

ARKANSAS ETHICS COMMISSION

Enabling Laws

Act 1966 of 2005

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 by a majority vote of the people of Arkansas. The purpose of the Commission 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.

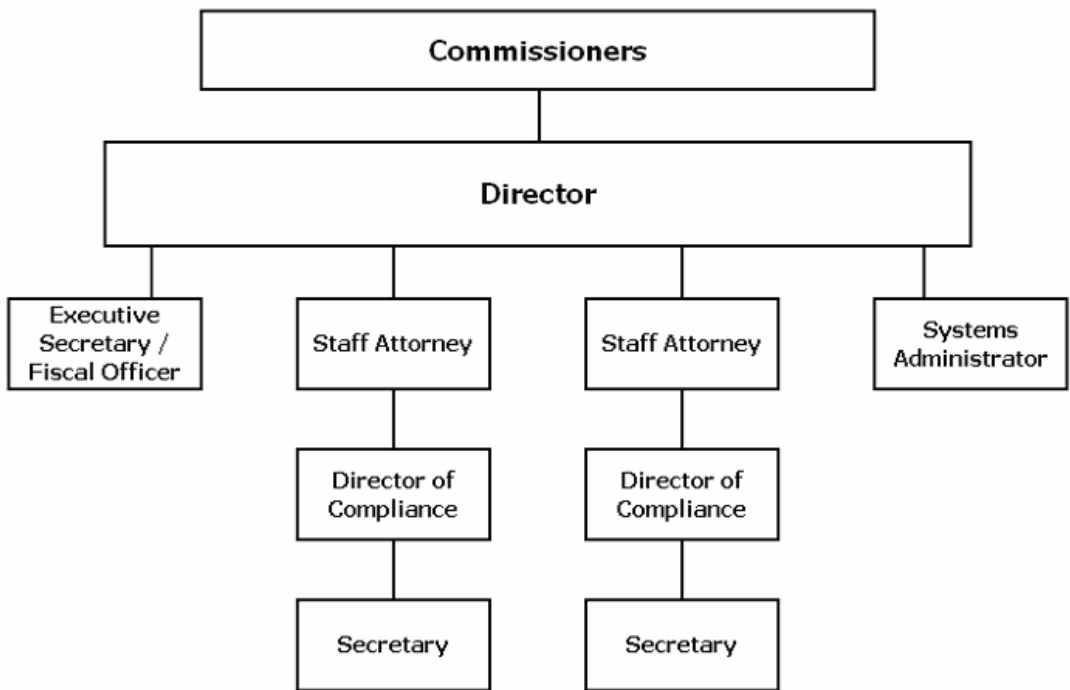
Initiated Act 1 of 1990, popularly known as "The Standards of Conduct and Disclosure Act for Candidates and Political Campaigns", charged the Commission with the responsibility of governing the campaign finance activities of candidates for public office, candidate committees, and political action committees. 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 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 entering into 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 \$616,288.00 (FY 2006). The Commission's current staff is comprised of a director, two (2) staff attorneys, two (2) directors of compliance, a systems administrator, 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) 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 (1) interpreting, investigating compliance with, and issuing sanctions for proven violations of the laws under its jurisdiction, and (2) 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 2007-2009 biennial budget period, the AEC is seeking to restore its FY07 appropriation levels in Operating Expenses and to increase Travel-Conference Fees by \$2,000.

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 funds, merely the reinstatement of the appropriation previously deemed appropriate 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.

For each of the past three (3) 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 apply spending blocks as follows: FY 2005 - \$34,068; FY 2006 - \$17,724; and FY 2007 - \$17,886. These spending blocks were initially applied to operations, as required, and later moved to salaries. Cutting the AEC's appropriation in Operating Expenses will hinder its efforts to promote compliance for providing educational materials, training sessions, and reminder notices.

In summary, the AEC is an extremely small agency working on a tight budget. The AEC seeks operation funding in the amount of \$91,380 and conference and travel funding in the amount of \$5,000. 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, 2005

Findings	Recommendations
None	None

Employment Summary

	Male	Female	Total	%
White Employees	3	3	6	86 %
Black Employees	0	1	1	14 %
Other Racial Minorities	0	0	0	0 %
Total Minorities			1	14%
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

FY2004-2005						FY2005-2006						FY2006-2007					
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	8	1	9	0	11.11%	9	7	2	9	0	22.22%	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 for this appropriation does not include a cost of living increase pending the outcome of the Classification and Compensation Study. Personal Services Matching reflects increases in the Base Level due to slight increases in Worker's Compensation and Unemployment Tax rates. Personal Services Matching also includes a \$30 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$350 per month.

The Commission is requesting additional Operating Expenses of \$17,886 each year for increased mileage reimbursements, postage, and office supplies. This will restore the Operating Expenses line item to the previously authorized level. Also, the Commission is requesting an additional \$2,000 in the Conference and Travel Fees line item each year to educate/train staff and for travel expenses associated with continuing the legal education required for four (4) staff attorneys to maintain their law licenses.

The Executive Recommendation recommends \$17,886 in appropriation and general revenue funding each year for the Operating Expenses line item. The Executive Recommendation does not recommend the request for \$2,000 each year in Conference and Travel Expenses.

In summary, the Executive Recommendation for new general revenue above the Base Level is:

- \$17,886 each year in Operating Expenses for increased mileage, postage and office supplies

Appropriation Summary

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

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2005-2006	2006-2007	2006-2007	2007-2008			2008-2009		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	378,108	420,602	420,602	420,602	420,602	420,602	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	2	2	2	2	2	2	2	2
Personal Services Matching 5010003	110,937	119,595	113,750	123,089	123,089	123,089	123,089	123,089	123,089
Operating Expenses 5020002	91,287	73,494	91,380	73,494	91,380	91,380	73,494	91,380	91,380
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
Total	583,332	618,191	630,232	621,685	641,571	639,571	621,685	641,571	639,571
Funding Sources									
General Revenue 4000010	583,332	618,191		621,685	641,571	639,571	621,685	641,571	639,571
Total Funding	583,332	618,191		621,685	641,571	639,571	621,685	641,571	639,571
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	583,332	618,191		621,685	641,571	639,571	621,685	641,571	639,571

The FY07 Budgeted amount in Personal Services Matching exceeds the authorized amount due to matching rate adjustments during the 2005-2007 biennium.

Change Level by Appropriation

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

Agency Request

Change Level		2007-2008	Pos	Cumulative	% of BL	2008-2009	Pos	Cumulative	% of BL
BL	Base Level	621,685	9	621,685	100.0	621,685	9	621,685	100.0
C01	Existing Program	19,886	0	641,571	103.2	19,886	0	641,571	103.2

Executive Recommendation

Change Level		2007-2008	Pos	Cumulative	% of BL	2008-2009	Pos	Cumulative	% of BL
BL	Base Level	621,685	9	621,685	100.0	621,685	9	621,685	100.0
C01	Existing Program	17,886	0	639,571	102.8	17,886	0	639,571	102.8

Justification

C01 This request is to increase appropriation and general revenue funding in the amount of \$17,886 each year in Operating Expenses, to restore the appropriation back to the FY07 authorized level. Increases include postage, mileage and office supplies. Also, the Commission requests an increase in Travel-Conference fees for \$2,000 each year to educate/train a nine-person staff. And, for the travel expenses associated with continuing the legal education required for four (4) staff attorneys to maintain their law licenses.