

# ARKANSAS STATE CLAIMS COMMISSION

## Enabling Laws

Act 98 of 2005

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

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.

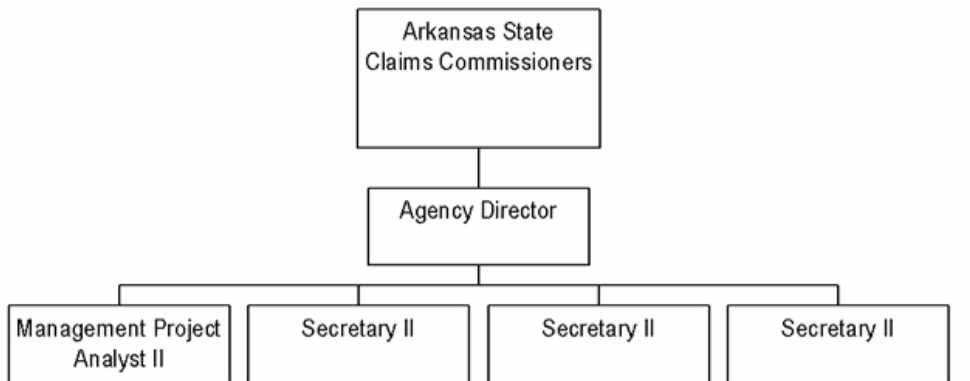
In response to a demand for a body removed from political influence that could efficiently determine claims filed against the State, the General Assembly, in Act 276 of 1955, created the Arkansas State Claims Commission as it is known today. Act 861 of 1985 increased the size of the Claims Commission from three to five members, but did not otherwise affect Act 276 of 1955. The Ceiling for immediate payment of claims (not including statutorily specified public employee death benefits claims) is \$10,000: claims approved by the Commission exceeding \$10,000 are brought before the General Assembly at its next regular, or possibly special 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 Code 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 06), 1,757 claims were filed with the Commission.



**Agency Commentary**

**Appropriation 227-Operating Expenses**

The Agency is requesting to increase the Base Level of \$85,800 by \$4,290 (based on an 5% increase) to \$90,090 for FY08 and FY09 to cover an increase in annual rent, likely increases in postage, mileage, and office supplies. The increase in appropriation is essential for the agency to cover expenses that are vital to accomplishing our agency’s mission.

**Appropriation 228-Death, Disability, and Other Claims**

The Agency requests \$100,000 added to each fiscal year of the 2007-2009 biennium, thus making the annual appropriation \$1.5 million rather than the \$1.4 million in the current biennium. This request is needed due to the growing number of claims against the State of Arkansas.

## Audit Findings

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
ARKANSAS STATE CLAIMS COMMISSION  
FOR THE YEAR ENDED JUNE 30, 2005

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**

Appropriation	Historical Data						Agency Request and Executive Recommendation							
	2005-2006		2006-2007		2006-2007		2007-2008				2008-2009			
	Actual	Pos	Budget	Pos	Authorized	Pos	Agency	Pos	Executive	Pos	Agency	Pos	Executive	Pos
227 Claims Operations	498,380	10	498,033	10	497,828	10	510,245	10	510,245	10	510,245	10	510,245	10
228 Various Claims	1,371,550	0	1,400,000	0	1,400,000	0	1,500,000	0	1,500,000	0	1,500,000	0	1,500,000	0
<b>Total</b>	<b>1,869,930</b>	<b>10</b>	<b>1,898,033</b>	<b>10</b>	<b>1,897,828</b>	<b>10</b>	<b>2,010,245</b>	<b>10</b>	<b>2,010,245</b>	<b>10</b>	<b>2,010,245</b>	<b>10</b>	<b>2,010,245</b>	<b>10</b>

Funding Sources		%		%		%		%		%		%
State Central Services 4000035	498,380	26.7	498,033	26.2	510,245	25.4	510,245	25.4	510,245	25.4	510,245	25.4
Miscellaneous Revolving 4000350	1,371,550	73.3	1,400,000	73.8	1,500,000	74.6	1,500,000	74.6	1,500,000	74.6	1,500,000	74.6
Total Funds	1,869,930	100.0	1,898,033	100.0	2,010,245	100.0	2,010,245	100.0	2,010,245	100.0	2,010,245	100.0
Excess Appropriation/(Funding)	0		0		0		0		0		0	
Grand Total	1,869,930		1,898,033		2,010,245		2,010,245		2,010,245		2,010,245	

**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	
10	10	0	10	0	0.00%	10	10	0	10	0	0.00%	10	10	0	10	0	0.00%

## **Analysis of Budget Request**

**Appropriation:** 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.

A cost of living increase is not incorporated in Base Level pending the outcome of the Classification and Compensation Study. The Base Level request is \$311,979 for FY08 and \$311,979 for FY09 for Regular Salaries. FY07 salary levels have been held flat each year for all incumbents. Personal Services Matching reflects increases in the Base Level due to the Social Security Tax maximum income limit and certain 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 request consists of an increase above Base Level in Operating Expenses of \$4,290 for both years of the 2007-2009 biennium. This increase will be necessary for the Commission to cover increases in annual rent; it will also be used for increases in postage, mileage, and office supplies.

The Executive Recommendation provides for the Agency Request.

**Appropriation**

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

**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	311,736	311,979	311,976	311,979	311,979	311,979	311,979	311,979	311,979
<b>#Positions</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>
Personal Services Matching 5010003	100,691	97,254	97,052	105,176	105,176	105,176	105,176	105,176	105,176
Operating Expenses 5020002	80,676	85,800	85,800	85,800	90,090	90,090	85,800	90,090	90,090
Conference & Travel Expenses 5050009	1,071	3,000	3,000	3,000	3,000	3,000	3,000	3,000	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	4,206	0	0	0	0	0	0	0	0
<b>Total</b>	<b>498,380</b>	<b>498,033</b>	<b>497,828</b>	<b>505,955</b>	<b>510,245</b>	<b>510,245</b>	<b>505,955</b>	<b>510,245</b>	<b>510,245</b>
<b>Funding Sources</b>									
State Central Services 4000035	498,380	498,033		505,955	510,245	510,245	505,955	510,245	510,245
Total Funding	498,380	498,033		505,955	510,245	510,245	505,955	510,245	510,245
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
<b>Grand Total</b>	<b>498,380</b>	<b>498,033</b>		<b>505,955</b>	<b>510,245</b>	<b>510,245</b>	<b>505,955</b>	<b>510,245</b>	<b>510,245</b>

The FY07 Budgeted and Actual amount in Regular Salaries and Personal Services Matching exceeds the authorized amount due to matching rate adjustments during the 2007-2009 biennium. Capital Outlay Actual exceed Authorized due to a Budget Classification Transfer from Operating Expenses. Budgeted Personal Services Matching is lower than Actual due to a position entering drop.

## Change Level by Appropriation

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

### Agency Request

Change Level		2007-2008	Pos	Cumulative	% of BL	2008-2009	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	505,955	10	505,955	100.0	505,955	10	505,955	100.0
C01	Existing Program	4,290	0	510,245	100.8	4,290	0	510,245	100.8

### Executive Recommendation

Change Level		2007-2008	Pos	Cumulative	% of BL	2008-2009	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	505,955	10	505,955	100.0	505,955	10	505,955	100.0
C01	Existing Program	4,290	0	510,245	100.8	4,290	0	510,245	100.8

### Justification

C01	The increases are for anticipated increases in rent and postage as well as for mileage and office supplies.
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## **Analysis of Budget Request**

**Appropriation:** 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**

**Appropriation:** 228 Various Claims  
**Funding Sources:** MTA - Miscellaneous Revolving 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
Claims 5110015	1,371,550	1,400,000	1,400,000	1,400,000	1,500,000	1,500,000	1,400,000	1,500,000	1,500,000
<b>Total</b>	<b>1,371,550</b>	<b>1,400,000</b>	<b>1,400,000</b>	<b>1,400,000</b>	<b>1,500,000</b>	<b>1,500,000</b>	<b>1,400,000</b>	<b>1,500,000</b>	<b>1,500,000</b>
<b>Funding Sources</b>									
Miscellaneous Revolving 4000350	1,371,550	1,400,000		1,400,000	1,500,000	1,500,000	1,400,000	1,500,000	1,500,000
<b>Total Funding</b>	<b>1,371,550</b>	<b>1,400,000</b>		<b>1,400,000</b>	<b>1,500,000</b>	<b>1,500,000</b>	<b>1,400,000</b>	<b>1,500,000</b>	<b>1,500,000</b>
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
<b>Grand Total</b>	<b>1,371,550</b>	<b>1,400,000</b>		<b>1,400,000</b>	<b>1,500,000</b>	<b>1,500,000</b>	<b>1,400,000</b>	<b>1,500,000</b>	<b>1,500,000</b>

## Change Level by Appropriation

**Appropriation:** 228-Variou Claims  
**Funding Sources:** MTA - Miscellaneous Revolving Fund

### Agency Request

Change Level		2007-2008	Pos	Cumulative	% of BL	2008-2009	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	1,400,000	0	1,400,000	100.0	1,400,000	0	1,400,000	100.0
C01	Existing Program	100,000	0	1,500,000	107.1	100,000	0	1,500,000	107.1

### Executive Recommendation

Change Level		2007-2008	Pos	Cumulative	% of BL	2008-2009	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	1,400,000	0	1,400,000	100.0	1,400,000	0	1,400,000	100.0
C01	Existing Program	100,000	0	1,500,000	107.1	100,000	0	1,500,000	107.1

### Justification

C01	The additional appropriation is requested due to an increase in the number of claims filed and the fact that less than \$30,000 remained of the Agency's FY06 appropriation of \$1,400,000.
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