



LET THE SUN SHINE IN:

IMPROVING ACCESS TO ARKANSAS COUNTIES' FINANCIAL INFORMATION

Mavuto Kalulu, PhD
Policy Analyst

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ARKANSAS CENTER FOR RESEARCH IN ECONOMICS
UNIVERSITY OF CENTRAL ARKANSAS

ABOUT ACRE

The Arkansas Center for Research in Economics (ACRE) is an Arkansas focused research center housed in the College of Business at the University of Central Arkansas. ACRE scholars and policy analysts use academic research and original analysis to educate the public on important issues of public policy in Arkansas. Our research focuses on barriers to employment, taxes and spending, targeted economic development incentives, government transparency, and good governance. ACRE promotes solutions that respect the personal and economic freedoms of individuals because protecting and expanding these freedoms has a proven record of improving the lives of people around the world and here at home.

The views and opinions expressed in this publication are the author's do not necessarily reflect the views of the University of Central Arkansas, nor are they endorsed by the University of Central Arkansas.

WHAT YOU'LL FIND IN THIS REPORT

- Between 2010 and 2017, there were 286 cases of public resource abuse in Arkansas, totaling nearly \$40 million. With more transparency, they might have been entirely avoided.
- More transparency leads to better governance and increased public confidence.
- Accessing fiscal, administrative, and political information on Arkansas counties is often difficult. For example, only 8 counties (out of 75) have their 2017 budget published online. Although counties are required to publish some information in the local newspaper, this does not guarantee easy access.
- Requesting the information can be both time-consuming and expensive. Fees can be as high as \$265 and it can take months to receive them.
- Internet usage is rising rapidly, even in rural Arkansas, making it a better way for counties to communicate with constituents. Despite this, counties have a large deficiency when it comes to publishing information online.

CONCLUSION AND SOLUTION

Counties can be more proactive and transparent with financial information by:

- Publishing more information online on standalone websites, Arkansas.gov, or the Association of Arkansas Counties website.
- Reducing the time, effort, and costs to request information.
- Ensuring that residents are informed about when county information will be published in the newspaper.

AUTHOR



Dr. Mavuto Kalulu is a policy analyst with the Arkansas Center for Research in Economics. He is also an affiliated member of the graduate faculty in the interdisciplinary leadership studies doctoral program at the University of Central Arkansas. He received his PhD in economics from the University of Mississippi in 2014, concentrating in public choice and industrial organization. His research interests include transparency, good governance, and K–12 education. He also holds an MBA from Lincoln University in Jefferson City, Missouri. His work has been published in the *Journal of Development and Communications*, in the *eJournal of Education Policy*, and in *Citizenship, Democracies, and Media Engagement among Emerging Economies and Marginalized Communities* (Palgrave Macmillan). His writing has been featured in the *Arkansas Democrat-Gazette*, the *Jonesboro Sun*, and the *Log Cabin*.

If you have questions or comments about this research, please contact Dr. Kalulu at mkalulu@uca.edu. You can find more ACRE research on topics related to transparency and good governance at <https://uca.edu/acre/transparency/>.

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INTRODUCTION

Arkansans entrust public officials with the power to spend tax dollars and they expect these dollars to be managed prudently. Yet it is common to hear of abuses by public officials that result in the poor or inadequate provision of services. According to various Prosecuting Attorneys Disposition reports published by the Arkansas Legislative Audit, there have been 286 filed cases of public resource abuses across all Arkansas government entities between 2010 and 2017. The dollar value of these filed cases is about \$39.8 million. Of the 286 filed cases, 189 resulted in convictions, and these concern about \$12.6 million.¹

Of the 189 cases that resulted in convictions, 39 involve county government officials. These public officials misappropriated roughly \$2.8 million. The largest of these cases involved a Benton County senior accounting specialist who was convicted of stealing \$1,033,762 from the county's travel fund between 2007 and 2016. These tax dollars should have benefited county residents.

Fortunately, these crimes were detected by legislative audit, but many corrupt officials held office for years before detection. Corruption is, by nature, secretive. And there are other abuses that legislative audits cannot detect. According to the 2018 *Report to the Nations* published by the Association

of Certified Fraud Examiners, internal and external audits are responsible for the detection of only 19 percent of all occupational fraud in both private- and public-sector organizations.²

One way to reduce fraud is by increasing public-sector transparency. Transparency International, a nongovernmental organization that measures and fights against corruption, defines public-sector transparency as the disclosure of public information—including rules, plans, processes, actions, and outcomes.³ By disclosing public information, county governments allow people outside government to spot and denounce cases of mismanagement and corruption. The more people are monitoring the use of resources, the greater the chances of catching the abuses. In addition, the more information people have, the more they are empowered to hold their elected officials accountable, which encourages elected officials to be more prudent in the way they use public resources.⁴

Unfortunately, accessing county information in Arkansas is often a challenge. In this brief I discuss three ways that Arkansans can currently access public financial information and why these are inadequate. I then offer a few recommendations that could improve access to financial information at the county level.

THREE CURRENT WAYS OF ACCESSING PUBLIC INFORMATION: NEWSPAPERS, REQUESTS, AND WEBSITES

One method of accessing county financial information is through print newspapers. Arkansas law requires county clerks to publish their county's annual financial report one time per year in one local newspaper (or in a newspaper with the largest circulation in the county if the county has no local newspaper).⁵ A major drawback of publishing financial information once a year is that this does not guarantee that all residents have easy access to the financial information. This method requires Arkansans to know what paper the information will be published in and to know or research what date the county publishes the financial information so they can buy the paper or access it through a library.


A second method is for Arkansans to request financial information from county officials. It is often time-consuming and sometimes expensive both for county officials to provide this information and for Arkansans to gain it. County officials have to direct time and resources toward fulfilling requests for budget information. The costs of paper, ink, wear on printers, and postage can add up quickly. The more requests there are, the higher the costs. Acquiring the information is also costly on the part of the requestors. How costly? I and other researchers at the Arkansas Center for Research in Economics (ACRE) tried to find out.

In 2017, we attempted to collect budget information for all Arkansas counties for the past six years (2012 to 2017). The median length of time it took was 12 days to obtain partial or complete county budgets for 67 counties. However, 6 counties took more than 100 days to send us their information. While 55 counties did not charge

anything for this service, 11 counties charged a fee to either scan and email the budgets (3 counties) or photocopy the budgets and mail hard copies (8 counties). These fees ranged from \$6 to \$265 and were based on how many pages were included. Five out of the 66 counties that provided their budgets charged more than \$100. So, while the majority of the counties don't charge additional costs for their financial information, there are a few counties that charge a lot.⁶

A third method Arkansans can use to access counties' financial information is to use county government websites. While there is no law that requires Arkansas counties to publish financial information online, some do. There are start-up and maintenance costs associated with this method, but it can save tax dollars in the long run by reducing the number of information requests public officials have to fulfill. A 2018 U.S. Public Interest Research Group report, *Following the Money 2018*, documents the savings that states have made by being more transparent with spending data. Mississippi reported that every information request fulfilled by its transparency website rather than by a state employee saves the state between \$750 and \$1,000 in staff time. South Carolina has seen the number of open-records requests decline by two-thirds since the creation of its transparency website.⁷

Another advantage of providing information online is that it allows more people to access public information instantly at any time.⁸ A Pew Research Center article reports that the percentage of people using the internet as a source of information has grown in the US from 52 percent in 2000 to 89 percent in 2018.⁹ One concern, specifically for



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Arkansas, is the lack of internet access in rural areas. This is an important reason why internet access should be a complement to newspaper access and residents' requests for information —not a substitute for them. However, even in rural Arkansas, access to faster internet is growing. A 2018 Federal Communications Commission report shows that even in rural Arkansas the percentage of people with access to faster internet grew from 16 percent in 2013 to 58 percent in 2016.¹⁰

Despite the advantages of providing access to county financial information via the internet, it is rare. How rare? A 2013 Sunshine Review study, "Transparency Report Card 2013," revealed that Arkansas counties were the worst in the US publishing of public information. Arkansas counties received an F grade, which is in sharp contrast to the Arkansas state government's B grade.¹¹ To see how much Arkansas has improved since 2013, I and other researchers at ACRE produced "Access Arkansas: County-Level Web Transparency," which breaks down transparency into three types: fiscal, administrative, and political. In addition to

providing a much-needed update to the Sunshine Review study, our study provides a more detailed analysis of fiscal transparency, defined as the disclosure of financial information such as budgets, financial statements, taxes, and fees.

Our report revealed a continuing deficiency in the online publishing of financial information. Only 8 out of the 75 counties in Arkansas publish their current budgets online and only 9 publish their previous year's budgets. No county publishes current financial statements online and only two counties publish previous years' financial statements. While counties' audited financial statements are published on the Arkansas Legislative Audit website, counties do not provide a link to direct their residents to the site, and many residents are probably not aware that the financial statements are available there.¹²

Forty counties already have standalone websites where they can upload financial information. The remaining 35 counties have at least a minimal presence on the web through the Arkansas.gov platform. These counties could utilize this platform to publish their financial information.¹³

A BETTER SOLUTION: ADDRESS THE WEAKNESSES TO INCREASE ACCESS

More transparency leads to better governance and increased public confidence.¹⁴ Ensuring that financial information is available and easily accessible will greatly improve county transparency and resource management. Currently, each of the three ways Arkansans can access county financial information is insufficient. Once-a-year publication in a newspaper excludes some people and makes it costly for the average Arkansan to search for the information once it has been archived. Access through requests excludes casual consumers of financial information and often requires time, money, and the ability and willingness to navigate county bureaucracies. More disturbingly, some counties fail to provide the information even after multiple requests. Even though online publication has the greatest potential to reach a lot of Arkansans, the reality is that Arkansas counties still fall short in publishing financial information online.

What is a good next step? I recommend that county officials provide internet access to current and past financial information. Officials should also proactively assess whether their current responses

to inquiries are adequate and strive to reduce the time and costs involved in providing requested information. With regards to newspapers, county officials should ensure that residents are adequately informed about the newspaper where their county's financial information is going to be published and the day when it will be published there.

There are also other ways greater transparency could be achieved. Newspapers or other non-governmental organizations could create accessible archives. The governor or other state officials could facilitate the collection and accessibility of county budgets. There are also steps that the state legislature could take. For example, Arkansas Code Annotated § 14-21-102 could be amended to increase how frequently financial information must be published and the extent of the information required, or to require that counties publish their current and past financial information on a public website in addition to publishing current information in a newspaper. Counties could use their own websites, the Arkansas.gov web platform, or the Association of Arkansas Counties website.

Ensuring that financial information is available and easily accessible will greatly improve county transparency and resource management.

CONCLUSION

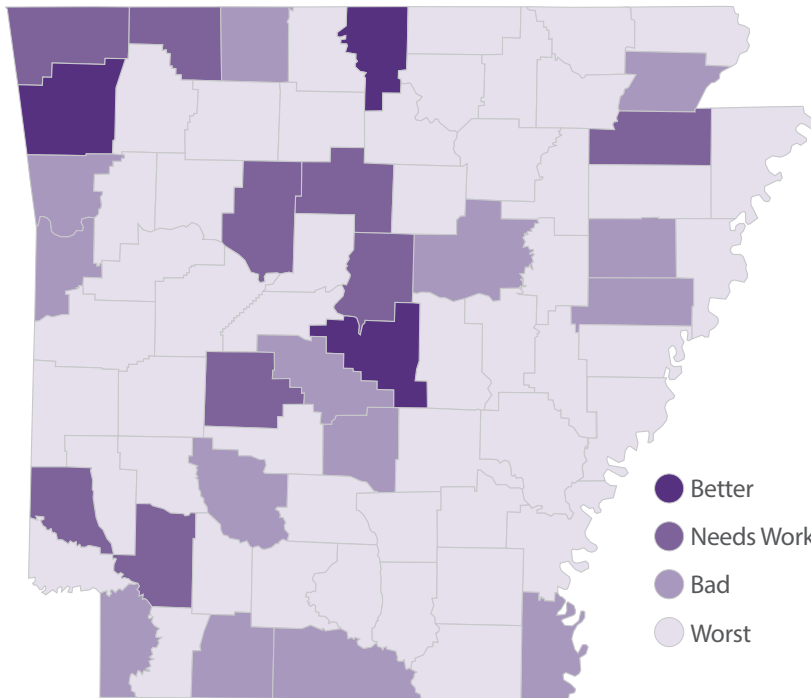
Transparency is one of the most powerful weapons in the fight against corruption. When public officials misuse tax dollars to benefit themselves, residents suffer. In this policy brief I have shown the huge amounts of money public officials have misappropriated to benefit themselves at the expense of the residents who trusted them to prudently manage these resources. It is also important to remember that these numbers most likely underestimate the size of the problem because of the nature of corruption. Guaranteeing better access to county financial information will increase transparency at the county level and allow Arkansans to better monitor suspect actions and better appreciate good governance.

ENDNOTES

- 1 Various Arkansas Legislative Audit reports, available at <http://www.arklegaudit.gov/our-reports/search-audits/default.aspx>.
- 2 Association of Certified Fraud Examiners, *Report to the Nations: 2018 Global Study on Occupational Fraud and Abuse*, 2018, <https://s3-us-west-2.amazonaws.com/acfe-public/2018-report-to-the-nations.pdf>.
- 3 Transparency International, “Transparency,” *Anti-corruption Glossary*, February 4, 2019, <https://www.transparency.org/glossary/term/transparency>.
- 4 International Budget Partnership, *Open Budget Survey 2012*, <https://www.internationalbudget.org/wp-content/uploads/OBI2012-Report-English.pdf>.
- 5 Ark. Code Ann. § 14-21-102.
- 6 ACRE did not use the Freedom of Information Act (FOIA) to obtain these budgets. FOIA requires that the information be provided within three days. We chose not to use FOIA because we were trying to represent what an average Arkansan would experience when attempting to collect financial information.
- 7 Rachel J. Cross, Michelle Surka, and Scott Welder, *Following the Money 2018: How the 50 States Rate in Providing Online Access to Government Spending Data* (Frontier Group and U.S. PIRG Education Fund, April 2018), https://uspirgedfund.org/sites/pirg/files/reports/FtM%20NATIONAL%20FINAL%20VERSION_0.pdf.
- 8 Teresa M. Harrison and Djoko Sigit Sayogo, “Transparency, Participation, and Accountability Practices in Open Government: A Comparative Study,” *Government Information Quarterly* 31, no. 4 (2014): 513–25.
- 9 Pew Research Center, “Internet/Broadband Fact Sheet,” February 5, 2018, <http://www.pewinternet.org/fact-sheet/internet-broadband/>.
- 10 Federal Communications Commission, *Inquiry Concerning Deployment of Advanced Telecommunications Capability to All Americans in a Reasonable and Timely Fashion*, GN Docket No. 17-199, 2018 Broadband Deployment Report, FCC 18-10 (February 2, 2018), https://apps.fcc.gov/edocs_public/attachmatch/FCC-18-10A1.pdf.
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- 12 Mavuto Kalulu, Terra Aquia, and Joyce Ajayi, *Access Arkansas: County-Level Web Transparency* (Arkansas Center for Research in Economics, 2018), https://uca.edu/acre/files/2019/01/2018_Index.pdf.
- 13 Kalulu, Aquia and Ajayi, *Access Arkansas*.
- 14 Maria Cucciniello, Gregory A. Porumbescu, and Stephan Grimmelikhuijsen, “25 Years of Transparency Research: Evidence and Future Directions,” *Public Administration Review* 77, no. 1 (2017): 32–44.

FISCAL TRANSPARENCY IN ARKANSAS'S COUNTIES

Online Fiscal Transparency¹



26 counties have some fiscal information online

**Carroll
Faulkner
Pulaski
Washington** counties with budget transparency

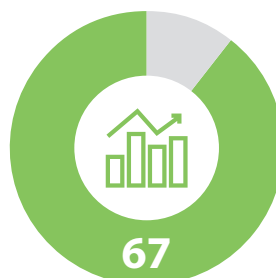
40 counties have stand alone websites



Best Practices

- Current and past budgets
- Current and past audits
- County fees
- Property, general sales, and special sales tax rates

Online Access in Arkansas's 75 Counties²



No Budget



No Audit



No Fees

For complete analysis, view the full report, **Access Arkansas: County Level Web Transparency**
uca.edu/acre/access-arkansas-county-level-web-transparency/

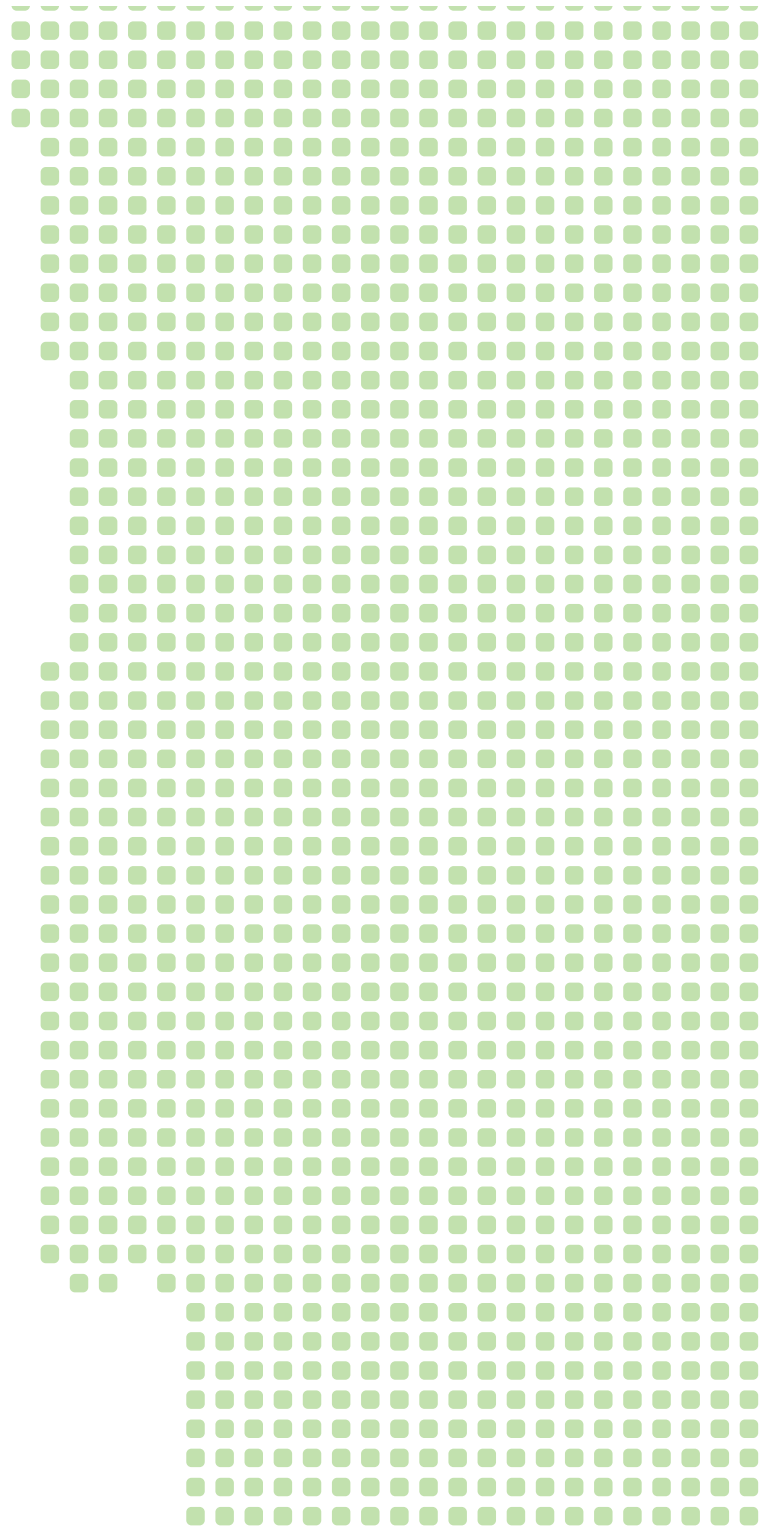
Mavuto Kalulu Policy Analyst

1. Mavuto Kalulu, Terra Aquia and Joyce Ajayi. "Access Arkansas: County – Level Web Transparency." Arkansas Center for Research in Economics.

2. Information was collected primarily in 2017. We looked for current fees, 2017 budgets, and 2016 audits or links to audits.



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