

**ARKANSAS BUDGET SYSTEM
AGENCY PROGRAM COMMENTARY
1999 - 2001**

The Arkansas Ethics Commission (AEC) is comprised of five (5) employees charged with the responsibility of compliance with and enforcement of the state's ethics and public disclosure laws. AEC seeks a significant increase in its appropriation for the 1999-01 biennial budget period.

Over the past two (2) biennia, the Maintenance and Operations (M&O) account of the AEC has remained flat at \$47,056. Unfortunately, AEC's M&O expenses have increased over the past three (3) fiscal years and will increase again in FY99. These increases have caused budget shortfalls that have prevented AEC from doing its job effectively. In order to address these M&O shortfalls, AEC has utilized savings within the agency's authorized budget.

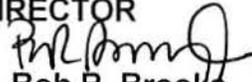
The biggest component of the M&O budget is the rent paid by AEC for office space. Effective August 1, 1999, AEC's rent increases to \$9.73/sq. foot for the 2,379 feet of existing office space. This means that rent in FY00 will consume nearly half of AEC's M&O budget if it is not increased. In order to have sufficient space for the additional staff contemplated below (+765 sq. feet), rent will increase to 65% of the current M&O budget or \$30, 519 annually. These rents will increase 4% beginning in FY01. AEC proposes an increase of \$71,075 in FY00 and \$61,311 in FY01 in the M&O account to combat the declining funds available for AEC operations for the existing staff as well as the additional personnel being requested.

AEC needs four (4) additional staff members to function properly. AEC proposed to add an additional staff attorney at a salary level of \$46,628, an additional director of compliance at the salary level of \$37,300, an additional secretary at \$20,876 and a programmer/analyst at a salary level of \$32,000. The personal services matching account will need to be adjusted accordingly. Total personnel and matching requests are \$173,944 in FY00 and \$178,452 in FY01.

The addition of these positions will allow AEC to (1) begin a strong education and training program, including sending timely reminders to persons who have disclosure reports due; (2) review county and local official's disclosures that are currently not being monitored; (3) comply with due process concerns by separating the investigative staff from the adjudicatory functions of AEC; and (4) meet any new duties as a result of expanded jurisdiction anticipated in the 82nd General Assembly.

Finally, AEC needs to upgrade its existing computer equipment to ready it for the year 2000 by purchasing new equipment for the agency. Department of Information Systems completed a needs assessment which calls for a one-time capital outlay of \$20,600 for computer equipment. Furniture to support the additional staff members is also included in the FY00 request in the amount of \$5,021. This represents a total one-time capital outlay request of \$25,621 for FY00.

AEC seeks an increase totaling \$270,640 in FY00 and \$239,763 in FY01. This is a total increase of \$510,403 for the biennium. AEC's baseline budget for FY99 is \$292,370.

| | | | |
|---|---|---|-------------------------------|
| <p>AGENCY</p> <p>Ethics Commission</p> | <p>DIRECTOR</p>  <p>Bob R. Brooks, Jr.</p> | <p>AGENCY PROGRAM COMMENTARY</p> <p>BR21</p> | <p>PAGE</p> <p>184</p> |
|---|---|---|-------------------------------|

ARKANSAS ETHICS COMMISSION
SUMMARY OF AUDIT FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 1996

| Assets | | | | | | | | | | Liabilities | | | Total Equity | | |
|----------------------|-------|-------|--------|-------|-------|-------|--------|---------|-----------|-------------|--------------|----|--------------|----|--------|
| Cash and Investments | | Fixed | | Other | | Total | | Current | Long-Term | Total | Total Equity | | | | |
| \$ | 7,552 | \$ | 48,480 | \$ | 9,435 | \$ | 65,467 | \$ | 250 | \$ | 8,814 | \$ | 9,064 | \$ | 56,403 |

| Revenues | | | | | Expenditures | | | | | Other Sources (Uses) | | | | | | | | | | | |
|--------------------|---------|---------|---|-------------------|--------------|-------|-----------------------|----------------|---------|----------------------|---------|----------------------|---|----|--------|----|--------|----|---------|----|---|
| Inter-governmental | | Federal | | Licenses and Fees | Other | Total | Salaries and Matching | Grants and Aid | Capital | Other Operating | Total | Other Sources (Uses) | | | | | | | | | |
| \$ | 254,000 | \$ | 0 | \$ | 0 | \$ | 16 | \$ | 254,016 | \$ | 195,452 | \$ | 0 | \$ | 10,262 | \$ | 43,291 | \$ | 249,005 | \$ | 0 |

Findings

None.

Recommendations

None.

ARKANSAS BUDGET SYSTEM
 EMPLOYMENT SUMMARY
 AS REQUIRED BY ACT 358 OF 1993
 (A.C.A 19-4-307)

AGENCY TITLE 238 - ARKANSAS ETHICS COMMISSION

| | MALE | FEMALE | TOTAL | PERCENTAGE OF TOTAL |
|---|----------|----------|------------------|------------------------|
| WHITE EMPLOYEES | <u>2</u> | <u>2</u> | <u>4</u> | <u>100%</u> |
| BLACK EMPLOYEES | <u>0</u> | <u>0</u> | <u>0</u> | <u>0%</u> |
| EMPLOYEES OF OTHER RACIAL MINORITIES | <u>0</u> | <u>0</u> | <u>0</u> | <u>0%</u> |
| TOTAL EMPLOYED AS OF <u>08/08/98</u> DATE | | | <u>0</u> | <u>0%</u> |
| | | | TOTAL MINORITIES | <u>0%</u> |
| | | | <u>4</u> | <u>100%</u> |
| | | | TOTAL EMPLOYEES | <u>100%</u> |



 AGENCY DIRECTOR

**ARKANSAS BUDGET SYSTEM
ANALYSIS OF BUDGET REQUEST
1999 - 2001**

The Arkansas Ethics Commission was established by Initiated Act 1 of 1988, 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 includes a cost of living increase of 2.8% each year over the FY99 salary levels, and related Personal Services Matching costs.

The Commission is requesting reclassification of two positions (Administrative Assistant II) back to Grade 99 as originally authorized. The salaries of these two positions are in Base Level with no additional appropriation requested.

Additional Operating Expenses in the amount of \$37,567 in FY00 and \$38,495 in FY01 is requested to provide necessary support for the existing staff. This amount has remained at the current level of \$47,056 since FY96. With no increase, the office rent during the next biennium will comprise 49% of the agency's operating expense appropriation. In addition to the increases for rent, the request also includes increases in postage, office supplies and printing, travel and centrex.

Three additional positions (Attorney, Director of Compliance, Secretary) are requested in order to separate the investigative and decision making functions performed by the agency. By adding this investigative team, the Arkansas Ethics Commission will have a staff that investigates alleged violations and a separate staff to assist the Commissioners in the decision making process. This additional staff will also allow the agency to begin an education and training program, review county and local official's disclosures as well as meet any new duties enacted by the 82nd General Assembly. A Programmer/Analyst position is being requested to coordinate the agency LAN System and assist staff with PC needs. Total personnel and operating support for these positions totals \$205,558 in FY00 and \$201,068 in FY01.

The Ethics Commission is requesting to replace its computer equipment in order to be ready for the Year 2000. Capital request total \$20,600 in FY00.

The Executive Recommendation provides for Base Level as well as agency request for additional operating expense for existing staff and capital outlay of \$12,200 in FY00 to replace PC equipment. One new position (Attorney) and supporting operations totaling \$69,478 in FY00 and \$67,918 in FY01 is recommended to assist the agency in complying with due process concerns. Further review of other remaining budget matters will be made by the Executive once legislative proposals by the agency are finalized.

| AGENCY | APPROPRIATION | TREASURY FUND | ANALYSIS OF | PAGE |
|------------------------------|------------------------|-------------------------|----------------|------------|
| Name: Ark. Ethics Commission | Name: State Operations | Name: St. Central Svcs. | BUDGET REQUEST | |
| Code: 238 | Code: 192 | Code: HSC | BR20 | 187 |

ARKANSAS BUDGET SYSTEM

| CHARACTER TITLE | -----EXPENDITURES----- | | 98-99 | -----99-00 FISCAL YEAR----- | | | -----00-01 FISCAL YEAR----- | | | -----R E C O M M E N D A T I O N S----- | | | |
|-----------------------------|------------------------|----------------|----------------|-----------------------------|----------------|----------------|-----------------------------|----------------|----------------|---|----------------|-------------|-------|
| | 97-98 | 98-99 | AUTHORIZED | BASE | CHANGE | TOTAL | BASE | CHANGE | TOTAL | EXECUTIVE | | LEGISLATIVE | |
| | ACTUAL | BUDGETED | APPRO | | | | | | | 99-00 | 00-01 | 99-00 | 00-01 |
| REGULAR SALARIES | 174,192 | 189,001 | 183,972 | 198,093 | 136,804 | 334,897 | 203,639 | 140,634 | 344,273 | 244,721 | 251,572 | | |
| NUMBER OF POSITIONS | 5 | 5 | 5 | 5 | 4 | 9 | 5 | 4 | 9 | 6 | 6 | | |
| EXTRA HELP | 1,078 | 1,500 | 1,500 | 1,500 | 0 | 1,500 | 1,500 | 0 | 1,500 | 1,500 | 1,500 | | |
| NUMBER OF POSITIONS | 2 | 2 | 2 | 2 | 0 | 2 | 2 | 0 | 2 | 2 | 2 | | |
| PERSONAL SERV MATCHING | 42,642 | 49,813 | 47,774 | 51,337 | 37,140 | 88,477 | 52,319 | 37,818 | 90,137 | 62,837 | 64,304 | | |
| OPERATING EXPENSES | 49,911 | 47,056 | 47,056 | 47,056 | 71,075 | 118,131 | 47,056 | 61,311 | 108,367 | 92,623 | 93,551 | | |
| CONF FEES & TRAVEL | 1,996 | 5,000 | 5,000 | 5,000 | 0 | 5,000 | 5,000 | 0 | 5,000 | 5,000 | 5,000 | | |
| CAPITAL OUTLAY | 0 | 0 | 0 | 0 | 25,621 | 25,621 | 0 | 0 | 0 | 15,550 | 0 | | |
| TOTAL | 269,819 | 292,370 | 285,392 | 302,986 | 270,640 | 573,626 | 309,514 | 239,763 | 549,277 | 422,231 | 415,927 | | |
| PROPOSED FUNDING SOURCES | | | ***** | | | | | | | | | | |
| FUND BALANCES | | | ***** | | | | | | | | | | |
| GENERAL REVENUES | | | ***** | | | | | | | | | | |
| SPECIAL REVENUES | | | ***** | | | | | | | | | | |
| FEDERAL FUNDS | | | ***** | | | | | | | | | | |
| STATE CENTRAL SERVICES FUND | 269,819 | 292,370 | ***** | 302,986 | 270,640 | 573,626 | 309,514 | 239,763 | 549,277 | 422,231 | 415,927 | | |
| NON-REVENUE RECEIPTS | | | ***** | | | | | | | | | | |
| CASH FUNDS | | | ***** | | | | | | | | | | |
| OTHER | | | ***** | | | | | | | | | | |
| TOTAL FUNDING | 269,819 | 292,370 | ***** | 302,986 | 270,640 | 573,626 | 309,514 | 239,763 | 549,277 | 422,231 | 415,927 | | |
| EXCESS APPRO/ (FUNDING) | | | ***** | | | | | | | | | | |
| TOTAL | 269,819 | 292,370 | ***** | 302,986 | 270,640 | 573,626 | 309,514 | 239,763 | 549,277 | 422,231 | 415,927 | | |

DEPT 007 REGULATORY BOARDS AND COMMISSIONS
 AGY 238 ARKANSAS ETHICS COMMISSION
 APPRO 192 STATE OPERATIONS
 FUND HSC STATE CENTRAL SERV-(000)

The FY99 Budgeted amounts in Regular Salaries and/or Personal Services Matching may exceed the Authorized amounts due to the implementation of the pay plan during the 1997-99 biennium.

APPROPRIATION SUMMARY

BR 215

Various Maintenance and General Operation line items may be greater than the authorized appropriation amounts due to reclassification transfers processed in FY99.

ARKANSAS BUDGET SYSTEM
PROGRAM/SERVICE INFORMATION LIST
RANK BY APPROPRIATION

| 01 | 02 | 03 | 04 | 05 | 06 | 07 | 08 | 09 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 |
|--|---------------------|------|------------------------|-------------|------------------------|--------------|----------------|--------------|---------------------------------------|--------------|--------------------|---------|---------------------------|----|-----------------------|----|----|----|
| RANK | PROGRAM DESCRIPTION | FUND | ACCOUNTING INFORMATION | D E S | -----EXPENDITURES----- | | | | -----1999 - 01 BIENNIUM REQUESTS----- | | | | -----RECOMMENDATIONS----- | | | | | |
| | | | | | ---ACTUAL--- | | ---BUDGETED--- | | ---FY 1999 - 00--- | | ---FY 2000 - 01--- | | -----EXECUTIVE----- | | -----LEGISLATIVE----- | | | |
| | | | | | 97-98 | 98-99 | REQUEST | REQUEST | 1999-00 | 2000-01 | 1999-00 | 2000-01 | | | | | | |
| 000 | | HSC | 238 192 | B | 269,819 5 | 292,370 5 | 302,986 5 | 309,514 5 | 302,986 5 | 309,514 5 | | | | | | | | |
| 001 | | HSC | 238 192 | C01 | | | 37,567 0 | 38,495 0 | 37,567 | 38,495 | | | | | | | | |
| Additional Operating Expenses (postage, supplies, rent and printing) for existing staff which Will allow the Ethics Commission to carry out the agency's duties more effectively. | | | | | | | | | | | | | | | | | | |
| 002 | | HSC | 238 192 | C01 | | | 205,558 4 | 201,068 4 | 67,378 1 | 67,918 1 | | | | | | | | |
| Request for four (4) additional positions totaling \$173,944 in FY00 and \$178,452 in FY01 as well as supporting operating expenses and capital outlay in the amount of \$31,614 in FY00 and \$22,616 in FY01. The addition of these positions will allow AEC to (1) begin a strong education program, (2) review county & local Official's disclosures, (3) separate the investigative staff from the adjudicatory functions, and (4) address any new duties as a result of expanded jurisdiction anticipated in the 82 nd General Assembly. | | | | | | | | | | | | | | | | | | |

DEPT 007 REGULATORY BOARDS AND COMMISSIONS
AGY 238 ARKANSAS ETHICS COMMISSION
APPRO 192 STATE OPERATIONS
FUND HSC STATE CENTRAL SERV-(000)

RANK BY APPROPRIATION
BR 264

ARKANSAS BUDGET SYSTEM

PROGRAM/SERVICE INFORMATION LIST

RANK BY APPROPRIATION

| 01 | 02 | 03 | 04 | 05 | 06 | 07 | 08 | 09 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 |
|--|---------------------|------|------------------------|-------|--------------|----------------|-----------------------------|----|----------------------|-----|-----------------|----|-------------|--------|----|----|----|----|
| RANK | PROGRAM DESCRIPTION | FUND | ACCOUNTING INFORMATION | D E S | EXPENDITURES | | 1999 - 01 BIENNIUM REQUESTS | | | | RECOMMENDATIONS | | | | | | | |
| | | | | | ACTUAL 97-98 | BUDGETED 98-99 | FY 1999 - 00 REQUEST | | FY 2000 - 01 REQUEST | | EXECUTIVE | | LEGISLATIVE | | | | | |
| | | | | | | | | | | | | | | | | | | |
| 003 | | HSC | 238 192 | C08 | | | 27,515 | | | 200 | | | | 14,300 | | | | |
| <p>One time capital outlay to upgrade existing computer equipment in the amount of \$20,600 in FY00. The upgrade is also necessary to insure agency personal computers are Year 2000 compatible. The remaining request is \$6,915 in FY00 and \$200 in FY01 for DP supplies and related service charges that will be incurred by the agency.</p> | | | | | | | | | | | | | | | | | | |
| 004 | | HSC | 238 192 | C10 | | | 0 | | | 0 | | | | | | | | |
| <p>This request will restore two support positions to an unclassified status. No additional Cost is associated with this personnel change.</p> | | | | | | | | | | | | | | | | | | |

DEPT 007 REGULATORY BOARDS AND COMMISSIONS
 AGY 238 ARKANSAS ETHICS COMMISSION
 APPRO 192 STATE OPERATIONS
 FUND HSC STATE CENTRAL SERV-(000)

RANK BY APPROPRIATION
 BR 264