

Greenbook

LBO Analysis of Enacted Budget

Ohio Ethics Commission

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LBO Greenbook

Ohio Ethics Commission

Quick look...

- The Ohio Ethics Commission administers, interprets, and enforces ethical conduct, with jurisdiction over all state and local government officials and employees, except legislators, judges, and their staffs.
- Total budget appropriations: \$2.5 million in FY 2020 and \$2.6 million in FY 2021.
 - Revenue sources: GRF (77%) and state non-GRF (23%).
- Over 90% of the Commission’s budget is expected to be allocated for personal services/payroll.

FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Appropriation	FY 2021 Appropriation
GRF ALI 146321, Operating Expenses					
\$1,420,808	\$1,457,243	\$1,457,245	\$1,745,873	\$1,821,515	\$2,068,492
% change	2.6%	0.0%	19.8%	4.3%	13.6%
DPF Fund 4M60 ALI 146601, Operating Support					
\$657,890	\$715,108	\$798,766	\$509,798	\$652,578	\$536,516
% change	8.7%	11.7%	-36.2%	28.0%	-17.8%
Total funding					
\$2,078,698	\$2,172,351	\$2,256,011	\$2,255,671	\$2,474,093	\$2,605,008
% change	4.5%	3.9%	0.0%	9.7%	5.3%

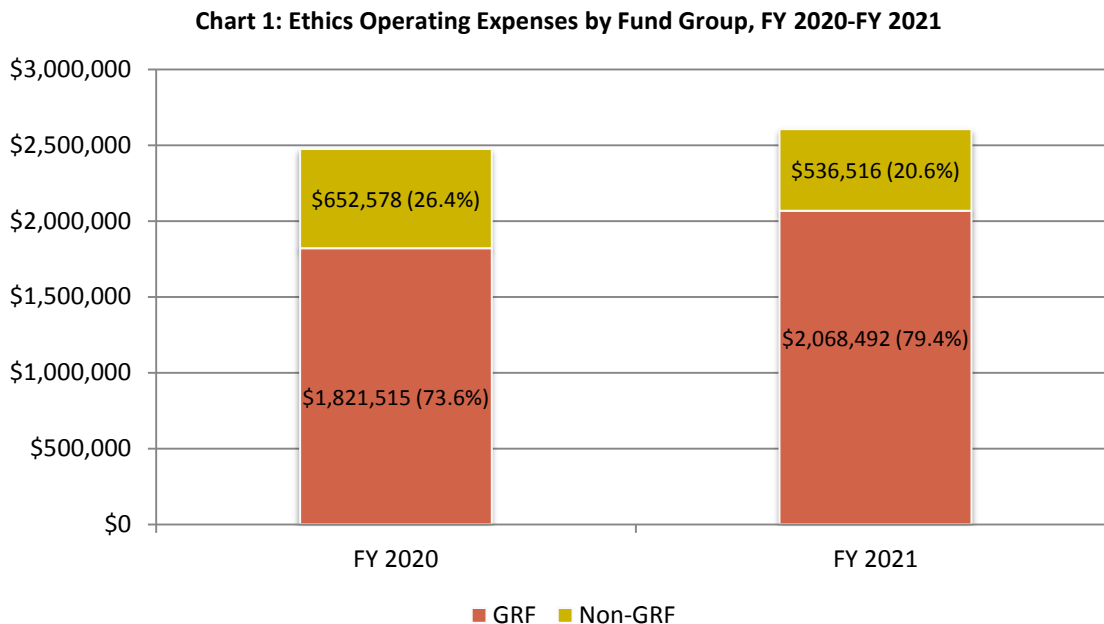
Agency overview

The Ohio Ethics Commission administers, interprets, and enforces ethical conduct in state and local government, primarily under the Ohio Ethics Law (R.C. Chapter 102). It has jurisdiction over all state and local government officials and employees, except legislators, judges, and their staffs.

The Commission consists of six members who are appointed by the Governor with the advice and consent of the Senate. The political affiliation of the Commission is equally divided between the two major parties. Members are compensated \$75 for each meeting, up to a maximum of \$1,800 per year. Day-to-day operations are handled by the Executive Director and 19 full-time employees.

Analysis of FY 2020-FY 2021 budget

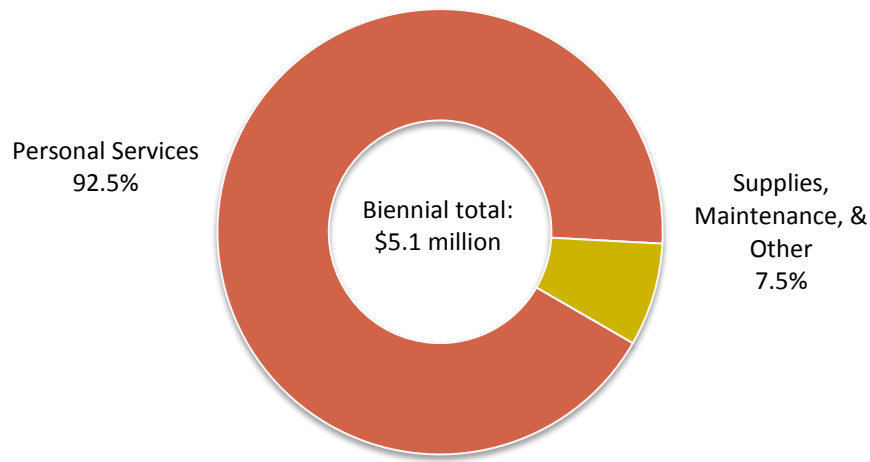
Both GRF line item 146321 and DPF Fund 4M60 line item 146601, are used to support the Commission's operations. Chart 1 below shows the GRF/Non-GRF funding split for these costs and reflects the funding strategy under the budget for providing the additional money needed to maintain the Commission's existing service levels. In FY 2021, the amount of money appropriated from the GRF is increased and the reliance on Fund 4M60 is reduced to accommodate the decrease in financial disclosure filing fee revenue.



Funding by expense category

Chart 2 below shows the Commission's total biennial budget of \$5.1 million by expense category. Over 90%, or \$4.7 million, of the total biennial appropriation is expected to be allocated for personal services/payroll costs, followed by supplies and maintenance (7.1%, or \$362,874). Other expenses including purchased personal services, and transfers and nonexpense account for less than 1% (\$17,120).

**Chart 2: Ethics Budget by Expense Category
FY 2020-FY 2021 Biennium**



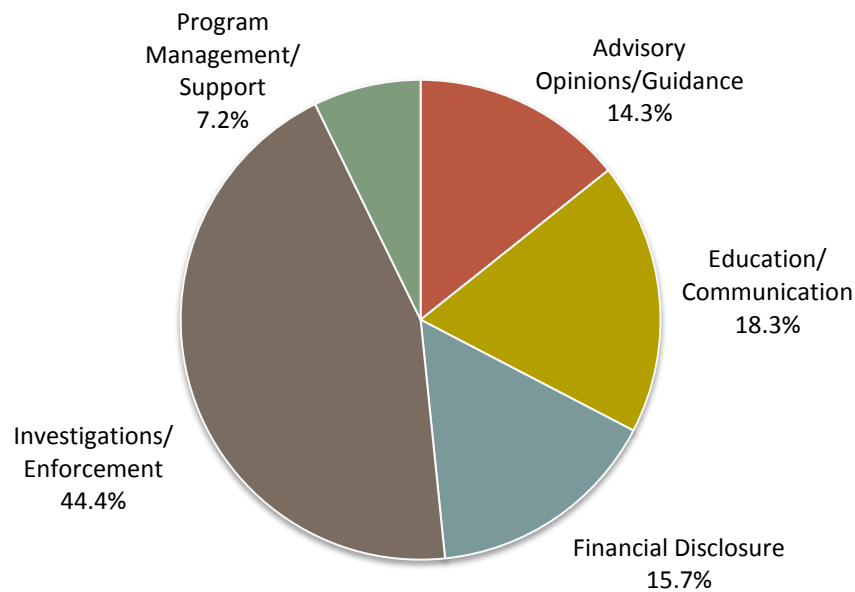
Funding by program

The Commission's services and activities can be grouped into five distinct programs as follows:

- **Investigations/Enforcement.** Investigates and refers for criminal prosecution, complaints and charges (allegations) of unethical misconduct committed by any public official or employee, or person doing business with the state.
- **Education/Communication.** Schedules, coordinates, and conducts ethics presentations and sessions and continuing legal education seminars.
- **Financial Disclosure.** Receives and reviews annual financial disclosure requirements, collects mandated fees, responds to public records requests, and maintains the financial disclosure database.
- **Advisory Opinions/Guidance.** Provides written legal advisory opinions providing guidance via telephone, emails, and website requests.
- **Program Management/Support.** Supports the general management and operational needs common to most state agencies, including office rental space, office supplies, telecommunications services, equipment maintenance contracts, fuel, and maintenance of state vehicles.

Chart 3 below shows the amount of funding that is expected to be allocated for each of the Commission's five programs. The Investigations/Enforcement Program accounts for the largest share of the Commission's biennial budget at 44.4%.

Chart 3: Ethics Budget by Program, FY 2020-FY 2021 Biennium



Financial disclosure fees

Under existing law, the Commission collects primarily financial disclosure statement filing fees and secondarily court-ordered and other settlement moneys. All of these collections are credited to the Ohio Ethics Commission Fund (Fund 4M60), to be used solely for expenses related to the operation and statutory functions of the Commission.

From FY 2017 through FY 2018, Fund 4M60, on average, collected \$602,044 annually. The Commission noted in its FY 2020-FY 2021 biennial budget request submitted to the Office of Budget and Management a concern that, as use of its online financial disclosure statement filing system increases, filers will be more likely to comply with filing deadlines and less money will be generated from late fees. The system is currently used by about 90% of filers. As a result, the Commission has experienced a 54% decrease in the amount of late fees since the system rolled out in May 2013. In calendar year (CY) 2018, late fees generated about \$40,500, a decrease of over \$100,000 from the amount assessed in filing cycles preceding the implementation of the online filing system.

A second factor that has decreased the amount of money credited to Fund 4M60 annually is a reduction of around 1,000 in the number of filers, from about 11,000 to 10,000. The Commission attributes this to the consolidation of certain boards and commissions and fewer voluntary filers.

The table below summarizes the Commission's current fee schedule. That schedule was implemented beginning CY 2012 for the purpose of reducing the Commission's need for GRF funding.

License Fees by Type	
License Type	Fee
State Elected Office Holder or Candidate	\$95
State Board of Education Member or Candidate	\$35
County Elected Office Holder or Candidate	\$60
City Elected Office Holder or Candidate	\$35
School District Board of Education Member or Candidate	\$30
ESC Governing Board Member	\$30
School District or ESC Superintendent, Treasurer, or Business Manager	\$30
All Other Filers	\$60
Late Fee Penalty	
Per Day	\$10/day
Maximum Penalty	\$250