459,342	10	463,122	10	465,822	10	484,785	10	484,785	10	497,828	10	497,828	10
228 Various Claims	1,119,860	0	1,300,000	0	1,300,000	0	1,400,000	0	1,400,000	0	1,400,000	0	1,400,000	0
Total	1,579,202	10	1,763,122	10	1,765,822	10	1,884,785	10	1,884,785	10	1,897,828	10	1,897,828	10
Funding Sources		%		%			%		%		%		%	
State Central Services 4000035	456,634	28.9	463,122	26.3			484,785	25.7	484,785	25.7	497,828	26.2	497,828	26.2
Merit Adjustment Fund 4000055	2,708	0.2	0	0.0			0	0.0	0	0.0	0	0.0	0	0.0
Miscellaneous Revolving 4000350	1,119,860	70.9	1,300,000	73.7			1,400,000	74.3	1,400,000	74.3	1,400,000	73.8	1,400,000	73.8
Total Funds	1,579,202	100.0	1,763,122	100.0			1,884,785	100.0	1,884,785	100.0	1,897,828	100.0	1,897,828	100.0
Excess Appropriation/(Funding)	0		0				0		0		0		0	
Grand Total	1,579,202		1,763,122				1,884,785		1,884,785		1,897,828		1,897,828	

Analysis of Budget Request

Appropriation / Program: 227 - Claims Operations

Funding Sources: HSC - State Central Services

This appropriation provides for the personal services and operating expenses of the State Claims Commission. The Commission is a quasi-judicial body established to hear claims against the State of Arkansas and its agencies, boards, commissions, and institutions, unless otherwise exempted by statute. The Commission consists of a staff of 10 positions, including 5 commissioners appointed by the Governor.

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 ten (10) 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 \$2,800 for FY06 and \$5,300 for FY07. The request is needed to purchase a new postage machine, increase in rent, and other operations costs that have continued to increase.

The Executive Recommendation provides for the Agency Request.

Appropriation / Program Summary

Appropriation / Program: 227 Claims Operations
Funding Sources: HSC - State Central Services

Commitment Item	Historical Data			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	292,174	294,468	296,238	303,102	303,102	303,102	311,976	311,976	311,976
#Positions	10	10	10	10	10	10	10	10	10
Personal Services Matching 5010003	85,188	88,990	86,084	95,383	95,383	95,383	97,052	97,052	97,052
Operating Expenses 5020002	79,948	76,664	80,500	80,500	83,300	83,300	80,500	85,800	85,800
Travel-Conference Fees 5050009	2,032	3,000	3,000	3,000	3,000	3,000	3,000	3,000	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	0	0	0	0	0	0	0	0	0
Total	459,342	463,122	465,822	481,985	484,785	484,785	492,528	497,828	497,828
Funding Sources									
State Central Services 4000035	456,634	463,122		481,985	484,785	484,785	492,528	497,828	497,828
Merit Adjustment Fund 4000055	2,708	0		0	0	0	0	0	0
Total Funding	459,342	463,122		481,985	484,785	484,785	492,528	497,828	497,828
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	459,342	463,122		481,985	484,785	484,785	492,528	497,828	497,828

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

Change Level by Appropriation

Appropriation / Program: 227-Claims Operations
Funding Sources: HSC - State Central Services

Agency Request

Change Level		2005-2006	Pos	Cumulative	% of BL	2006-2007	Pos	Cumulative	% of BL
BL	Base Level	481,985	10	481,985	100.0	492,528	10	492,528	100.0
C01	Existing Program	2,800	0	484,785	100.5	5,300	0	497,828	101.0

Executive Recommendation

Change Level		2005-2006	Pos	Cumulative	% of BL	2006-2007	Pos	Cumulative	% of BL
BL	Base Level	481,985	10	481,985	100.0	492,528	10	492,528	100.0
C01	Existing Program	2,800	0	484,785	100.5	5,300	0	497,828	101.0

Justification

C01 The increases are for the purchase of a new postage machine, rent, and other operations costs that have continued to increase.

Analysis of Budget Request

Appropriation / Program: 228 - Various Claims

Funding Sources: MTA - Miscellaneous Revolving Fund

This appropriation provides for the payment of Small Controversial Claims, Non-Controversial Claims, and Death Benefit Awards to the surviving spouses and/or dependent children of policemen, firemen, correctional officers, and specified state employees killed in the official line of duty. Payment of the claims is from the Miscellaneous Revolving Fund.

The Commission is requesting an increase in the Claims line item of \$100,000 each year due to the significant increase in the number of claims filed against the State.

The Executive Recommendation provides for the Agency Request.

Appropriation / Program Summary

Appropriation / Program: 228 Various Claims
Funding Sources: MTA - Miscellaneous Revolving Fund

Commitment Item	Historical Data			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
Claims 5110015	1,119,860	1,300,000	1,300,000	1,300,000	1,400,000	1,400,000	1,300,000	1,400,000	1,400,000
Total	1,119,860	1,300,000	1,300,000	1,300,000	1,400,000	1,400,000	1,300,000	1,400,000	1,400,000
Funding Sources									
Miscellaneous Revolving 4000350	1,119,860	1,300,000		1,300,000	1,400,000	1,400,000	1,300,000	1,400,000	1,400,000
Total Funding	1,119,860	1,300,000		1,300,000	1,400,000	1,400,000	1,300,000	1,400,000	1,400,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	1,119,860	1,300,000		1,300,000	1,400,000	1,400,000	1,300,000	1,400,000	1,400,000

Change Level by Appropriation

Appropriation / Program: 228-Various Claims

Funding Sources: MTA - Miscellaneous Revolving Fund

Agency Request

Change Level		2005-2006	Pos	Cumulative	% of BL	2006-2007	Pos	Cumulative	% of BL
BL	Base Level	1,300,000	0	1,300,000	100.0	1,300,000	0	1,300,000	100.0
C01	Existing Program	100,000	0	1,400,000	107.6	100,000	0	1,400,000	107.6

Executive Recommendation

Change Level		2005-2006	Pos	Cumulative	% of BL	2006-2007	Pos	Cumulative	% of BL
BL	Base Level	1,300,000	0	1,300,000	100.0	1,300,000	0	1,300,000	100.0
C01	Existing Program	100,000	0	1,400,000	107.6	100,000	0	1,400,000	107.6

Justification

C01 | The increase is due to the increase in the number of claims filed against the State.