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Budget Testimony of Executive Director Paul M. Nick  
House Bill 49  
House Finance Sub-Committee on  
State Government and Agency Review  
March 1, 2017

Mister Chairman and members of the Committee, my name is Paul M. Nick. I am the Executive Director of the Ohio Ethics Commission, and I appreciate the opportunity to testify in support of the Administration's budget recommendation for the 2018 to 2019 biennium.

Overview of the Commission

Under the Ethics Law, the General Assembly has assigned to the Ohio Ethics Commission authority over all persons engaged in any form of public service at the state and local level, except for judges, legislators, and their staff. The Commission's statutory responsibilities extend to an estimated 600,000 public officials and employees. This number includes: each of the constitutionally elected, statewide officeholders and their staff; about 18,700 elected officials and employees serving Ohio's 88 counties; 1,308 townships, and over 700 public school districts and education centers. In addition, this number includes: those who serve on all state boards and commissions; the trustees, administrators, and staff of 38 public colleges and universities; and over 900 other taxing districts, such as public libraries, port authorities, and regional authorities.

In addition to these public officials and employees, the Ethics Law also applies to individuals in the private and non-profit sectors who are doing business with or regulated by any public agencies throughout Ohio.

Duties and Responsibilities

The Commission has five main responsibilities: to render advice and guidance; to administer and enforce the financial disclosure requirement; to provide education sessions statewide; to conduct confidential investigations; and to assist the General Assembly on ethics-related legislation.

Advice: The Commission employs two staff attorneys who collectively handle, among other responsibilities, the 183 written advisory requests received by the Commission in 2016. (This number is in addition to the immediate guidance provided in response to 3,247 e-mails and 2,071 phone calls the Commission received last year).

Staff eliminated a backlog of advisory requests that had existed for many years. For the past two years, the Commission has responded to every written request within 15 days of their receipt. To help avoid conflicts of interest, the Commission now provides helpful, timely legal advice to public officials and employees, or their counsel, at no cost to the requester.

Financial Disclosure: The Ethics Law requires approximately 10,500 public officials, public employees, and candidates for public office from more than 1,300 agencies to file personal financial disclosure statements with the Commission each year. The Financial Disclosure program consists of two analysts and a manager who is also the Commission's IT Administrator.

Beginning in May 2013, the Commission implemented its online filing system. This innovation has allowed filers to submit their annual financial disclosure statements to the Commission through a secure, online portal on the Commission's website. This system was produced entirely in house without the need to secure additional funding.

The financial disclosure statement itself has also been significantly simplified and trimmed down from 12 pages to only 4 pages, with a detailed instruction booklet created to answer all of the most frequently asked questions by filers.

These changes have made it easier for filers to comply with the filing requirement. They have also substantially reduced the amount of staff time spent answering inquiries from filers and following up on incomplete filings. Last year, 81% of all filers used this online portal. The online filing program has been so successful that the Board of Professional Conduct at the Supreme Court of Ohio has entered into a Memorandum of Understanding with the Commission to host their online filing portal for judges and magistrates who file disclosure statements with the Supreme Court, saving the Court the expense of developing an independent portal.

Education: The Commission's Education program helps to ensure compliance with the Ethics Law by guiding and informing public officials and employees, as well as those in the private sector, about the law. In calendar year 2016, Commission staff conducted 219 in person training sessions. In addition, staff conducted 12 webinars and created a new interactive, one-hour e-course, which was viewed by more than 12,000 public employees across the state.

In 2016, the Education and Advisory staff also created a new plain language guide to the Ethics Law that describes each section of the law in an easy to understand format. In addition, staff has created a series of brief, on demand e-courses discussing common Ethics Law topics, including revolving door, job seeking, gifts, and nepotism.

One staff member, who is assisted by an electronic design specialist, conducted almost 90% of these sessions.

Investigation: The Commission's Investigation program ensures uniform, statewide compliance with the Ethics Law by investigating alleged violations, and if the facts merit it, referring appropriate matters for criminal prosecution. In calendar year 2016, staff received and reviewed 378 allegations and 43 information requests and acted on 172 investigations. Almost 95% of these opened investigations involved public officials or employees at the local level of government. In addition, the Commission initiated 29 formal complaints against persons who failed to comply with the financial disclosure requirement. Of these, 12 were candidates for city elected office, 11 were city elected officials, 4 were candidates for county elected office, 1 was a local school board member, and 1 was a state employee.

The Investigation section consists of a chief investigative attorney, who manages the section, as well as an investigative attorney, five special investigators, and a case management coordinator.

Legislation: The Commission has responded to a number of recent legislative efforts, including bills related to student trustees at public universities, categories of financial disclosure filers, and the confidentiality of persons involved with the procurement of lethal injection drugs.

## Budget Request

The budget submitted by the Administration will continue funding the Commission's five major statutory duties, at current levels. The Commission members and I appreciate that response.

The Commission receives funding from two sources: the State General Revenue Fund (GRF) and the Commission's Dedicated Purpose Fund (DPF).

The sources of DPF funding are primarily financial disclosure filing fees, penalties for those who file their forms late, and court-ordered payments for the costs of the Commission's investigations.

It is difficult to compute with certainty the exact amount of funds that will be generated by financial disclosure filing and late fees, due to variables such as election cycles, the number of candidates who run for contested primary and general elections, the expansion or contraction of state and local government, and actual delinquencies in payments by filers. Since the creation of our online filing portal, we have noted a substantial reduction in the amount of late fees received.

GRF funding for FY 2018 is \$1.4 million (a 0% increase from FY 2017). GRF funding for FY 2019 is \$1.7 million (an 18% increase above FY 2017 and FY 2018). The remainder of the Commission's budget for the biennium is projected to be supplemented by draws from the DPF.

## Conclusion

The bipartisan membership of the Ethics Commission understands that, like all other agencies supported by taxpayer funds, it must be frugal and diligent in ensuring that taxpayers receive the best service at the least cost. The Commission further believes that the duties and responsibilities assigned by the General Assembly to the Commission are critical to ensuring compliance and enforcement of high standards of integrity and conduct at all levels of state and local government.

I review procedures regularly with our Chairman and the Commission. Throughout the biennium, the Commission has mandated that staff streamline the operation of all program areas so the public sees that the Ethics Law is readily available and enforced. This is an ongoing process and priority.

Respected members of the committee, thank you for the opportunity to testify today. I will be happy to answer any questions you may have.