

GO COMMITTEE #2  
April 14, 2016  
**Worksession**

**MEMORANDUM**

TO: Government Operations and Fiscal Policy Committee

FROM: Justina J. Ferber,  Legislative Analyst

SUBJECT: **Worksession:** Executive's Recommended FY17 Operating Budget  
Ethics Commission

Those who may attend this worksession:

Steven Rosen, Chair, Ethics Commission  
Robert Cobb, Executive Director, Ethics Commission  
Phil Weeda, Management and Budget Specialist, OMB

Relevant pages from the FY17 Recommended Operating Budget are attached at ©1.

**Budget Summary:**

- The Ethics Commission personnel and routine operating expenses are recommended as a same services budget.
- Included in the budget is \$180,000 in funding to replace the Financial Disclosure computer system.

**Council Staff Recommendation:**

- Approve the Ethics Commission budget as recommended for \$574,294.

A copy of the Ethics Commission's annual report for 2015 can be found at [http://www.montgomerycountymd.gov/ethics/annual\\_reports/index.html](http://www.montgomerycountymd.gov/ethics/annual_reports/index.html).

### Overview

The County Executive's recommended budget for the Ethics Commission for FY17 is \$574,294, an increase of \$192,287 or 50.34% from FY16. Personnel costs comprise 64.25% of the budget for three FTEs. The budget includes \$180,000 to replace the financial disclosure system.

	<i>FY15 Actual</i>	<i>FY16 Approved</i>	<i>FY17 Recommended</i>	<i>% Change FY16 - FY17</i>
<b><i>Expenditures by fund</i></b>				
General Fund	361,196	382,007	574,294	50.3%
<b><i>Expenditures by type</i></b>				
Personnel Cost	337,821	355,748	368,987	3.7%
Operating Expenses	23,375	26,259	205,307	681.9%
<b><i>Total Expenditures</i></b>	<b>361,196</b>	<b>382,007</b>	<b>574,294</b>	<b>50.3%</b>
<b><i>Positions</i></b>				
Full-Time	3	3	3	0%
Part-Time	0	0	0	0%
<b><i>FTEs</i></b>	<b>3.0</b>	<b>3.0</b>	<b>3.0</b>	<b>0%</b>

<b>Ethics Commission Budget Adjustments</b>	
<b>Changes with service impacts</b>	
Add: Replacement of Financial Disclosure System	\$180,000
<b>Adjustments with no service impacts</b>	
Increase Cost: Annualization of FY16 Personnel Costs	\$10,389
Increase Cost: FY17 Compensation Adjustment	\$3,752
Increase Cost: Group Insurance	\$1,875
Increase Cost: Printing and Mail	\$48
Decrease Cost: Retirement Adjustment	(\$2,777)
Shift Cost: Telecommunications to Telecommunications NDA	(\$1,000)
<b>Total Cost Change FY16 to FY17</b>	<b>\$192,287</b>

### 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.

## Discussion Items

**Financial Disclosure:** In 2015, major changes to the financial disclosure provision in the Public Ethics Law were enacted. As a consequence, Ethics Commission staff worked closely with the Department of Technology Services to make significant changes to the online filing system to address the statutory changes. There were about 1700 financial disclosure forms completed by County employees in 2015 achieving 100 percent compliance.

**Replacement of the Financial Disclosure System:** The Financial Disclosure System (FDS) is in critical need of updating. The FDS is currently hosted on Windows 2003 web servers, which are no longer supported by Microsoft. The Department of Technology Services recommends that the FDS application be upgraded to a new ASP.NET application and deployed to a web server that is supported. In the context of this major system work being implemented, Commission staff anticipates that there will be opportunities to improve the usability of the system for filers. Cost for the new system in FY17 is budgeted at \$180,000. It would take roughly 1,600 work hours (9 to 10 months) to complete the upgrades and the \$180K will be used to extend an existing contractor’s task order to cover the expense of the FDS upgrade.

**Outside Employment:** As you are aware, County employees seeking to work outside jobs in which they receive compensation for services are required by the Public Ethics Law to obtain the approval of the County's Ethics Commission. The new online outside employment request system was launched in June 2015. The new system has dramatically increased the number of requests processed. The CAO recently sent an email (see ©4-5) reminder to employees about the new system and the need to resubmit approvals made prior to June 24, 2015 with an expiration date of June 24, 2016 so that all affected employees are on the new online system.

**2016 Major Objectives:** The Commission has three priorities in addition to the management of its core programs:

- 1) Continuing the development of systemic ethics education for County employees;
- 2) Developing a new online Financial Disclosure System; and
- 3) Working to institute ethics regulations that implement a suitable framework for implementation of the Ethics Program.

**Council Staff Recommendation:**

- **Approve the Ethics Commission FY17 Operating Budget as submitted by the Executive for \$574,294.**

Attachments: Ethics Commission Budget ©1.  
Email from CAO Tim Firestine ©4.

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# 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 FY17 Operating Budget for the Ethics Commission is \$574,294, an increase of \$192,287 or 50.34 percent from the FY16 Approved Budget of \$382,007. Personnel Costs comprise 64.25 percent of the budget for three full-time position(s) and no part-time position(s), and a total of 3.00 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 35.75 percent of the FY17 budget.

## Linkage to County Result Areas

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

- ◆ A Responsive, Accountable County Government

## Department Performance Measures

Performance measures for this department are included below (where applicable). The FY16 estimates reflect funding based on the FY16 approved budget. The FY17 and FY18 figures are performance targets based on the FY17 recommended budget and funding for comparable service levels in FY18.

Measure	Actual FY14	Actual FY15	Estimated FY16	Target FY17	Target FY18
<b>Program Measures</b>					
Number of financial disclosure statements required (calendar year)	2,037	1,651	1,651	1,651	1,651
Number of formal opinions, waivers and guidance (calendar year)	6	17	17	17	17
Number of lobbyists registered (calendar year)	197	230	230	230	230
Number of lobbyist activity reports (calendar year)	249	350	350	350	350
Number of outside employment requests processed (calendar year)	977	1,089	1,089	1,089	1,089

## Initiatives

- ★ Coordinating the development of the ethics training program with other key officials in the Office of Human Resources and the Office of the County Attorney.
- ★ Develop and implement a new Financial Disclosure System with the Department of Technology Services.
- ★ Refine the Outside Employment Online System and seek the implementation of an online payment system for lobbyist registration.

## Accomplishments

- ✓ Successfully launched a robust online system for processing employee requests for outside employment. The system eliminated cumbersome paper processes and records, increased data reliability, and facilitated agency and Ethics Commission review of requests. It applies to all employee requests other than those made by sworn officers of the Department of Police.
- ✓ Aligned County financial disclosure and gift legislation in accordance with State requirements.
- ✓ Implemented changes in financial disclosure requirements resulting in adjustments made to the financial disclosure system and processes. The Commission coordinated a Countywide review of designations of filing positions, adjustments to financial disclosure

requirements, and adjustments to the electronic system for submission, review, and retention of disclosure statements.

## Program Contacts

Contact Robert Cobb, Director 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 administers the electronic filing system for reporting and coordinates with the Office of Human Resources and all County agencies regarding the status of filers. It resolves all anomalous circumstances and questions from filers that routinely arise associated with the filing of financial disclosure reports and 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 administers an online process pursuant to which requests are made and reviewed by the employee's agency. The Ethics Commission staff prepares all requests for consideration by the Ethics Commission, including 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, and or hearings, makes findings, and imposes sanctions and penalties if warranted.

**Advisory Opinions, Waivers, and 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 Office of the County Attorney 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 ensuring 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 FY15	Budget FY16	Estimate FY16	REC FY17	%Chg Bud/Rec
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	Actual FY15	Budget FY16	Estimate FY16	REC FY17	%Chg Bud/Rec
<b>COUNTY GENERAL FUND</b>					
<b>EXPENDITURES</b>					
Salaries and Wages	269,467	281,988	287,877	294,686	4.5 %
Employee Benefits	68,354	73,760	74,045	74,301	0.7 %
<b>County General Fund Personnel Costs</b>	<b>337,821</b>	<b>355,748</b>	<b>361,922</b>	<b>368,987</b>	<b>3.7 %</b>
Operating Expenses	23,375	26,259	18,618	205,307	681.9 %
<b>County General Fund Expenditures</b>	<b>361,196</b>	<b>382,007</b>	<b>380,540</b>	<b>574,294</b>	<b>50.3 %</b>
<b>PERSONNEL</b>					
Full-Time	3	3	3	3	—
Part-Time	0	0	0	0	—
FTEs	3.00	3.00	3.00	3.00	—
<b>REVENUES</b>					
Miscellaneous Revenues	30,500	25,000	25,000	30,000	20.0 %
<b>County General Fund Revenues</b>	<b>30,500</b>	<b>25,000</b>	<b>25,000</b>	<b>30,000</b>	<b>20.0 %</b>

### FY17 Recommended Changes

	Expenditures	FTEs
<b>COUNTY GENERAL FUND</b>		
<b>FY16 ORIGINAL APPROPRIATION</b>	<b>382,007</b>	<b>3.00</b>
<b>Changes (with service impacts)</b>		
Add: Replacement Financial Disclosure System [Ethics Program Compliance]	180,000	0.00
<b>Other Adjustments (with no service impacts)</b>		
Increase Cost: Annualization of FY16 Personnel Costs	10,389	0.00
Increase Cost: FY17 Compensation Adjustment	3,752	0.00
Increase Cost: Group Insurance Adjustment	1,875	0.00
Increase Cost: Printing and Mail	48	0.00
Shift: Telecommunications to the Telecommunications Non-Departmental Account	(1,000)	0.00
Decrease Cost: Retirement Adjustment	(2,777)	0.00
<b>FY17 RECOMMENDED</b>	<b>574,294</b>	<b>3.00</b>

### Future Fiscal Impacts

Title	CE RECOMMENDED (\$000s)					
	FY17	FY18	FY19	FY20	FY21	FY22
<b>COUNTY GENERAL FUND</b>						
<b>EXPENDITURES</b>						
<b>FY17 Recommended</b>	<b>574</b>	<b>574</b>	<b>574</b>	<b>574</b>	<b>574</b>	<b>574</b>
No inflation or compensation change is included in outyear projections.						
<b>Elimination of One-Time Items Recommended in FY17</b>	<b>0</b>	<b>(162)</b>	<b>(162)</b>	<b>(162)</b>	<b>(162)</b>	<b>(162)</b>
Items recommended for one-time funding in FY17, including the Financial Disclosure System will be eliminated from the base in the outyears.						
<b>Labor Contracts</b>	<b>0</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>
These figures represent the estimated annualized cost of general wage adjustments, service increments, and other negotiated items.						
<b>Subtotal Expenditures</b>	<b>574</b>	<b>414</b>	<b>414</b>	<b>414</b>	<b>414</b>	<b>414</b>

## **Ferber, Justina**

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**From:** Timothy L. Firestine, Chief Administrative Officer  
**Sent:** Friday, April 08, 2016 11:07 AM  
**To:** #MCG.ALL  
**Subject:** Expiration of Outside Employment Paper Approvals

**Note: The message below does not apply to employees of the Circuit Court, the State's Attorney's Office, and the Sheriff's Office. This also does not apply to sworn Montgomery County Police Officers, who have a separate process for outside employment approval.**

As you are aware, County employees seeking to work outside jobs in which they receive compensation for services are required by the Public Ethics Law to obtain the approval of the County's Ethics Commission.

On June 24, 2015, an online system for seeking outside employment was launched; the system can be accessed at the following link: [www.montgomerycountymd.gov/ethics/oe](http://www.montgomerycountymd.gov/ethics/oe).

When the system was launched, it was announced that approvals of outside employment given *prior* to June 24, 2015 would expire on June 24, 2016. **Therefore, all outside employment approved using the prior paper-based system will expire on June 24, 2016.** New approvals will be limited to three years in duration.

**If you wish to continue outside employment activities that were approved by the Ethics Commission prior to June 24, 2015, a new online request is required by June 24, 2016 or earlier.**

If you have any questions, please contact the Ethics Commission at 7-6670 or [outside.employment@montgomerycountymd.gov](mailto:outside.employment@montgomerycountymd.gov).

**Timothy L. Firestine**  
**Chief Administrative Officer**  
**Offices of the County Executive**

### **For Applicants**

- Go to [www.montgomerycountymd.gov/ethics/oe](http://www.montgomerycountymd.gov/ethics/oe), or go to the Ethics Commission home page at [www.montgomerycountymd.gov/ethics](http://www.montgomerycountymd.gov/ethics) and click Outside Employment on the left and select OEOS in the drop down menu.
- Sign in using your County ID and password.
- Click the New Request box to create a new outside employment request.
- Read all of the instructions before beginning the process. The system does NOT retain drafts, so please submit the request before exiting the system.
- Enter all requested information into the system.
- Click Finish to complete your request.
- You will be notified by e-mail when:
  - You have submitted a new request,
  - Your request has been approved by your Department/Office Director (or designee),
  - Your request has been considered by the Ethics Commission,
  - Your request is expiring in three months, and
  - Your request has expired.
- For a brief tutorial on the application process, [click here](#).

**For Supervisors and Department/Office Directors**

Supervisors: After a supervised employee submits an outside employment request, you will be notified via e-mail.

Department/Office Directors (or designees): Once the supervisor has reviewed the request, you will then be notified via e-mail.

- Once you have logged into the system, click on the Review Requests box to see any new requests or previously viewed requests.
- The list of requests awaiting review will be at the top. Click View on the right to look at the request form.
- Select Recommend or Not Recommend.
- Leave any comments or conditions (any conditions recommended by the supervisor or department head may be incorporated into approval conditions imposed by the Ethics Commission).
- If an approval period of less than three years is desired, please enter an expiration date (otherwise the default expiration date will be three years).
- Click Submit for the request to go to the next level of review.
- For a brief tutorial on the supervisory review process, [click here](#).

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**From:** Timothy L. Firestine, Chief Administrative Officer

**Sent:** Thursday, June 25, 2015 9:57 AM

**To:** #MCG.ALL

**Subject:** Outside Employment Online System

As you are aware, County employees seeking to work outside jobs in which they receive compensation for services are required by the Public Ethics Law to obtain the approval of the County's Ethics Commission. Up to now, requests have been made using a paper system. However, I am pleased to announce that the Ethics Commission, with the assistance of the Department of Technology Services, has launched a new outside employment online system. **Effective immediately, employees must use the online system to request approval for outside employment.**

The system can be accessed at the following link: [www.montgomerycountymd.gov/ethics/oe](http://www.montgomerycountymd.gov/ethics/oe)

For further guidance on using the system, see below.

Approvals of outside employment will not exceed three years in duration. Existing approvals of outside employment – those granted prior to the implementation of the new system – will expire one year from now, on June 24, 2016. For continued approval of existing requests, a new online request is required by June 24, 2016 or earlier.

**NOTE:** The Ethics Commission's outside employment online system may not be used by sworn Montgomery County Police Officers. They will continue to use their own system.

If you have any questions, please contact the Ethics Commission at 7-6670 or [outside.employment@montgomerycountymd.gov](mailto:outside.employment@montgomerycountymd.gov).

**Timothy L. Firestine**  
**Chief Administrative Officer**  
**Offices of the County Executive**