

ARKANSAS STATE CLAIMS COMMISSION

Enabling Laws

Act 780 of 2007

A.C.A. §19-10-201 et seq. (Creation & Operations)

A.C.A. §19-10-101 et seq. (Claims against the State)

A.C.A. §21-5-701 et seq. (Death & disability benefit eligibility)

A.C.A. §6-82-501 et seq. (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:

A.C.A. §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.



Agency Commentary

Appropriation 227-Operating Expenses:

The Claims Commission is requesting a 2.5% increase to the base level for Maintenance and Operations for each year of the biennium to accommodate for rising costs in acquiring supplies and services due to inflation, fuel prices, etc. The Commission is not requesting any increase in its travel budget for the biennium.

The Commission is also requesting a one-time increase of \$40,000 in FY10. The request is for the purchase and installation of an interactive video conferencing system. The system will take advantage of a similar system's installation at the Department of Correction. The video conferencing technology allows hearings on claims, in particular inmate claims, to be conducted with no travel to units by the Claims Commission. Not only will the travel of the Commission be reduced, more importantly, the movement of inmates by the Department of Correction for hearings will be substantially reduced, if not eliminated. The ease of use and the greatly enhanced safety aspects of the system are well worth its cost. The increase in appropriation will reduce operations costs over the long run for not only the Claims Commission, but the Department of Corrections as well.

Appropriation 228-Death, Disability, and Other Claims:

The Commission requests Base Level for this appropriation in the 2009-11 biennium, thus no change in the annual appropriation of \$1.5 million.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
ARKANSAS STATE CLAIMS COMMISSION

FOR THE YEAR ENDED JUNE 30, 2007

Findings	Recommendations
None	None

Employment Summary

	Male	Female	Total	%
White Employees	3	3	6	60 %
Black Employees	2	1	3	30 %
Other Racial Minorities	0	1	1	10 %
Total Minorities			4	40 %
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 Summary

Historical Data

Agency Request and Executive Recommendation

Appropriation	2007-2008		2008-2009		2008-2009		2009-2010					2010-2011						
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
227 Claims Operations	511,901	10	527,960	10	525,388	10	556,786	10	599,086	10	599,086	10	565,097	10	567,397	10	567,397	10
228 Various Claims	830,893	0	1,500,000	0	1,500,000	0	1,500,000	0	1,500,000	0	1,500,000	0	1,500,000	0	1,500,000	0	1,500,000	0
Total	1,342,794	10	2,027,960	10	2,025,388	10	2,056,786	10	2,099,086	10	2,099,086	10	2,065,097	10	2,067,397	10	2,067,397	10

Funding Sources		%		%		%		%		%		%		%		%		%
State Central Services 4000035	511,901	38.1	527,960	26.0			556,786	27.1	599,086	28.5	599,086	28.5	565,097	27.4	567,397	27.4	567,397	27.4
Miscellaneous Revolving 4000350	830,893	61.9	1,500,000	74.0			1,500,000	72.9	1,500,000	71.5	1,500,000	71.5	1,500,000	72.6	1,500,000	72.6	1,500,000	72.6
Total Funds	1,342,794	100.0	2,027,960	100.0			2,056,786	100.0	2,099,086	100.0	2,099,086	100.0	2,065,097	100.0	2,067,397	100.0	2,067,397	100.0
Excess Appropriation/(Funding)	0		0				0		0		0		0		0		0	
Grand Total	1,342,794		2,027,960				2,056,786		2,099,086		2,099,086		2,065,097		2,067,397		2,067,397	

The Budget amount exceeds the Authorized amount in Claims Operations (appropriation 227) due to salary adjustments during the 2007-09 biennium.

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	
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.

Base Level salaries for classified positions reflect the recommendations of the Pay Plan Study as well as the recommendation for one position transitioning from an unclassified to a classified position. Unclassified position reflects similar adjustment in line item salary. 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 requests an increase above Base Level in Operating Expenses of \$2,300 for both years of the 2009-11 biennium. This increase is necessary for the Commission to cover increases in annual rent and office supplies.

Additionally, the Commission requests Capital Outlay in the amount of \$40,000 in FY10 to purchase a video conferencing system which is compatible with the Department of Correction's system. This technology will allow the Commission to conduct hearings via video conferencing thus eliminating the need for Commissioner travel to the prisons. The lack of travel will not only save transportation costs, but will increase safety.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 227 - Claims Operations

Funding Sources: HSC - State Central Services

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	328,664	334,666	324,573	347,622	347,622	347,622	354,622	354,622	354,622
#Positions		10	10	10	10	10	10	10	10	10
Personal Services Matching	5010003	92,100	100,204	107,725	116,074	116,074	116,074	117,385	117,385	117,385
Operating Expenses	5020002	89,760	90,090	90,090	90,090	92,390	92,390	90,090	92,390	92,390
Conference & Travel Expenses	5050009	1,377	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	0	0	0	0	40,000	40,000	0	0	0
Total		511,901	527,960	525,388	556,786	599,086	599,086	565,097	567,397	567,397
Funding Sources										
State Central Services	4000035	511,901	527,960		556,786	599,086	599,086	565,097	567,397	567,397
Total Funding		511,901	527,960		556,786	599,086	599,086	565,097	567,397	567,397
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		511,901	527,960		556,786	599,086	599,086	565,097	567,397	567,397

The Actual and Budget amounts in Regular Salaries exceed the Authorized amount due to salary adjustments during the 2007-09 biennium.

Change Level by Appropriation

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

Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	556,786	10	556,786	100.0	565,097	10	565,097	100.0
C01	Existing Program	2,300	0	559,086	100.4	2,300	0	567,397	100.4
C08	Technology	40,000	0	599,086	107.6	0	0	567,397	100.4

Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	556,786	10	556,786	100.0	565,097	10	565,097	100.0
C01	Existing Program	2,300	0	559,086	100.4	2,300	0	567,397	100.4
C08	Technology	40,000	0	599,086	107.6	0	0	567,397	100.4

Justification

C01	The Commission requests a 2.5% increase to the base level for Maintenance and Operations for each year of the biennium to accommodate an increase in rent along with rising costs in acquiring supplies and services due to inflation.
C08	The Commission requests \$40,000 in Capital Outlay appropriation in FY10 for the purchase and installation of an interactive video conferencing system in order to take advantage of similar system's installation at the Department of Correction. This request is in compliance with the Commission's Information Technology (IT) Plan (IT Projects/Video Conferencing).

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 Request is for Base Level of \$1,500,000 each year.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 228 - Various Claims
Funding Sources: MTA - Miscellaneous Revolving 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
Claims 5110015	830,893	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Total	830,893	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Funding Sources									
Miscellaneous Revolving 4000350	830,893	1,500,000		1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Total Funding	830,893	1,500,000		1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	830,893	1,500,000		1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000