

Redbook

LBO Analysis of Executive Budget Proposal

Ohio Ethics Commission

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LBO Redbook

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 recommendations: \$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 allocated for personal services.
- The Commission receives and processes over 10,000 financial disclosure statements annually.

FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Estimate	FY 2020 Introduced	FY 2021 Introduced
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	\$798,767	\$571,112	\$652,578	\$536,516
% change	8.7%	11.7%	-28.5%	14.3%	-17.8%
Total funding:					
\$2,078,698	\$2,172,351	\$2,256,012	\$2,316,985	\$2,474,093	\$2,605,008
% change	4.5%	3.9%	2.7%	6.8%	5.3%

Agency overview

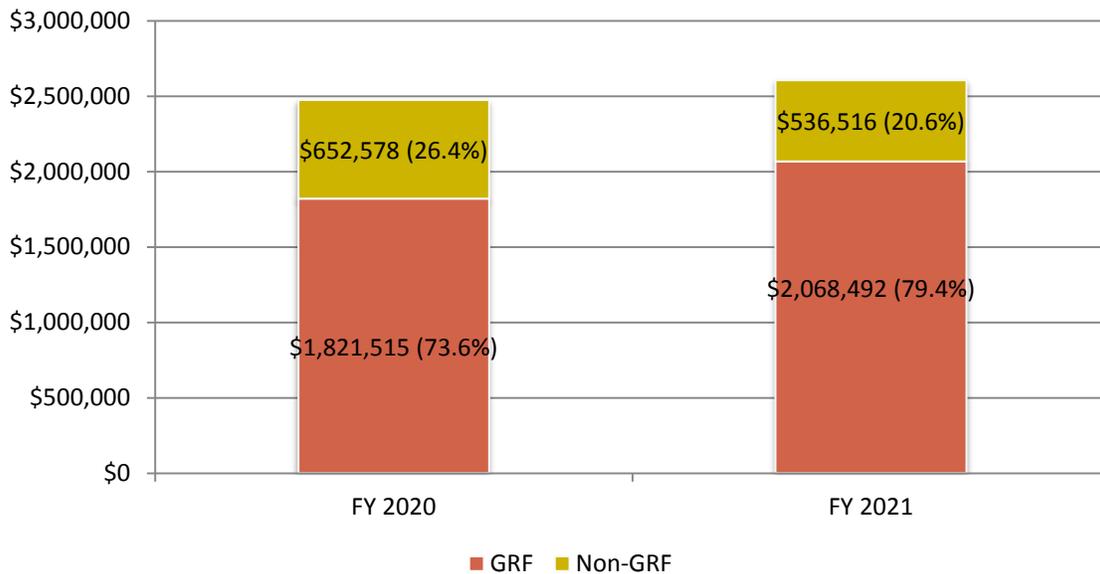
The Ohio Ethics Commission administers, interprets, and enforces ethical conduct in state and local government, primarily under the Ohio Ethics Law (R.C. Chapter 102). It has jurisdiction over all state and local government officials and employees, except legislators, judges, and their staffs.

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 proposal

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 executive 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 loss in financial disclosure filing fee revenue.

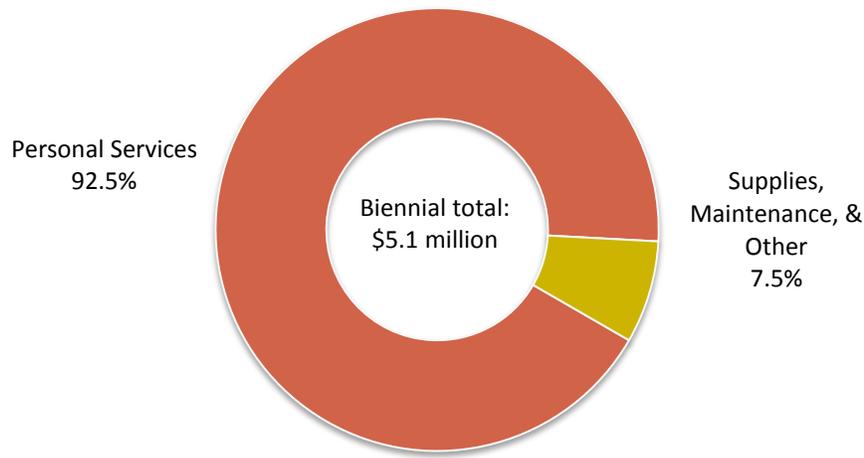
Chart 1: Ethics Operating Expenses by Fund Group, FY 2020-FY 2021



Executive recommendations by expense category

Chart 2 below shows the \$5.1 million proposed budget for the biennium by expense category. Over 90%, or \$4.7 million, of the total biennial appropriation recommendation is allocated for 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**



Executive recommendations 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 and Table 1 below show the amount of funding allocated for each of the Commission's five programs. As shown in Chart 3, Investigations/Enforcement accounts for the largest share of the Commission's biennial budget at 44.4%. This program, on average, receives around the same share for each of the three biennia shown in Table 1, with Program Direction/Support consistently receiving the smallest share with less than 10%.

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

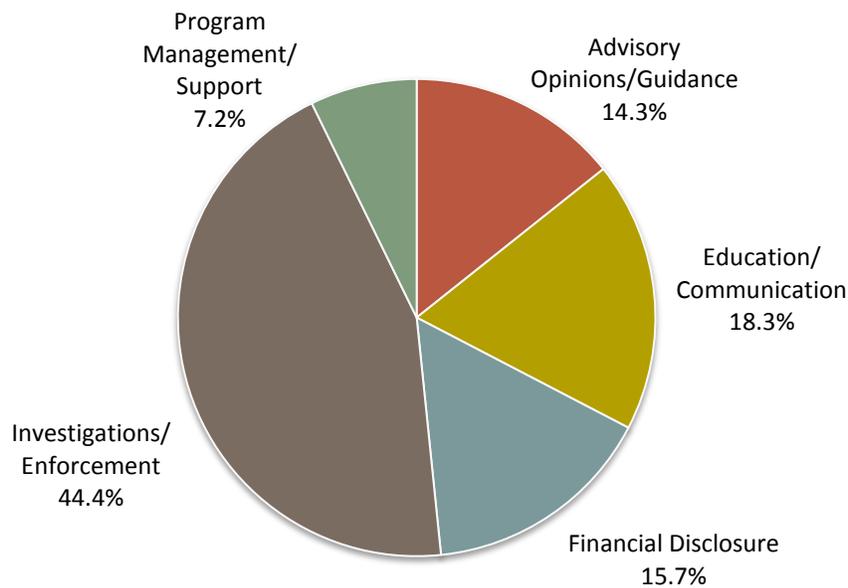


Table 1. Funding by Program, FY 2016-FY 2021

Program	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Estimate	FY 2020 Introduced	FY 2021 Introduced
Investigations/Enforcement	\$897,873	\$947,340	\$972,281	\$1,037,262	\$1,120,680	\$1,133,771
Advisory/Guidance	\$392,122	\$401,540	\$402,422	\$399,227	\$372,897	\$353,258
Financial Disclosure	\$353,102	\$349,620	\$280,262	\$343,935	\$374,544	\$424,513
Education/Communication	\$330,130	\$331,636	\$401,737	\$398,877	\$437,020	\$494,612
Program Direction/Support	\$105,471	\$142,215	\$199,309	\$137,684	\$168,952	\$198,854
Total	\$2,078,698	\$2,172,351	\$2,256,012	\$2,316,985	\$2,474,093	\$2,605,008

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 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.

Table 2 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.

Table 2. 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

Workload statistics

A selective summary of the Commission's Advisory Opinions/Guidance, Financial Disclosure, Education/Communication, and Investigations/Enforcement workload is provided below.

Advisory Opinions/Guidance

- In CY 2017, handled 198 written advisory requests in addition to 2,094 telephone calls and 2,651 electronic requests for guidance. Around 75% of requests were from local public officials and their employees or their counsel and the remaining were from state agencies.
- Answers most requests for advice within 15 days of receipt with a backlog of one to three requests at any given time, a reduction from FY 2010 when, at any given time, the Commission carried an average of 85 pending, unanswered requests.

Education/Communication

- Schedules, coordinates, and conducts approximately 200 ethics presentations each year throughout the state with, collectively, over 20,000 attendees from state and local agencies and jurisdictions, public sector associations, and public and private sector organizations.
- In CY 2018, approximately 1,800 individuals participated in one of the Commission's 11 webinars. Around 36,500 completed an "e-course" through the state-operated Electronic Learning Management System.

Financial Disclosure

- Receives and processes around 10,500 financial disclosure statements annually, of which 20%, more or less, are confidential and not public record (filed by school district superintendents, treasurers, and business managers, and members of state boards and commissions who receive no compensation for their public service).
- Updates and maintains an online filing system, rolled out in May 2013, which is currently used by about 90% of filers.

Investigations/Enforcement

Table 3. Investigations/Enforcement Workload Statistics, CY 2013-CY 2018

Activity	CY 2013	CY 2014	CY 2015	CY 2016	CY 2017	CY 2018
Allegations received	392	355	354	421	390	393
Active investigations/new investigations	173/57	155/58	166/60	172/74	158/56	172/84
Complaints initiated	52	65	23	29	19	41
Alternative dispute resolution settlements	12	29	38	28	46	30
Cases shared with prosecutors	5	14	36	39	41	22