

Ethics Commission

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- Funding of \$2.04 million in FY 2006 and \$1.97 million in FY 2007
- Funding provided for more ethics training and advisory staff

OVERVIEW

Duties and Responsibilities

The Ohio Ethics Commission (ETH) administers, interprets, and enforces ethical conduct in government under Ohio Ethics Law, Chapter 102, and related provisions of the Ohio Revised Code. The underlying mission of the Commission is to promote and enforce ethical conduct throughout state and local government through impartial and responsive education, advice, investigation, and financial disclosure processes. To fulfill its mission, the Commission has improved educational and informational access to thousands of public servants to create a baseline understanding of Ethics Law. The Ethics Commission consists of six members who are appointed by the Governor and confirmed by the Senate. The political affiliation of the Commission is equally divided between the two major parties.

The day-to-day administration of the Commission's activities is the responsibility of the Executive Director and a staff of 18. Commission staff responsibilities fall into four general categories: public information, advisory opinions, investigations and referrals for prosecution, and financial disclosure. Including most state agencies and political subdivisions, about 18,700 elected officials and 590,000 employees statewide fall under the Commission's jurisdiction.

Agency in Brief

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Number of Employees*	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2006	2007	2006	2007	
20	\$2,038,756	\$1,938,056	\$1,536,213	\$1,536,213	Am. Sub. HB 66

*Employee count obtained from the Department of Administrative Services (DAS) payroll reports as of June 2005.

Vetoed Provisions

There were no provisions affecting this agency that were vetoed by the Governor.

Summary of FYs 2006-2007 Budget Issues

S.B. 133 Requirements

S.B. 133 of the 125th General Assembly requires that ETH provide extensive continuing education and additional oversight for officials of the state's retirement funds and employees. This legislation requires ETH to provide several functions such as providing all retirement systems with ongoing ethics orientation, and continuing education, as well as responding to inquiries from board

members and staff. The provisions of S.B. 133 will result in increased administrative costs resulting from increased education programs as well as responding to inquiries.

Additional Staffing

ETH estimates that additional staff is necessary to continue providing services over the biennium. ETH feels that it will be necessary to hire an additional trainer position to fulfill the educational training requirements of S.B. 133, at an estimated cost of \$60,000 each fiscal year. The enacted budget contains funding to fill that position. ETH also sought funding to hire an additional advisory attorney, at a cost of approximately \$62,000 in each fiscal year because it has experienced an increase of 20% in advisory opinions requested from FY 2003 to FY 2004. However, this was not funded.

Hardware and Software Needs

ETH utilizes a legacy database system for data processing within its Financial Disclosure Program. The current system was designed ten years ago. ETH indicates that this system can still meet basic needs, however, it is at risk of failing because it is no longer capable of upgrade or design consultant support. The software was originally designed to track approximately 8,500 annual filings. The system must now account for an average of 10,500 annual filings as well as perform many other reporting duties that were not originally anticipated. ETH had requested appropriations to upgrade this system for the last three biennia but did not receive funding for it. In addition, software consultants were asked to review ETH's system and determined that the existing software code is outdated and in need of complete replacement. ETH has not contracted with a software consultant to determine the exact costs of a system replacement, but estimates that such costs would be approximately \$150,000 in FY 2006, and \$50,000 in FY 2007 to implement on-line filing and viewing capabilities.

ANALYSIS OF THE ENACTED BUDGET

Program Series 1

Ethics Oversight

Purpose: To administer the Ohio Ethics Law for public officials and employees at the state and local levels of government.

The following table shows the line items that are used to fund this Commission, as well as the enacted budget funding levels.

Fund	ALI	Title	FY 2006	FY 2007
General Revenue Fund				
GRF	146-321	Operating Expenses	\$1,536,213	\$1,532,213
General Revenue Fund Subtotal			\$1,476,213	\$1,476,213
General Services Fund				
4M6	146-601	Operating Expenses	\$502,543	\$432,543
General Services Fund Subtotal			\$502,543	\$432,543
Total Funding: Ohio Ethics Commission			\$2,038,756	\$1,968,756

This analysis focuses on the following specific programs within the program series:

- **Advisory Services**
- **Education**
- **Financial Disclosure**
- **Investigations**

Advisory Services

Program Description: This program increases awareness and understanding of the ethics law by the public, public officials and employees, and entities doing business with government entities to ensure compliance with the state's ethics law. The Advisory Services program implements the Commission's authority to render advisory opinions with regard to questions concerning ethics, conflicts of interest, and financial disclosure. The advisory process allows those who have potential conflicts or otherwise need ethics advice to seek guidance before they act. The Commission issues written advisory opinions that apply the ethics law and related statutes for state and local public officials and employees, provides telephone guidance to public servants, and provides ethics law information to the public and the media. When the Commission provides written advice, the individual to whom the opinion was directed is immune from criminal prosecution if such advice is heeded.

Funding Sources: GRF, GSF

Implication of the Enacted Budget: The enacted budget appropriation of \$415,251 in FY 2006 and \$424,170 in FY 2007 falls \$62,875 short of the requested funding level for FY 2006 and \$45,456 short of requested funding level in FY 2007. The recommended funding levels would allow ETH to retain its current staff, which would not have been possible under FY 2005 funding levels. However, the recommended funding levels will not be sufficient to add an additional advisory attorney in FY 2007.

Temporary and Permanent Law Provisions: None

Education

Program Description: This program provides continuing education and written materials concerning the provisions of Ohio's ethics law, conflicts of interest, and financial disclosure. The educational sessions and informational materials help increase public awareness of the application of Ohio's ethics law and, thereby, decrease the potential for ethics violations. Ethics education is offered through the development and distribution of informational materials, correspondence, educational appearances, telephone assistance, and the Commission's web site. This program also assumes much of the responsibility to review and recommend ethics-related legislation to the General Assembly.

Funding Sources: GRF, GSF

Implication of the Enacted Budget: The appropriation of \$342,653 in FY 2006 and \$348,235 in FY 2007 allows the ETH to hire an additional educational trainer, which will aid the agency in fulfilling the requirements of S.B. 133, which mandated additional ethics training for board members and employees of the state's retirement systems.

Temporary and Permanent Law Provisions: None

Financial Disclosure

Program Description: This program administers and enforces the financial disclosure requirements of the Ohio Revised Code, which mandates over 10,500 elected state, county, and city officeholders, candidates for those offices, upper-level state administrative appointees and employees, and many state board and commission members and their executive directors annually disclose their sources of income and investments. The purpose of the disclosure is to remind the filer and make the public and Commission aware of potential conflicts of interest.

Funding Sources: GRF, GSF

Implication of the Enacted Budget: The enacted appropriation of \$477,964 in FY 2006 and \$362,737 in FY 2007 falls short of the requested funding by approximately \$65,000 in FY 2006 and approximately \$35,000 in FY 2007. This is based on estimates that ETH has given as to the cost of upgrading and implementing a new database system, and the costs of implementing on-line filing and viewing capabilities. It is not yet known what part, if any, of the database replacement and implementation of on-line capabilities could be accomplished with the enacted budget. The recommended levels will continue to fund the current service levels provided by this program.

Temporary and Permanent Law Provisions: None

Investigations

Program Description: This program administers confidential investigations of allegations or complaints of ethics violations against public officials and employees and those with whom they do business. The Commission reports its findings to the appropriate prosecuting attorney in such cases as violations are evidenced. The Commission investigates allegations of wrongdoing involving public officials and employees, and private parties who interact with them, at every level of government, including state departments, boards, and commissions, counties, cities, villages, townships, school districts, and other public entities.

Funding Sources: GRF, GSF

Implication of the Enacted Budget: The FY 2006 appropriation of \$802,888 falls short of the requested funding by approximately \$3,900 in FY 2006, but the FY 2007 appropriation of \$833,614 is approximately \$5,100 above requested funding in FY 2007. These funding levels will allow ETH to maintain the current level of eight FTEs for this program, and continue to provide investigative services through the next biennium.

Temporary and Permanent Law Provisions: None