

GO COMMITTEE #4
April 16, 2015
Worksession

MEMORANDUM

April 14, 2015

TO: Government Operations and Fiscal Policy Committee

FROM: Justina J. Ferber, Legislative Analyst

SUBJECT: **Worksession: Executive's Recommended FY16 Operating Budget
Ethics Commission**

Those who may attend this worksession:

Kenita Barrow, Chair, Ethics Commission
Robert Cobb, Executive Director, Ethics Commission
Phil Weeda, Budget Analyst, OMB

Relevant pages from the FY16 Recommended Operating Budget are attached at ©1.

Budget Summary:

- The Ethics Commission budget is a same services budget.

Council Staff Recommendation:

- Approve the budget as recommended for \$382,007.

A copy of the Ethics Commission's annual report for 2014 can be found at http://www.montgomerycountymd.gov/ethics/annual_reports/index.html.

Overview

The County Executive's recommended budget for the Ethics Commission for FY16 is \$382,007, an increase of \$26,366 or 7.4% from FY15. Personnel costs comprise 93.1% of the budget for three FTEs. There are no major changes in this budget.

	<i>FY14 Actual</i>	<i>FY15 Approved</i>	<i>FY16 Recommended</i>	<i>% Change FY15 - FY16</i>
<i>Expenditures by fund</i>				
General Fund	316,920	355,641	382,007	7.4%
<i>Expenditures by type</i>				
Personnel Cost	261,961	329,084	355,748	8.1%
Operating Expenses	54,959	26,557	26,259	-1.1%
<i>Total Expenditures</i>	316,920	355,641	382,007	7.4%
<i>Positions</i>				
Full-Time	3	3	3	0%
Part-Time	0	0	0	0%
<i>FTEs</i>	3.0	3.0	3.0	0%

Ethics Commission Budget Adjustments	
Adjustments with no service impacts	
\$8,761	Increase Cost: FY16 Compensation Adjustment
\$17,550	Increase Cost: Annualization of FY15 Personnel Costs
\$873	Increase Cost: Group Insurance Adjustment
-\$520	Decrease Cost: Retirement Adjustment
-\$298	Decrease Cost: Printing and Mail Adjustment
\$26,366	Total Cost Change FY15 to FY16

Ethics Commission Program

The Ethics Commission exercises authority granted to it under the Public Ethics Law to promote the public's trust of County government and to ensure the impartiality of County employees, including elected officials, in the execution of their responsibilities. The goals of the Commission are achieved through the following activities:

- ❖ **Financial Disclosure** – The Ethics law requires specific public officials and employees to disclose financial information to avoid potential conflicts of interest. The Commission prepares and distributes financial disclosure forms and maintains reports filed by employees and administers the electronic filing system of reporting.

- ❖ **Outside Employment** – Employees and officials are required to obtain approval from the Commission to be engaged in outside employment. The Commission prepares and makes available outside employment request forms and administers a process pursuant to which agency approvals are obtained.
- ❖ **Lobbying Registration** – Lobbyists are required to register and report lobbying activities involving the County government when income or expenditures exceed \$500. Annual registration fees are processed by the Commission and information is made public as required by the Public Ethics Law.
- ❖ **Complaints, Investigations and Hearings** – The Commission receives complaints and conducts investigations and hearings and makes findings and imposes sanctions and penalties.
- ❖ **Advisory Opinions, Waivers, Advice** – The Commission answers inquiries on the application of the Ethics law, publishes opinions and grants waivers.
- ❖ **Education** – The Ethics Commission conducts public education programs regarding the Ethics law.
- ❖ **Legislative and Regulatory** – The Commission recommends and prepares new ethics legislation and regulations.
- ❖ **Coordination and Outreach** – Staff coordinates with the County Attorney’s Office and the Office of the Inspector General on legal and investigative matters. Staff acts as the public resource on County ethics laws.
- ❖ **Administration** – The staff provides administrative support to the Commission which consists of five volunteer members.

Items of Interest

Lobbyist Registration and Reporting Systems: The Commission continued to refine the lobbying registration and reporting systems implemented in calendar year 2013 by adding new features to improve transparency, compliance with legal requirements and to improve functionality of the systems.

Ethics Legislation: Bill 39-14, Ethics – Amendments was introduced on July 29, 2014. If Bill 39-14 is adopted, then changes to the Ethics Law and financial disclosure process could require additional costs to the Commission to implement new requirements. No new funding has been included in the Commission budget to address potential changes in financial disclosure processing included in Bill 39-14. The Commission’s proposal includes several significant changes from the current Public Ethics Law and adds provisions that exceed State requirements. The new features mandated by State law include that all financial disclosures be made public and require elected officials to disclose additional information such as actual value of assets owned.

2015 Major Objectives: 1) Continue the development of Systemic Ethics Education for County Employees; 2) Implementation of the Outside Employment Online System; and 3) Work to improve County’s Ethics Legislation.

Council Staff Recommendation:

- **Approve the Ethics Commission FY16 Operating Budget as submitted by the Executive for \$382,007.**

Attachments: Ethics Commission Budget ©1.

Ethics Commission

MISSION STATEMENT

The Ethics Commission exercises authorities granted to it under the Public Ethics Law to promote the public's trust of County government and to ensure the impartiality of County employees, including elected officials, in the execution of their responsibilities.

BUDGET OVERVIEW

The total recommended FY16 Operating Budget for the Ethics Commission is \$382,007, an increase of \$26,366 or 7.4 percent from the FY15 Approved Budget of \$355,641. Personnel Costs comprise 93.1 percent of the budget for three full-time positions, and a total of three FTEs. Total FTEs may include seasonal or temporary positions and may also reflect workforce charged to or from other departments or funds. Operating Expenses account for the remaining 6.9 percent of the FY16 budget.

LINKAGE TO COUNTY RESULT AREAS

While this program area supports all eight of the County Result Areas, the following are emphasized:

- ❖ ***A Responsive, Accountable County Government***

DEPARTMENT PERFORMANCE MEASURES

Performance measures for this department are included below. The FY15 estimates reflect funding based on the FY15 approved budget. The FY16 and FY17 figures are performance targets based on the FY16 recommended budget and funding for comparable service levels in FY17.

Measure	Actual FY13	Actual FY14	Estimated FY15	Target FY16	Target FY17
Program Measures					
Number of Financial Disclosure Statements Required (calendar year)	2034	2037	2037	2037	2037
Number of Formal Opinions, Waivers and Guidance (calendar year)	11	6	6	6	6
Number of Lobbyists Registered (calendar year)	177	199	199	199	199
Number of Lobbyist Activity Reports (calendar year)	216	251	251	251	251
Number of Outside Employment Requests Processed (calendar year)	1157	975	975	975	975

ACCOMPLISHMENTS AND INITIATIVES

- ❖ ***The Commission submitted proposed financial disclosure and gift legislation to align Montgomery County ethics law with State requirements.***
- ❖ ***The Commission is developing protocols for addressing ethics enforcement.***
- ❖ ***The Commission continues to develop its educational role to promote understanding of and compliance with Public Ethics Law requirements, including participating in the bi-weekly orientation of new County employees.***
- ❖ ***The Commission coordinated with the Board of Elections to accelerate reporting timelines for financial disclosure by candidates running for elected office in the County.***
- ❖ ***Commission staff is working with the Department of Technology Services on an online system for filing outside employment request forms. The new system will eliminate paper applications and manual data input processes.***
- ❖ ***Productivity Improvements***
 - ***The Commission continued to refine the lobbying registration and reporting systems implemented in calendar year 2013 by adding new features to improve transparency, compliance with legal requirements, and to improve functionality of the systems.***

PROGRAM CONTACTS

Contact Robert Cobb of the Ethics Commission at 240-777-6674 or Phil Weeda of the Office of Management and Budget at 240-777-2780 for more information regarding this department's operating budget.

PROGRAM DESCRIPTIONS

Ethics Program Compliance

Financial Disclosure: The Public Ethics Law requires filing of financial disclosure reports by certain County employees. The Ethics Commission prepares and distributes financial disclosure forms and maintains reports filed by employees; it administers the electronic filing system for reporting and coordinates with the Office of Human Resources and all County agencies as regards to the status of filers, and resolves all anomalous circumstances and questions from filers that routinely arise associated with the filing of financial disclosure reports and the administration of the system designed for that purpose.

Outside Employment: The Public Ethics Law requires that County employees obtain approval from the Ethics Commission prior to engaging in any employment other than County employment. The Ethics Commission prepares and makes available Outside Employment request forms and administers a process pursuant to which agency approvals are obtained. The Ethics Commission staff prepares all requests for consideration by the Ethics Commission, to include obtaining additional information from requestors and County agencies and conducting preliminary legal analysis of requests. The Ethics Commission approves requests, as appropriate, setting conditions on approval as necessary to ensure compliance with ethics requirements, and staff notifies requestors by letter of the disposition of requests. The Ethics Commission publishes and updates approved Outside Employment information required to be made public by the Public Ethics Law.

Lobbying: The Public Ethics Law requires certain persons who spend or receive over \$500 to communicate with County officials and employees to register as lobbyists and to file semi-annual activity reports with the Ethics Commission. Annual registration fees are required and are paid to the Ethics Commission and processed and deposited in the General Fund. The Ethics Commission publishes and updates information required to be made public by the Public Ethics Law.

Complaints, Investigations and Hearings: Pursuant to the Public Ethics Laws, the Ethics Commission receives complaints and, as appropriate: conducts investigations, conducts hearings, makes findings, and imposes sanctions and penalties if warranted.

Advisory Opinions, Waivers, Advice: In accordance with the Public Ethics Law, the Ethics Commission answers inquiries on the application of the Ethics Law, publishes opinions, and grants waivers of Ethics Law requirements, as appropriate.

Education: The Ethics Commission conducts public education and other information programs regarding the Ethics Law.

Legislative and Regulatory: The Ethics Commission recommends and prepares new ethics legislation and regulations.

Coordination and Outreach: The Staff of the Ethics Commission coordinates with the County Attorney's Office and the Office of the Inspector General as necessary on legal and investigative matters; the Staff also serves as the principal public resource on the County's ethics laws, to include managing a website that reflects Ethics Commission programs, activities, and publications such as annual reports, approvals of outside employment requests, lobbying data, and waivers and opinions.

Administration: The Staff of the Ethics Commission is responsible for assuring that Ethics Commission meetings are run in accordance with the Open Meetings Act and other applicable law, and the Ethics Commission members are informed and advised as to all material matters under their jurisdiction; Ethics Commission staff are also responsible for budget, procurement, human resources, and resource management for the operation of the office in accordance with Montgomery County policies, and attend required training in these and other office management areas.

BUDGET SUMMARY

	Actual FY14	Budget FY15	Estimated FY15	Recommended FY16	% Chg Bud/Rec
COUNTY GENERAL FUND					
EXPENDITURES					
Salaries and Wages	209,219	261,162	269,184	281,988	8.0%
Employee Benefits	52,742	67,922	65,850	73,760	8.6%
County General Fund Personnel Costs	261,961	329,084	335,034	355,748	8.1%
Operating Expenses	54,959	26,557	25,438	26,259	-1.1%
Capital Outlay	0	0	0	0	—
County General Fund Expenditures	316,920	355,641	360,472	382,007	7.4%
PERSONNEL					
Full-Time	3	3	3	3	—
Part-Time	0	0	0	0	—
FTEs	3.00	3.00	3.00	3.00	—
REVENUES					
Miscellaneous Revenues	27,257	20,000	25,000	25,000	25.0%
County General Fund Revenues	27,257	20,000	25,000	25,000	25.0%

FY16 RECOMMENDED CHANGES

	Expenditures	FTEs
COUNTY GENERAL FUND		
FY15 ORIGINAL APPROPRIATION	355,641	3.00
Other Adjustments (with no service impacts)		
Increase Cost: Annualization of FY15 Personnel Costs	17,550	0.00
Increase Cost: FY16 Compensation Adjustment	8,761	0.00
Increase Cost: Group Insurance Adjustment	873	0.00
Decrease Cost: Printing and Mail	-298	0.00
Decrease Cost: Retirement Adjustment	-520	0.00
FY16 RECOMMENDED:	382,007	3.00

FUTURE FISCAL IMPACTS

Title	CE REC.					
	FY16	FY17	FY18	(\$000's)		
	FY19	FY20	FY21	FY22	FY23	FY24
This table is intended to present significant future fiscal impacts of the department's programs.						
COUNTY GENERAL FUND						
Expenditures						
FY16 Recommended	382	382	382	382	382	382
No inflation or compensation change is included in outyear projections.						
Labor Contracts	0	1	1	1	1	1
These figures represent the estimated annualized cost of general wage adjustments, service increments, and associated benefits.						
Subtotal Expenditures	382	383	383	383	383	383